Unaudited Interim Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARIES

Santiago, Chile
March 31, 2015

Unaudited Interim Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARIES

March 31, 2015

(Translation of the Financial Statements originally issued in Spanish)

US$	:	US Dollars
ThUS$	:	Thousands of US Dollars
$	:	Chilean Pesos
UF	:	Unidades de Fomento
ThCh$	:	Thousands of Chilean Pesos

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Unaudited Interim Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARIES

March 31, 2014

TRANSELEC S.A. AND SUBSIDIARIES

Interim Consolidated Statements of Financial Position
As of March 31, 2015 and December 2014
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	**Note**	**March 31, 2015 (Unaudited) ThCh$**	**December 31, 2014 (Audited) ThCh$**
CURRENT ASSETS			
Cash and cash equivalents	(5)	27,242,561	65,913,009
Other financial assets	(9)	702,859	672,589
Other non-financial assets		6,483,296	6,353,775
Trade and other receivables	(6)	63,522,565	55,556,746
Receivables from related parties	(7)	47,184,494	1,018
Inventory	(8)	16,836	16,836
Current tax assets		314,987	-
Total current assets		145,467,598	128,513,973
NON-CURRENT ASSETS			
Other financial assets	(9)	34,528,610	24,389,878
Other non-financial assets		3,210,646	3,593,924
Receivables from related parties	(7)	140,182,942	135,746,433
Intangible assets other than goodwill	(10)	170,092,508	170,083,172
Goodwill	(10)	342,708,412	342,724,940
Property, plant and equipment	(11)	1,355,831,154	1,351,910,964
Deferred tax assets	(12)	115,404	102,334
Total non-current assets		2,046,669,676	2,028,551,645
Total Assets		2,192,137,274	2,157,065,618

The accompanying notes number 1 to 29 form an integral part of these consolidated financial statements

TRANSELEC S.A. AND SUBSIDIARIES

Interim Consolidated Statements of Financial Position
As of March 31, 2015 and December 2014
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

EQUITY AND LIABILITIES	Note	March 31, 2015 (Unaudited) ThCh$	December 31, 2014 (Audited) ThCh$
CURRENT LIABILITIES			
Other financial liabilities	(13)	13,975,431	18,242,526
Trade and other payables	(14)	53,560,534	69,554,568
Current provisions for employee benefits	(17)	3,848,602	7,336,216
Current tax liabilities		-	105,286
Other non-financial liabilities		28,099,827	1,691,031
Total current liabilities		99,484,394	96,929,627
NON-CURRENT LIABILITIES			
Other financial liabilities	(13)	1,244,981,102	1,229,972,702
Deferred tax liabilities	(12)	24,726,085	14,270,024
Non-current provisions for employee benefits	(17)	4,511,004	4,511,004
Other non-financial liabilities		7,071,212	6,130,413
Total non-current liabilities		1,281,289,403	1,254,884,143
Total liabilities		1,380,773,797	1,351,813,770
EQUITY			
Paid-in capital	(19)	776,355,048	776,355,048
Retained earnings		28,738,722	24,238,710
Other reserves	(19)	6,239,473	4,628,915
Total equity attributable to owners of the parent		811,333,243	805,222,673
Non-controlling interest		30,234	29,175
Total equity		811,363,477	805,251,848
Total Equity and Liabilities		2,192,137,274	2,157,065,618

The accompanying notes number 1 to 29 form an integral part of these consolidated financial statements

TRANSELEC S.A. AND SUBSIDIARIES

Interim Consolidated Statements of Comprehensive Income by function
For the three-month periods ended March 31, 2015 and 2014
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	Note	March 31, 2015 (Unaudited) ThCh$	March 31, 2014 (Unaudited) ThCh$
Consolidated statement of comprehensive income by function			
Operating revenues	(20)	70,530,155	61,277,844
Cost of sales	(21)	(18,914,400)	(17,363,554)
GROSS MARGIN		**51,615,755**	**43,914,290**
Administrative expenses	(21)	(3,596,129)	(3,290,364)
Other gains (losses), net	(20)	3,737,012	720,130
Financial income	(20)	1,692,316	2,892,468
Financial expenses	(21)	(14,583,707)	(13,133,785)
Foreign exchange differences, net	(21)	(276,343)	(4,711,407)
Gain (loss) for indexed assets and liabilities	(21)	194,229	(11,166,927)
Profit Before Income Taxes		**38,783,133**	**15,224,405**
Income tax expense	(22)	(9,903,091)	(1,863,830)
Profit from continuing operations		28,880,042	13,360,575
Profit (loss) from discontinued operations		-	-
Profit (loss)		**28,880,042**	**13,360,575**
PROFIT (LOSS) ATTRIBUTABLE TO:			
Profit attributable to owners of the parent		28,879,951	13,360,427
Profit (loss) attributable to non – controlling interest		91	148
PROFIT		**28,880,042**	**13,360,575**
EARNINGS PER SHARE			
Basic earnings per share/diluted			
Basic earnings per share/diluted from continuing operations	(23)	28,880	13,361
Basic earnings (loss) per share/diluted from discontinued operations		-	-
Basic earnings per share/diluted	(23)	28,880	13,361

The accompanying notes number 1 to 29 form an integral part of these consolidated financial statements

TRANSELEC S.A. AND SUBSIDIARIES

Interim Consolidated Statements of Comprehensive Income by function
For the three-month periods ended March 31, 2015 and 2014
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	March 31, 2015 (Unaudited) ThCh$	March 31, 2014 (Unaudited) ThCh$
PROFIT (LOSS)	**28,880,042**	**13,360,575**
Components of other comprehensive income, before taxes		
Foreign Currency Translation		
Gains (losses) on foreign currency translation differences, before taxes	(657,944)	(2,132,367)
Cash flow hedges		
Gains (losses) on cash flow hedges, before taxes	2,805,355	1,482,243
Income taxes related to components of other comprehensive income		
Income taxes related to components of net investment hedge	164,486	426,473
Income taxes related to components of cash flow hedge	(701,339)	(296,448)
Other comprehensive income	1,610,558	(520,099)
Total comprehensive income	**30,490,600**	**12,840,476**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	30,490,509	12,840,328
Comprehensive income attributable to non-controlling interest	91	148
Total comprehensive income	**30,490,600**	**12,840,476**

The accompanying notes number 1 to 29 form an integral part of these consolidated financial statements

TRANSELEC S.A. AND SUBSIDIARIES

Interim Consolidated Statement of Changes in Equity
For the three-month periods ended March 31, 2015 and 2014
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	Paid-in capital ThCh$	Reserve for foreign translation adjustment ThCh$	Reserve for cash flow hedges ThCh$	Other reserves ThCh$	Total reserves ThCh$	Retained Earnings ThCh$	Equity attributable to owners of the parent ThCh$	Non-controlling interest ThCh$	Total equity ThCh$
Opening balance as of January 1, 2015	776,355,048	4,915,612	36,680	(323,377)	4,628,915	24,238,710	805,222,673	29,175	805,251,848
Changes in equity:									
Comprehensive income:									
Profit	-	-	-	-	-	28,879,951	28,879,951	91	28,880,042
Other comprehensive income	-	(493,458)	2,104,016	-	1,610,558	-	1,610,558	-	1,610,558
Total comprehensive income	-	(493,458)	2,104,016	-	1,610,558	28,879,951	30,490,509	91	30,490,600
Dividends	-	-	-	-	-	(24,845,230)	(24,845,230)	-	(24,845,230)
Effect of Of. C. 856 SVS, Tax Reform, Ley 20.780 (Nota 22)	-	-	-	-	-	(39,253)	(39,253)	-	(39,253)
Increase (decrease) from transfers and other changes	-	-	-	-	-	504,544	504,544	968	505,512
Total changes in equity	-	(493,458)	2,104,016	-	1,610,558	4,500,012	6,110,570	1,059	6,111,629
Closing balance as of March 31, 2015 (Unaudited) (Note 19)	776,355,048	4,422,154	2,140,696	(323,377)	6,239,473	28,738,722	811,333,243	30,234	811,363,477

	Paid-in capital ThCh$	Reserve for foreign translation adjustment ThCh$	Reserve for cash flow hedges ThCh$	Total Other reserves ThCh$	Retained Earnings ThCh$	Equity attributable to owners of the parent ThCh$	Non-controlling interest ThCh$	Total equity ThCh$
Opening balance as of January 1, 2014	857,944,548	4,529,840	2,249,414	6,779,254	22,367,938	887,091,740	3,908	887,095,648
Changes in equity:								
Comprehensive income:	-	-	-	-	-	-	-	-
Profit	-	-	-	-	13,360,427	13,360,427	148	13,360,575
Other comprehensive income	-	(1,705,894)	1,185,795	(520,099)	-	(520,099)	-	(520,099)
Total comprehensive income	-	(1,705,894)	1,185,795	(520,099)	13,360,427	12,840,328	148	12,840,476
Dividends	-	-	-	-	-	-	-	-
Increase (decrease) from transfers and other changes	-	-	-	-	882,062	882,062	204	882,266
Total changes in equity	-	(1,705,894)	1,185,795	(520,099)	14,242,489	13,722,390	352	13,722,742
Closing balance as of March 31, 2014 (Unaudited) (Note 19)	857,944,548	2,823,946	3,435,209	6,259,155	36,610,427	900,814,130	4,260	900,818,390

The accompanying notes number 1 to 29 form an integral part of these consolidated financial statements

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TRANSELEC S.A. AND SUBSIDIARIES
Interim Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2015 and 2014
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Direct Statement of Cash Flows	March 31, 2015 (Unaudited) ThCh$	March 31, 2014 (Unaudited) ThCh$
Cash flows provided by (used in) operating activities		
Classes of receipts from operating activities		
Cash receipts from sales of goods and services	87,539,511	97,993,515
Other proceeds from operating activities	334,207	545,937
Proceeds from interest received	372,915	865,281
Classes of payments		
Payments to suppliers for goods and services	(36,430,198)	(31,981,575)
Payments to employees	(5,404,373)	(6,118,343)
Other payments for operating activities	(199,603)	(1,547,571)
Interest paid	(16,694,261)	(12,019,589)
Income taxes reimbursed (paid)	(431,991)	-
Net cash flows provided by operating activities	**29,086,207**	**47,737,655**
Cash Flows Provided by (Used in) Investing Activities		
Additions of property, plant and equipment	(21,307,511)	(50.174.052)
Amounts from the sale of property, plant and equipment	1,580	-
Cash advances and loans to third parties	(384,143)	-
Loans to related parties	(45.928.010)	3,014,008
Net cash flows used in investing activities	**(67.618.084)**	**(47,160,044)**
Cash Flows Provided by (Used in) Financing Activities		
Loans paid	(340,860)	(284,409)
Other paid	202,289	-
Net cash flows used in financing activities	**(138.571**	**(284,409)**
Net Increase (Decrease) in Cash and Cash Equivalents	(38,670,448)	293,202
Cash and Cash Equivalents, at the beginning of the year (Note 5)	65,913,009	52,421,991
Cash and Cash Equivalents, at the ending of the year (Note 5)	**27,242,561**	**52,715,193**

The accompanying notes number 1 to 29 form an integral part of these consolidated financial statements

NOTE 1 - GENERAL INFORMATION

Rentas Eléctricas III Limitada was formed as a limited liability company by public deed on June 6, 2006. 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 electricity transmission business previously conducted by the aforementioned subsidiary.

On March 26, 2007, it changed its name to Rentas Eléctricas III S.A. and became a corporation and June 30, 2007, Rentas Eléctricas III S.A. changed its name to its current name, Transelec S.A. (here and after “the Company” or “Transelec”).

On May 16, 2007, the Company was listed under 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.

On December 1, 2014, Transelec S.A., merged with it subsidiary Transelec Norte S.A. through an acquisition of 0.01% of the shares of Transelec Norte S.A. owned by Transelec Holdings Rentas Limitada , becoming the owner of the 100% shares.

The Company is domiciled at Orinoco No. 90, floor 14, Las Condes, Santiago, Chile.

The Company’s subsidiary Inversiones Eléctricas Transam Chile Ltda. is a limited liability company that has three subsidiaries: Transmisora Huepil Ltda., Transmisora Abenor Ltda., and Transmisora Araucana de Electricidad Ltda. The rights in Inversiones Eléctricas Transam Chile Ltda. were acquired in December 2012. The subsidiary is domiciled at Orinoco No. 90, floor 14, Las Condes, Santiago, Chile.

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.

The financial statements of the Company for the year ended December 31, 2014, were approved by the board at its meeting held on March 13, 2015 and subsequently approved by the Ordinary Shareholders' Meeting dated April 28, 2015 who approved them.

These Interim consolidated financial statements were approved by the Board of Directors in Ordinary Meeting No.123 held on May 13, 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing the consolidated financial statements are detailed below. These policies have been based on IFRS in effect as of March 31, 2015 and applied uniformly for the periods presented.

2.1 Basis of preparation of the consolidated financial statements

The Interim consolidated financial statements at March 31, 2015, referred to above, have been prepared in accordance with the guidelines and standards of the preparation and disclosure of financial information issued by the the Superintendency of Securities and Insurance (the " SVS"), which are composed of International Financial Reporting Standards ("IFRS") and the provisions of Circular No. 856 of October 17, 2014 instructing the regulated entities, record the effects of the differences of assets and liabilities for deferred taxes due to increased rates in the first category income tax introduced in Law No. 20,780 and specific rules of the SVS. Accordingly, these financial statements have not been prepared in accordance with IFRS.

These financial statements have been prepared from the accounting records maintained by the Company.

The figures in these financial statements and their notes are expressed in thousands of Chilean pesos, which is the functional currency of the Company.

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

In preparing these 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.

The information contained in these financial statements is the responsibility of the Company's management.

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Company for the year ended December 31, 2014, except for the adoption of new standards and interpretations in effect as of January 1, 2015.

The Company made reclassifications to the consolidated financial statements to the balances affecting 2014. However these reclassifications do not have significant effect as these were performed within the account non-current assets.

2.1 Basis of preparation of the consolidated financial statements (continued)

IAS 1 - Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified to profit or loss in the future (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale investments) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the financial position of the Company, in which case all items presented in other comprehensive income could be reclassified to income in the future.

IAS 1 - Clarification of the requirement for comparative information

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes.

This amendment did not have impact on the Company's financial statements.

IAS 32 - Tax effects of distributions to holders of equity instruments

The amendment to IAS 32 "Financial Instruments: Presentation" clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 "Income Taxes". The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the Company's financial statements.

IAS 19 "Employee Benefits" (Revised 2011) (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including (1) that actuarial gains and losses are now recognized in other comprehensive income and permanently excluded from profit and loss; (2) that expected returns on plan assets are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, etc. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

2.1 Basis of preparation of the consolidated financial statements (continued)

IAS 19 "Employee Benefits" (Revised 2011) (IAS 19R) (continued)

In the case of the Company, changes had no impact on prior financial statements or the financial statements as in recent years no actuarial gain or loss were recognized in income and previous accumulated effect was reclassified to retained earnings in accordance with paragraph 122 of IAS 19R. In the future actuarial gains and losses will be recognized in other comprehensive income.

IFRS 10 "Consolidated Financial Statements" and IAS 27 "Separate Financial Statements"

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and SIC-12 "Consolidation – Special Purpose Entities". IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Company.

IFRS 11 "Joint Arrangements" and IAS 28 "Investment in Associates and Joint Ventures"

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly-controlled Entities — Non-monetary Contributions by Venture's". IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of IFRS 11 had no impact on the Company's consolidated financial statements.

IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The information about interest in other entities is disclosed in Note 2.3.

IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 "Financial Instruments: Disclosures". These disclosures are found in Note 15.

2.2 New standards and interpretations issued but not yet effective

Below is a summary of new standards and amendments to IFRS issued by the IASB that are not yet effective as of March 31, 2015.

	New Standards	Date of obligatory application
IFRS 9	Financial Instruments	January 1, 2018
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017

New standards

IFRS 9 "Financial Instruments"

In July 2014 was issued the final version of IFRS 9 Financial Instruments, gathering all phases of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard includes new requirements based on principles for the classification and measurement. Financial assets must be entirely classified on the basis of the business model of the entity for financial asset management and the characteristics of contractual cash flows of financial assets. Financial assets under this standard are measured either at amortized cost or fair value. Only financial assets classified as measured at amortized cost must be tested for impairment. The standard is mandatory for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

To date, the Company is evaluating the potential impact that adoption will have on its consolidated financial statements.

IFRS 14 "Regulatory Deferral Accounts"
Deferred Regulatory Statements IFRS 14, issued in January 2014. The standard was issued for the entities that are involved in activities with regulated prices for comparability purposes. This standard allows entities with regulated prices that apply IFRS for the first time to use the measurement requirements considering the specific requirements from prior GAAP. Entities that have already applied IFRS should not implement this standard. Its application is effective as of July 1, 2016. Earlier application is permitted.
This standard will not have an effect on the financial statements

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 issued in May 2014, is a new standard that is applicable to all contracts with customers except leases, financial instruments and insurance contracts. It is a joint project with the FASB to eliminate differences in the recognition of income between IFRS and U.S. GAAP. This new standard provide an improve the inconsistencies and weaknesses of IAS 18 and provide a model that will facilitate the comparability of companies from different industries and regions.

Provides a new model for revenue recognition and more detailed requirements for contracts with multiple elements. It also requires more detailed disclosure. Its application is required starting on January 1, 2017 and early adoption is permitted.

2.2 New standards and interpretations issued but not yet effective (continued)

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

Enhancements and Modifications

	Enhancements and Modifications	Mandatory application
IAS 19	Employee benefits	January 1, 2016
IAS 16	Property, Plant & Equipment	January 1, 2016
IAS 38	Intangible Assets	January 1, 2016
IAS 41	Agriculture	January 1, 2016
IFRS 11	Joint Arrangements	January 1, 2016
IAS 27	Separate financial statements	January 1, 2016
IAS 28	Investments in associates and joint ventures	January 1, 2016
IFRS 10	Consolidated financial statements	January 1, 2016
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
IFRS 7	Financial Instruments: Disclosures	January 1, 2016
IAS 34	Interim Financial Reporting	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2016
IAS 1	Presentation of Financial Statements	January 1, 2016

IAS 19 - "Employee Benefits"
"Annual Improvements cycle 2012-2014", issued in September 2014, clarifies that depth of the market for corporate bonds with high credit quality is evaluated based on the currency in which the obligation is denominated, instead of the country where there is the obligation. Where there is no deep market for these bonds in that currency, bonds issued by the government in the same currency and deadlines will be used. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

IAS 16 - "Property, Plant & Equipment", IAS 38 - "Intangible Assets"

IAS 16 and IAS 38 establish the principle of depreciation and amortization base being the expected pattern of consumption of the future economic benefits of an asset. In its amendments to IAS 16 and IAS 38 issued in May 2014, the IASB clarified that the use of income-based to calculate the depreciation of an asset method is not suitable because the income generated by an activity that involves the use of an active generally reflect factors other than consumption of economic benefits embodied in the asset. The IASB also clarified that income generally has an inadequate basis for measuring the consumption of the future economic benefits embodied in an intangible asset. However, this presumption may be rebutted in certain limited circumstances. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

2.2 New standards and interpretations issued but not yet effective (continued)

IAS 16 - "Property, Plant & Equipment", IAS 41 - "Agriculture"

The amendments to IAS 16 and IAS 41 provide the accounting treatment of host plants that should be treated the same way as property, plant & equipment, because their operations are similar to manufacturing operations. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

IFRS 11 - "Joint Arrangements"

Amendments to IFRS 11, issued in May 2014, apply to the acquisition of a stake in a joint operation that constitutes a business. The amendments clarify that the purchasers of these parties must apply all the principles of accounting for business combinations under IFRS 3 Business Combinations and other rules do not conflict with the guidelines of IFRS 11 Joint Arrangements. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

IAS 27 - "Separate Financial Statements"

The amendments to IAS 27, issued in August 2014, permit the option of using the equity method accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

IAS 28 - "Investments in associates and joint ventures", IFRS 10 "Consolidated financial statements"

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) address the recognition of profits or losses of sales of assets between an investor and an associate or a joint venture, which are recognized for the total when the transaction involves assets, which constitute business, will be partial. When the transaction involves a business (both when in a subsidiary or not) a gain or loss is recognized full. A gain or partial loss is recognized if the transaction involves assets that do not constitute a business, even when the assets are in a subsidiary. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

2.2 New standards and interpretations issued but not yet effective (continued)

IFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations"

"Annual Improvements cycle 2012-2014", issued in September 2014, clarifies that if an entity reclassifies an asset (or group of assets for disposal) from held for sale directly held for distribution to owners or from held for distribution to owners directly held for sale, then the change in classification is considered a continuation of the original plan of sale. The IASB clarifies that in these cases the requirements of accounting for changes shall not apply to the changes in the sales plan. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

IFRS 7 - "Financial Instruments: Disclosures"

"Annual Improvements cycle 2012-2014", issued in September 2014, clarifies that service agreements may constitute continuing involvement in a transferred asset for the purposes of the disclosures for transfers of financial assets. Usually this will be the case when the administrator has an interest in the future performance of financial assets transferred as a result of that contract. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

IAS 34 - "Interim Financial Reporting"

"Annual Improvements cycle 2012-2014", issued in September 2014, clarifies that the disclosures required should be either in the interim financial statements or should have a cross-reference to any additional report containing that information. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

IFRS 10 - "Consolidated financial statements", IFRS 12 "Disclosure of Interests in Other Entities", IAS 28 "Investments in associates and joint ventures"

Amendments to IFRS 10, IFRS 12 and IAS 28 introduce minor clarifications of the requirements for accounting for investment companies. In addition, these amendments provide relief in certain circumstances, which will reduce the cost of implementing these standards. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

2.2 New standards and interpretations issued but not yet effective (continued)

IAS 1 - "Presentation of Financial Statements"

In December 2014 the IASB issued amendments to IAS 1 "Disclosure Initiatives". The amendments to IAS 1 address some expressed concerns about the presentation and disclosure requirements, and ensure that entities have the ability to exercise judgment when applying IAS 1. The amendments will become mandatory for annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Company is evaluating the potential impact that the adoption will have on its consolidated financial statements.

2.3 Basis of consolidation and business combinations

Under IFRS 10, subsidiaries are all entities over which Transelec has control. An investor controls an investee when the investor (1) has the power over the investee, (2) is exposed, or has rights, to variable returns from its involvement with the investee, and (3) has the ability to affect those returns through its power over the investee. It is considered that an investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns. In case of the Company, in general, the power over its subsidiaries is derived from possession of majority of the voting rights granted by equity instruments of the subsidiaries.

Subsidiaries are consolidated from the date on which control is acquired and are excluded from consolidation from the date that control ceases.

Business combinations are accounted for by applying the acquisition method. At the date of acquisition, the assets, liabilities and contingent liabilities of the subsidiary are recorded at fair 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 (see also Note 2.7.1). In the event that the difference is negative, it is recorded with a credit to income.

Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred.

2.3 Basis of consolidation and Business Combination (continued)

The value of non-controlling interest in equity and the results of the consolidated subsidiary are presented, respectively, under the headings “Profit (loss) attributable to non-controlling interest” in the consolidated statement of comprehensive income.

All balances and transactions between consolidated companies have been eliminated upon consolidation.

The consolidated financial statements include balances and transactions of the parent Transelec S.A. and its following subsidiaries:

Subsidiary	Country	Functional Currency	Tax ID number	Percentage of interest held March 31, 2015		Percentage of Interest held December 31, 2014	
				Direct	Indirect	Direct	Indirect
Inversiones Eléctricas Transam Chile Ltda.	Chile	US Dollars	76.384.810-8	99.899%	-	99.899%	-
Transmisora Huepil Ltda.	Chile	US Dollars	99.508.750-2	-	100%	-	100%
Transmisora Abenor Ltda.	Chile	US Dollars	96.728.120-4	-	100%	-	100%
Transmisora Araucana de Electricidad Ltda.	Chile	US Dollars	96.710.940-1	-	100%	-	100%

On November 27, 2014 the parent company, Transelec Holdings Rentas Limitada, transferred its participation of 0.1% for US$ 3,000 to its subsidiary Transelec S.A., joining all the shares of Transelec Norte S.A. in Transelec S.A. , which resulted in the dissolution and merger of Transelec Norte S.A.. with Transelec S.A. which acquired 99,899% investment in Inversiones Electrica Transam Chile S.A. This merger had no effect on the consolidated financial statements of Transelec S.A.

On this same time Transelec S.A. assigned and transferred social rights in Inversiones Electricas Transam Chile Limitada that equates to a 0.101% to Transelec Holdings Rentas Limitada for $ 26,885,949.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The Company’s functional currency is the Chilean peso, while the functional currency of its all subsidiaries the US dollar. These consolidated financial statements are presented in Chilean pesos.

2.4 Foreign currency translation (continued)

2.4.2 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 period, 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. 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 equity, such as the case of cash flow and net investment hedges.

Transelec has established a cash flow hedge policy for part of its revenues indexed to U.S. dollars. It also has a net investment hedge for its net investment in subsidiary Inversiones Eléctricas Transam Chile Ltda.

2.4.3 Subsidiary conversion with functional currency other than the Chilean Peso

The conversion of the financial statements of the subsidiaries with functional currency 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 that approximates exchange rates at the dates of the transactions.

Foreign currency translation produced in the conversion of the financial statements is registered under the heading “Reserve for foreign currency translation adjustment” within Equity (see Note 19).

2.4.4 Exchange rates

As of each year 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, 2015	**December 31, 2014**
Unidad de Fomento	24,622.78	24,627.10
US$	626.58	606.75
Euro	672.73	738.05

2.5 Segments reporting

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

2.6 Property, plant and equipment

Property, plant and equipment are 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:

a) All costs directly related to placing the asset in the location and condition that enables it to be used in the manner intended by management.

b) Borrowing costs incurred 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.

c) Future disbursements that Transelec S.A. and its subsidiary must make to close their facilities are incorporated into the value of the asset at present value, recording the corresponding provision. On an annual basis both existence of such obligations as well as estimate of future disbursements are reviewed, increasing or decreasing the value of the asset based on the results of this estimate.

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

Expansion, modernization and improvement costs that represent an increase in productivity, capacity or efficiency or an extension of useful life are capitalized as a greater cost of 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 components on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use them. The useful lives and residual values of fixed assets are reviewed on a yearly basis. The land has an indefinite useful life and is not depreciated. The following table details the ranges of useful lives periods applied to principal classes of assets and used to determine depreciation expense:

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

2.7 Intangible assets

2.7.1 Goodwill

The goodwill represents the difference between the acquisition cost and the fair value of the net assets acquired in a business combination. Goodwill is not amortized; instead, at each year end and if there are indications of impairment, the Company estimates whether any impairment has reduced its recoverable value to an amount less than the carrying amount and, if appropriate, adjusts for impairment. For impairment testing purposes, goodwill acquired in a business combination is allocated from the date of acquisition to the cash generating units that are expected to benefit from this combination.

During the periods covered by those financial statements, there were no impairment losses of goodwill.

2.7.2 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 are reviewed during each reporting year to determine if they remain indefinite. These assets are tested for impairment at each year end and if there are indicator of impairment.

2.7.3 Computer software

Purchased software licenses are capitalized based on the costs incurred to purchase them and prepare them for use. These costs are amortized on a straight-line basis over their estimated useful lives that range from three to five years.

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, and its amortization is included in the income statement under costs of sales.

2.8 Impairment of non-financial assets

Assets with an indefinite useful life, such as land and rights of way, are not amortized and are tested annually for impairment. Amortized assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

An impairment loss is recognized for the difference between the asset's carrying amount and its recoverable amount.

2.8 Impairment of non-financial assets (continued)

The recoverable amount is the higher of its fair value less costs to sell and its value in use this being the present value of the expected future cash flows.

Impairment losses from continuing operations are recognized in the income statement in the expenses categories in accordance with the function of the impaired assets. Non-financial assets other than goodwill that suffered an impairment loss are reviewed at each reporting date for possible reversal of the impairment, in which case the reversal may not exceed the amount originally impaired less accumulated depreciation. Reversals are included in the income statement.

Impairment of goodwill is not reversed.

Impairment testing of goodwill and intangible assets with indefinite useful lives is performed at November 30 of each year.

2.9 Financial assets

Upon initial recognition, the Company and its subsidiary classifies its financial assets, excluding equity method investments and investments held for sale, into four categories:

- **Trade and other receivables, including Receivables from related parties:** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method.

- **Investments held to maturity:** non derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends to hold and is capable of holding until their maturity. After initial recognition these assets are valued at its amortized cost as defined in the preceding paragraph.

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

- **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. 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 lower 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” 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 lower 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.

2.9 Financial assets (continued)

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

A financial asset is derecognized when the rights to receive cash flows from the asset have expired.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets may be impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, for example delayed payments.

In the case of financial assets valued at amortized cost, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of the future estimated cash flows. The carrying amount is reduced using a provision account and the loss is recognized in the income statement. If in a later period the amount of the expected loss increases or decreases as a consequence of an event occurred after the recognition of the impairment, the impairment loss previously recognized is increased or reduced adjusting the provision account. If the write off is later recovered, this reversal is recognized in the income statement.

In the case of financial assets classified at available-for-sale, in order to determine if the assets have been impaired, it will be considered if a significant or prolonged decrease in fair value of the assets below cost has occurred. 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 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 activities

The Company selectively uses derivative and non-derivative instruments, 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 year end. Any gains or losses from variations in these fair values 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.

The types of hedges are as follows:

- Fair value hedge.
- Cash flow hedge.
- Hedges for a net investment in a foreign entity (net investment hedge).

2.10 Financial instruments and hedge activities (continued)

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 instruments in offsetting movements in the fair values or cash flows of the hedged items.

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.

2.10.1 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, along with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

The Company has not used fair value hedges during the years presented.

2.10.2 Cash flow hedges

Changes in the fair value of the effective portion of derivatives are recorded in equity account "Reserve for 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.

2.10.3 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 equity reserve (under “Other reserves” heading) until the investment's disposal. Gains or losses relating to the ineffective portion are recognized immediately in the income statement in the line item “Other gains (losses)”. The Company applies this policy for the hedge of its investment in the consolidated financial statement Inversiones Eléctricas Transam Chile Ltda. which is not a foreign operation but has a different functional currency than the Parent Company (US Dollars).

2.10 Financial instruments and hedge activities (continued)

2.10.4 Derivatives not recorded as hedge accounting

Certain derivatives are not recorded as hedge accounting and are recognized as instruments in the fair value through profit or loss category. Changes in the fair value of any derivative instrument recorded like this are recognized immediately in the income statement within “Financial expense/income”.

2.10.5 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 the income statement.

In the periods presented in these financial statements, the Company did not identify any contracts that met the conditions for embedded derivatives.

2.11 Inventory

Inventory is valued at acquisition cost using the weighted average price or net realizable value if this is lower.

2.12 Cash and cash equivalents

Cash and cash equivalents presented in the statement of consolidated financial position includes cash, time deposits and other highly-liquid, short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The balance of this account does not differ from that presented in the statement of cash flows.

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 equity as a deduction, net of taxes, from issuance proceeds.

2.14 Financial liabilities

All financial liabilities are initially recognized at its fair value. In the case of loans they also include the direct transactions costs.

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

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.

2.15 Income tax and deferred taxes

The result for income tax for the year is determined as the sum of the current tax arising from the application of the tax rate on taxable income, after allowed deductions, plus the change in assets and liabilities for deferred tax and tax credits, both for tax losses and other deductions.

Differences between the book value and tax base 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 equity accounts in the statement of financial position, depending on where the gains or losses originating them were recorded.

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Superintendency of Securities and Insurance (SVS), under its authority, dated October 17, 2014, issued Circular No. 856 instructing regulated entities to record the effects of the differences of assets and liabilities for deferred taxes due to increased rates in the first category income tax introduced in Law No. 20,780. This latter changed the framework for preparation and presentation of the financial information adopted until that date as the previous framework (IFRS) required to be adopted comprehensively in an explicit and unreserved manner.

2.16 Employee benefits

2.16.1 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.

This benefit is recorded at nominal value.

2.16 Employee benefits (continued)

2.16.1 Staff severance indemnity (continued)

The Company records liabilities for severance obligations personnel services for their employees, based on the provisions of the collective and individual staff contracts. 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.

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 represents 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 as a reference BCU (rate of Chilean Central Bank bonds denominated in Unidades de Fomento) interest rates for terms similar to the maturity of the staff severance indemnity obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income.

2.16.2 Profit sharing

The Company recognizes a liability and an expense for profit sharing arrangements based on respective 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 recognizes a provision when it has a contractual obligation or when a past practice has created a constructive obligation.

2.17 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 reporting 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 subsidiaries have no obligation to establish provision for environmental restoration and similar expenses.

2.18 Classification of current and non-current balances

In the consolidated statement of 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 non-current liabilities.

2.19 Revenue recognition

The regulatory framework that governs electrical transmission activity in Chile comes from the by - Law of the Electric Services dated 1982 (DFL (M) No. 1/82), and subsequent amendments thereto, including Law 19.940 (called also the "Short Law") enacted on March 13, 2004. These are complemented by the by - Law of the Electric Services Regulations dated 1997 (Supreme Decree No. 327/97 of the Mining Ministry), and its amendments, and by the Technical Standard for Liability and Quality of Service (R.M.EXTA No. 40 dated May 16, 2005) and subsequent amendments thereto.

The Company's revenues correspond mainly to remuneration from the use of its electricity transmission facilities. This remuneration is earned in part from arrangements subject to the tariff regulation and in part from contractual arrangements with the users of the transmission facilities.

The total remuneration for the use of the transmission facilities for both regulated and contractual arrangements includes in general two components: i) the AVI, which is the annuity of the Investment Value (VI), calculated in such a way that the present value of these annuities, using an annual real discount rate and the economic useful life of each of the facilities equals the cost of replacing the existing transmission facilities with new facilities with similar characteristics at current market prices, plus, ii) the COMA, which corresponds to the cost required to operate, maintain and administrate the corresponding transmission facilities.

Revenues from both regulatory and contractual arrangements are recognized and invoiced on a monthly basis, using fixed monthly amounts resulting from the application of the AVI and COMA values stipulated in the contracts or resulting from the regulated tariffs and indexed as applicable. The transmission service is invoiced usually at the beginning of the month following the month when the service was rendered and thus the revenue recognized each month includes transmission service provided but not invoiced up to the month end.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether or not the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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.

2.20 Leases (continued)

2.20.1 The Company as lessor

The assets held under a finance lease are presented in other financial assets at an amount equal to the net investment in the lease, being the aggregate of: (i) minimum lease payments receivable and (ii) any unguaranteed residual value accruing to the Company discounted at the interest rate implicit in the lease. The income (interest) is recognized on a pattern reflecting a constant periodic rate of return on the net investment in the lease, this income is presented in the statement of income in operating revenues. Lease payments relating to the period, excluding costs for any separate services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognized in income on a straight-line basis over the lease term, unless another systematic basis is more representative to reflect time pattern in which use benefit derived from the leased asset is diminished

2.20.2 The Company as 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.

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.

2.21 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.

Company makes a provision at the end of each year for the 30% of the profit of the year, in accordance with Law N° 18.046.

On the Company’s Board meeting No. 57 held on September 30, 2010, the policy used for the determination of distributable net profit was approved. This policy does not contemplate adjustments to the profit attributable to owners of the parent.

NOTE 3 - RISK MANAGEMENT POLICY

3.1 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.

3.1.1 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) Entering into long-term fixed rate indebtedness thus limiting risk from variable interest rates.

3.1.1.1 Interest rate risk

Significant changes in 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.

The Company´s assets are primarily fixed and long-lived intangible assets. Consequently, financial liabilities that are used to finance such assets consist primarily 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.

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.1 Interest rate risk (continued)

The table below compares the debts of the Company and shows that majority of the debt as of March 31, 2015 and December 31, 2014 were at fixed rate. However, in the case of UF-indexed debt, variations in inflation rates could potentially impact the Company's financial expenses.

Debt	Currency or index	Interest Rate	Type of rate	Amount in Original Currency (thousand)	
				March 31, 2015	December 31, 2014
Bono Series C	UF	3.50%	Fixed	6,000	6,000
Bono Series D	UF	4.25%	Fixed	13,500	13,500
Bono Series H	UF	4.80%	Fixed	3,000	3,000
Bono Series K	UF	4.60%	Fixed	1,600	1,600
Bono Series M	UF	4.05%	Fixed	3,400	3,400
Bono Series N	UF	3.95%	Fixed	3,000	3,000
Bono Series Q	UF	3.95%	Fixed	3,100	3,100
Senior Notes	USD	4.625%	Fixed	300,000	300,000
Senior Notes	USD	4.250%	Fixed	375,000	375,000
Revolving Credit Facility	USD	1.52%	Floating (*)	-	-
Huepil Loan	USD	1.88%	Floating (**)	18,592	19,136

(*) The floating rate of the Revolving credit facility corresponds to 3M LIBOR plus a margin of 1.25%. At March 31, 2015, the Company did not utilize this line and therefore did not pay interest and currently is paying a fixed commission of 0.4375% per annum of the amount committed.

(**) The floating interest rate is based on 3M LIBOR plus a margin of 1.63%. In this case the 3M LIBOR was set for the current period at 0.2521%. There are also derivatives Cap executable structured credit LIBOR 3 months 5%.

The Company has mercantile current accounts with related companies at a fixed interest rate, mostly denominated in US dollars.

However, increases in inflation could impact the cost of UF-denominated debt and, therefore, the Company's financial expenses. These impacts are to some extent decreased by the mechanism of indexation of the Company's revenues, which are also adjusted for inflation using indexation formulas.

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.2 Exchange rate risk

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

- The revenues from subsidiaries are denominated in U.S. dollars.
- Transelec carries out several types of transactions in U.S. dollars (certain construction contracts, import purchases, etc.).
- Maintains accounts receivables in US dollars
- Maintains a cross currency swap contract that compensates the risks of exchange rates of the last international issuance, amounting to a notional amount equivalent to US$375 million.
- Maintains lease contracts that generate income indexed to US dollars.

Exchange rate exposure is managed using an approved policy that involves:

a) Fully hedging net balance sheet exposure using diverse instruments such as foreign exchange forward contracts and cross currency swaps.

The following table details the amounts of monetary assets and liabilities denominated into dollar and Chilean pesos in the periods indicated below:

	Liabilities		Assets	
	March 31, 2015 MCh$	December 31, 2014 MCh$	March 31, 2015 MCh$	December 31, 2014 MCh$
U.S. dollar (amounts associated with balance sheet items)	422,559	420,498	422,185	405,821
U.S. dollar (amounts associated with income statement items)	-	-	-	-
Chilean peso	1,729,716	1,713,348	1,730,091	1,728,024

b) Polynomials indexing of the Company´s revenues contain formulas for setting these revenues in the short term, differ from the long-term indexing. In order that the short-term indexing is consistent with long-term indexing, the Company, periodically (every six months) and until 2014, sold a percentage of their semi-annual fixed dollar income using currency forwards. These forwards were considered as cash flow hedges and therefore changes in fair value, while not realized were included in other comprehensive income.

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.2 Exchange rate risk (continued)

3.1.1.2.1 Sensitivity analysis

The following chart shows the sensitivity analysis of various items to a 10% increase or decrease in exchange rates (US Dollar) and their effect on income or equity. This exchange rate sensitivity (10%) 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 US Dollar exchange rate. 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 or other comprehensive income when the Chilean peso is strengthened with respect to the foreign currency. A negative percentage implies a weakening of the Chilean peso with respect to the foreign currency, which negatively impacts the income statement or in other comprehensive income.

Item (Currency)	Position MCh$ Long /(Short)	Net income (gain)/loss MCh$ Change (-10%)	Net income (gain)/loss MCh$ Change (+10%)	Position MCh$ Long /(Short)	OCI (gain)/loss MCh$ Change (-10%)	OCI (gain)/loss MCh$ Change (+10%)
Cash (US$)	9,886	(18)	18	-	-	-
Leasing (US$)	13,276	(24)	24	-	-	-
Senior Notes (US$)	(391,528)	694	(694)	(23,318)	50	(50)
Financial instrument swap	230,650	(409)	409			
Intercompany loan (US$)	140,184	(249)	249	-	-	-
Other (US$)	(2,722)	6	(6)	23,318	(50)	50
Total	(254)	-	-	-	-	-

3.1.2 Credit risk

With respect to credit risk related to accounts receivable from the electricity transmission activity, this risk is historically very low in the industry given the nature of business of the Company's customers and the short-term period of collection of receivables from clients leads to the situation in which they do not accumulate very significant amounts.

3.1 Financial risk (continued)

3.1.2 Credit risk (continued)

However, revenues are highly concentrated in major customers as shown in the following table:

Revenues	**For the three -month ended March 31, 2015 ThCh$**	**For the three-month ended March 31, 2014 ThCh$**
Endesa Group	32,052,743	31,661,931
Colbún Group	12,198,733	8,984,414
Pacific Hydro-LH-LC Group	2,223,255	4,112,052
AES Gener Group	12,451,956	7,513,137
Others	11,603,468	9,006,310
Total	**70,530,155**	**61,277,844**
% of concentration of 4 top customers	83.55%	85.30%

The toll agreements signed with these clients, including its subsidiaries will generate a large part of the Company's future cash flows. Therefore, a substantial change in their assets, financial condition or operating income could negatively affect the Company.

In terms of the Company's credit risk associated with other financial assets (time deposits, fixed-return mutual funds and reverse repurchase agreements, net asset position from derivative contracts), the Treasury policy establishes certain limits on a particular institution's exposure; such limits depend on the risk rating and capital of each institution. Likewise, for investments in mutual funds, only funds with a risk rating qualify.

3.1 Financial risk (continued)

3.1.3 Liquidity risk

a) Risk associated to Company's management

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 it is able to react financially 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 line of credit for working capital of US$ 250 million, equivalent to MCh$156,645. As of the balance sheet date, does not register balance of used amounts. This committed line of credit was contracted on July 9, 2012, is granted for a period of three years by a bank syndicate consisting of Scotiabank, Bank of Tokyo-Mitsubishi and DnB NOR. Additionally this line was renegotiated and extended on October 15, 2014 until October 15, 2017. This time the bank syndicate was formed by the following banks: Scotiabank, Bank of Tokyo-Mitsubishi, DnB NOR, Citibank, JP Morgan Chase Bank and Export Development Canada. In that renovation the following was improved: (i) the costs not committed (Commitment Fee) from 0.6% to 0.4375%, (ii) the margin or spread for use from 2.35% to 1.25% by amount rotated and (iii) other restrictions clauses more favorable to Transelec.

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

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

The following table presents the capital amortizations and estimated interest payments corresponding to the Company's financial liabilities (debt), according to their maturity date, as of March 31, 2015 and December 31, 2014.

Debt maturity	Less than 1 Years	1 to 3 Years	3 to 5 Years	5 to 10 Years	More than 10 years	Total
March 31, 2015	53,930,389	248,300,445	98,383,192	649,116,678	875,330,800	1,925,061,504
December 31, 2014	53,258,892	249,538,997	97,061,176	410,285,186	1,110,499,125	1,920,643,376

The maturity of derivatives is presented Note 15.3.

3.1 Financial risk (continued)

3.1.3 Liquidity risk (continued)

b) Associated risk to the settlement of trunk transmission system tariff revenues

According to Decree N°4/20.018 from the Ministry of Economy, Fomentation and Reconstruction, in its articles 81, 101, 104 and 106, and complementary rules, Transelec has the right to perceive on a provisory basis the real tariff income (IT for its name in Spanish) of the trunk transmission system generated for every period.

In order to get their own revenues set up in the first paragraph of article N°101 of the above mentioned Decree N°4/20.018, the real tariff income perceived on a provisory basis must be settled by Transelec according to the repayment schedule prepared by the respective CDEC (Center of Economic Dispatch of Charge) through the collection or payment to the different companies, owners of generation facilities.

Transelec could face the risk of not timely collecting the IT that some of the companies owners of generation facilities should pay as determined in the energy balances prepared by CDEC, what may temporarily affect the Company's liquidity position. In this sense, and in the opinion of the Company, the "clearing house" function that Transelec fulfils in the above-mentioned collection process, consists not of the collection of amounts for its own benefit, but it is merely collection and subsequent transfers to third parties of credits and debts that belong to the generating companies, with the exception of the expected IT.

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 important risk to the Company during the upcoming year are detailed below:

- The estimates of recoverable values of assets and goodwill to determine potential 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 actuarial assumptions used to calculate obligations with employees;
- Future tax results for the purposes of determining the recoverability of deferred tax assets.
- Determination of existence and classification of financial or operating leases based on the transfer of risks and rewards of the leased assets.

NOTE 5 - CASH AND CASH EQUIVALENTS

a) As of March 31, 2015 and December 31, 2014, this account is detailed as follows:

Cash and Cash Equivalents	Balance as of March 31, 2015 ThCh$	Balance as of December 31, 2014 ThCh$
Bank and cash balances	5,669,691	8,633,677
Short-term deposits	9,398,998	17,538,716
Reverse repurchase agreements and mutual funds	12,173,872	39,740,616
Total	**27,242,561**	65,913,009

Cash and cash equivalents included in the statement of financial position as of March 31, 2015 and December 31, 2014 does not differ from those 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 as of March 31, 2015 ThCh$	Balance as of December 31, 2014 ThCh$
Amount of cash and cash equivalents	U.S. dollars	9,926,368	74,130
Amount of cash and cash equivalents	Euros	129,044	91,309
Amount of cash and cash equivalents	Chilean pesos	17,187,149	65,747,570
Total		**27,242,561**	65,913,009

Fair values are not significantly different from book values due to the short maturity of these instruments.

NOTE 6 - TRADE AND OTHER RECEIVABLES

As of March 31, 2015 and December 31, 2014, this account is detailed as follows:

Item	Balance as of March 31, 2015 ThCh$	Balance as of December 31, 2014 ThCh$
Trade receivables	64,241,964	56,356,252
Miscellaneous receivables	672,984	592,877
Total trade and other receivables	64,914,948	56,949,129
Provision for uncollectible amount (*)	(1,392,383)	(1,392,383)
Total trade and other receivables (net)	**63,522,565**	55,556,746

Refer to Note 7 for the amounts, terms and conditions of receivables from related parties. As of March 31, 2015 and December 31, 2014, the aging of trade and other receivables is as follows:

	Balance as of	
	March 31, 2015 ThCh$	**December 31, 2014 ThCh$**
Maturing in less than 30 days	48,379,664	37,770,448
Maturing in more than 30 days up to 1 year	15,142,901	17,786,298
Total	63,522,565	55,556,746

The fair values are not significantly different from book values due to the short maturity of these instruments.

(*) On September 13, 2011 the company Campanario Generación S.A. was declared bankrupt and stopped paying Transelec S.A the amount of ThCh$6,345,762 (On September 30, 2011) from tolls and tariff revenue. Based on the legal and regulatory history, the Company estimated that there are no indications to attest that the accounts receivable outstanding from tariff revenues, are impaired. Therefore, Transelec S.A. recorded a provision for uncollectible amount as of December 31, 2014 for ThCh$ 1,392,383 relating to accounts receivable for items other than tariff revenues for which - at the date of the presentation of these financial statements - there is no certainty that the Company will recover.

The movement of the provision for uncollectible amount is presented the period ended March 31, 2015 and December 31, 2014:

	ThCh$
Balance as of January 1, 2014	**1,392,383**
Increase charged to the current period	-
Decrease due to utilization	-
Decrease due to reversals and receivables	-
Balance as of December 31, 2014	**1,392,383**
Increase charged to the current period	-
Decrease due to utilization	-
Decrease due to reversals and receivables	-
Balance as of March 31, 2015	**1,392,383**

NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES

7.1 Balances and transactions with related parties

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

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

Receivables from related parties

Tax ID Number	Company	Country	Description	Maturity	Relation	Currency	Balance as of			
							Current		Non-current	
							March 31, 2015 ThCh$	December 31, 2014 ThCh$	March 31, 2015 ThCh$	December 31, 2014 ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Forward	6 months	Direct parent	CH$	-	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Mercantile current account	Not defined	Direct parent	CH$	45,928,010	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Mercantile current account	6 months	Direct parent	UF	-	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	6 years	Direct parent	UF	-	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	3 years	Direct parent	US$	1,255,466	-	140,182,942	135,746,433
76.559.580-0	Rentas Eléctricas I Ltda.	Chile	Loan	Not defined	Indirect parent	CH$	-	-	-	-
76.559.580-0	Rentas Eléctricas I Ltda.	Chile	Loan	Not defined	Indirect parent	US$	-	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	3 years	Direct parent	CH$	-	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	Not defined	Direct parent	US$	-	-	-	-
76.248.725-K	CyT Operaciones SpA	Chile	Mercantile current account	Not defined	Indirect parent	US$	1,018	1,018	-	-
76.248.725-K	CyT Operaciones SpA	Chile	Sale of project	Not defined	Indirect parent	US$	-	-	-	-
	Total						47,184,494	1,018	140,182,942	135,746,433

7.1 Balances and transactions with related parties (continued)

a) Most significant transactions and their effect on income

Transactions with unconsolidated related parties had the following effects on the income statement:

Tax ID Number	Company	Country	Relation	Description of the transaction	March 31, 2015 Amount ThCh$	March 31, 2015 Effect on Income ThCh$	March 31, 2014 Amount ThCh$	March 31, 2014 Effect on Income ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Mercantile current account	45,928,010	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Loans paid	-	-	25,835	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest earned	1,250,042	1,250,042	2,316,979	2,316,979
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest accrued	-	-	447,476	(447,476)
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest received	-	-	2,316,979	-
76.559.580-0	Rentas Eléctricas I Ltda.	Chile	Indirect parent	Loans paid	-	-	3,463,259	-
76.248.725-K	CyT Operaciones SpA	Chile	Indirect	Sale of project	-	-	-	-

These operations are in accordance with the provisions of Articles No. 44 and 49 of Law No. 18.046, on Corporations.

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 re-elected. For each Board Member there is an alternate Board Member. The current Board of Directors was elected in the Ordinary General Shareholders' Meeting on April 21, 2014. The current Chairman of the Board was elected at Board meeting dated May 7, 2014.

7.2.1 Board of Directors' compensation

As established in Article No. 33 of Law No. 18,046 on Anonymous Societies, on the Seventh Ordinary Shareholders' Meeting of Transelec S.A., held on June 21, 2014, shareholders established annual gross compensation for the Company's Directors of the equivalent of US$ 90,000, regardless of the number of sessions actually attended or held. Allowances are paid on a quarterly basis.

Directors Richard Legault, Alfredo Ergas, Patrick Charbonneau and Brenda Eaton, and also all alternate directors waived their respective allowances. Accordingly, the following compensation was received by directors during the periods 2015 and 2014:

	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Blas Tomic Errázuriz	13,652	11,804
José Ramón Valente Vias	13,652	11,804
Alejandro Jadresic Marinovic	13,652	11,804
Mario Alejandro Valcarce Duran	13,652	11,804
Bruno Pedro Philippi Irarrazabal	13,652	11,804

7.3 Board expenses

During 2015 there were no such payments associated with the expenditures of Directors. In the year 2014 ThCh$ 35,225 was paid.

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 re-elected. 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.

As of March 31, 2015, the Audit Committee members were composed by its president Mario Valcarce, Directors Mr. Alfredo Ergas, Mrs. Brenda Eaton and Mr. José Ramón Valente, besides the Secretary, Mr. Arthur Le Blanc Cerda.

On the Ordinary Shareholders' Meeting of Transelec S.A., held on April 21, 2014, 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 2015 and 2014:

	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Mario Alejandro Valcarce Duran	6,068	5,246
José Ramón Valente	6,068	5,246

7.5 Compensation of key management that are not Directors

Members of Key Management

Andrés Kuhlmann Jahn	Chief Executive Officer
Eric Ahumada Gómez	Vice-President of Business Development
Francisco Castro Crichton	Vice-President of Finance
Alexandros Semertzakis Pandolfi	Vice-President of Engineering and Construction
Claudio Aravena Vallejo	Vice-President of Human Resources
Arturo Le Blanc Cerda	Vice-President of Legal Matters
Rodrigo Lopéz Vergara	Vice-President of Operations
David Noe Scheinwald	Electrical Development Manager

7.5 Compensation of key management that are not Directors (continued)

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 by concept for the periods 2015 and 2014 is detailed as follows:

	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Salaries	385,907	361,066
Short-term employee benefits	169,975	152,033
Long-term employee benefits	62,532	60,239
Total compensation received by key management personnel	**618,414**	**573,338**

NOTE 8 - INVENTORY

As of March 31, 2015 and December 31, 2014, this account is detailed as follows:

	Balance as of	
Classes of inventory	**March 31, 2015 ThCh$**	**December 31, 2014 ThCh$**
Safety equipment	16,836	16,836
Total	16,836	16,836

NOTE 9 - OTHER FINANCIAL ASSETS, LEASES

As of March 31, 2015 and December 31, 2014, this account is detailed as follows:

	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Finance lease receivables current	702,859	672,589
Forward agreement	-	-
Sub-total Other financial assets current	702,859	672,589
Finance lease receivables non-current	12,573,535	12,324,190
Swap Contracts	21,676,226	11,786,839
Other financial assets	278,849	278,849
Sub-total Other financial assets non-current	34,528,610	24,389,878
Total	35,231,469	25,062,467

9.1 Finance lease receivables

Within current and non-current other assets receivable, the Company includes assets that have been constructed at the express request of the lessee. Therefore, substantially all risks and benefits have been transferred when the assets are commissioned. Nominal value (gross investment in the lease) and present value of the minimum lease payments to be received are presented in the following tables:

March 31, 2015			
Period in Years	Present Value (net investment) ThCh$	Interest receivable ThCh$	Nominal value (gross investment) ThCh$
Less than 1	702,859	592,616	1,295,475
1-5	3,082,903	2,099,000	5,181,903
Over 5	9,490,632	3,242,349	12,732,981
Total	13,276,394	5,933,965	19,210,359

December 31, 2014			
Period in years	Present Value (net investment) ThCh$	Interest receivable ThCh$	Nominal value (gross investment) ThCh$
Less than 1	672,589	582,115	1,254,704
1-5	2,946,370	2,072,444	5,018,814
Over 5	9,377,820	3,315,743	12,693,563
Total	12,996,779	5,970,302	18,967,081

9.2 Operating leases payable

The Company has operating leases contract in which it acts as lessee. Payments under those contracts are recognized in administrative expenses as follows:

	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Real estate lease	246,449	217,419
Other leases	190,617	231,135
Total operating leases	437,066	448,554

9.2 Operating leases payable (continued)

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

	Up to 1 year ThCh$	1 to 5 years ThCh$	More than 5 Years ThCh$
Real estate lease	985,796	3,943,184	-
Other leases	762,468	3,049,872	-
Total operating leases	1,748,264	6,993,056	-

NOTE 10 - INTANGIBLE ASSETS

The following tables detail the balances within this account as of March 31, 2015 and December 31, 2014:

Intangible assets, net	**March 31, 2015 ThCh$**	**December 31, 2014 ThCh$**
Rights of way	168,236,769	168,069,830
Software	1,855,739	2,013,342
Total intangible assets	170,092,508	170,083,172
Goodwill	342,708,412	342,724,940
Total intangible assets, net	512,800,920	512,808,112

Intangible assets, gross	**March 31, 2015 ThCh$**	**December 31, 2014 ThCh$**
Rights of way	168,236,769	168,069,830
Software	6,305,413	6,305,413
Goodwill	342,708,412	342,724,940
Total intangible assets	517,250,594	517,100,183

Accumulated amortization and impairment	**March 31, 2015 ThCh$**	**December 31, 2014 ThCh$**
Software	(4,449,675)	(4,292,071)
Total accumulated amortization	(4,449,675)	(4,292,071)

The composition and movements of intangible assets during the periods 2015 and 2014 are the following:

Movements in intangible assets	Rights of way ThCh$	Software ThCh$	Goodwill ThCh$	Net intangible assets ThCh$
Opening balance as of January 1, 2015	168,069,830	2,013,342	342,724,940	512,808,112
Movements in intangible assets				
Additions	-	-	-	-
Amortization	-	(157,603)	-	(157,603)
Translation difference	166,939	-	(16,528)	150,411
Transfer to operating assets	-	-	-	-
Ending balance of intangible assets as of March 31 , 2015	168,236,769	1,855,739	342,708,412	512,800,920

Movements in intangible assets	Rights of way ThCh$	Software ThCh$	Goodwill ThCh$	Net intangible assets ThCh$
Opening balance as of January 1, 2014	157,570,262	1,648,089	342,214,791	501,433,142
Movements in intangible assets				
Additions	4,470,377	941,705	-	5,412,082
Amortization	-	(576,452)	-	(576,452)
Translation difference	921,256	-	510,149	1,431,405
Transfer to operating assets	5,107,935	-		5,107,935
Ending balance of intangible assets as of December 31 , 2014	168,069,830	2,013,342	342,724,940	512,808,112

Based on estimates made by Management, projections of cash flows attributable to intangible assets allow the carrying value of these assets recorded as of March 31, 2015 and December 31, 2014 to be recovered.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

11.1 Detail of accounts

This account is detailed as follows:

Property, plant and equipment, net	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Land	20,555,987	20,059,769
Buildings and infrastructure	860,037,555	853,150,552
Work in progress	82,741,180	73,169,038
Machinery and equipment	387,177,993	401,137,550
Other property, plant and equipment	5,318,439	4,394,055
Property, plant and equipment, net	1,355,831,154	1,351,910,964

Property, plant and equipment, gross	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Land	20,555,987	20,059,769
Buildings and infrastructure	1,059,208,354	1,046,213,694
Work in progress	82,741,180	73,169,038
Machinery and equipment	536,850,348	546,349,403
Other property, plant and equipment	5,318,439	4,394,055
Total property, plant and equipment, gross	1,704,674,308	1,690,185,959

Total accumulated depreciation and impairment, property, plant and equipment, net	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Buildings and infrastructure	(199,170,799)	(193,063,142)
Machinery and equipment	(149,672,355)	(145,211,853)
Total accumulated depreciation and impairment, property, plant and equipment	(348,843,154)	(338,274,995)

11.2 Reconciliation of changes in property, plant and equipment

The following table details the reconciliation of changes in property, plant and equipment by class during the periods ended March 31, 2015 and December31, 2014:

		Land ThCh$	Buildings and infrastructure ThCh$	Machinery and equipment ThCh$	Work in progress ThCh$	Other property, plant and equipment ThCh$	Property, plant and equipment, net ThCh$
Opening balance January 1, 2015		20,059,769	853,150,552	401,137,550	73,169,038	4,394,055	1,351,910,964
Movement	Additions	-	-	-	14,283,474	924,384	15.207.858
	Retirements	-	(463,680)	(780,307)	(161,267)	-	(1.405.254)
	Transfer to operating assets	496,218	12,137,975	(7,626,586)	(4,550,065)	-	457.542
	Depreciation	-	(5,912,227)	(5,552,664)	-	-	(11.464.891)
	Translation adjustment	-	1,124,935	-	-	-	1.124.935
Balance as of March 31, 2015		20,555,987	860,037,555	387,177,993	82,741,180	5,318,439	1,355,831,154

		Land ThCh$	Buildings and infrastructure ThCh$	Machinery and equipment ThCh$	Work in progress ThCh$	Other property, plant and equipment ThCh$	Property, plant and equipment, net ThCh$
Opening balance January 1, 2014		19,776,629	801,524,808	371,698,132	89,680,294	4,260,410	1,286,940,273
Movement	Additions	-	-	-	114,030,450	119,417	114,149,867
	Retirements	-	(651,784)	(2,708,356)	(404,040)	-	(3,764,180)
	Transfer to operating assets	44,224	60,885,309	53,649,472	(131,856,905)	-	(17,277,900)
	Depreciation	-	(22,494,826)	(22,761,639)	-	-	(45,256,465)
	Translation adjustment	238,916	13,887,045	1,259,941	1,719,239	14,228	17,119,369
Balance as of December 31, 2014		20,059,769	853,150,552	401,137,550	73,169,038	4,394,055	1,351,910,964

11.3 Additional information on property, plant and equipment

Transelec has insurance policies to cover possible risks subject to various items of property, plant and equipment and possible claims that might be filed by exercising its activities, understanding that such policies cover sufficiently the risks to which they are taken.

The Company held as of March 31, 2015 and December 31, 2014 commitments to purchase items of property, plant and equipment arising from construction contracts under EPC (Engeenering-Procurment-Construction) in the amount of ThCh$ 73,459,367 and ThCh$ 139,685,214, respectively.

11.3 Additional information on property, plant and equipment (continued)

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

	March 31, 2015	March 31, 2014
Capitalization rate (Annual basis)	4.14%	9.60%
Capitalized interest costs (ThCh$)	572,655	233,957

Work in progress balances amounts to ThCh$ 82,741,180 and ThCh$ 73,169,038 as of March 31, 2015 and December 31, 2014 respectively.

NOTE 12 - DEFERRED TAXES

12.1 Detail of deferred tax assets and liabilities

The origin of the deferred taxes recorded as of March 31, 2015 and December 31, 2014, is detailed as follows:

Temporary differences	Net deferred taxes	
	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Depreciable fixed assets	(52,916,634)	(43,382,975)
Financial expenses	(1,000,689)	(1,086,226)
Leased assets	(831,296)	(721,967)
Materials and spare parts	752,333	622,791
Tax losses	37,894,765	39,241,019
Staff severance indemnities provision	129,251	164,517
Deferred income	1,712,825	1,473,120
Investment value provision	11,995	11,995
Lawsuit provision	45,212	45,212
Obsolescence provision	24	24
Provision for decommissioning	886,906	46,828
Work in progress	300,961	929,386
Vacation provisions	48,359	344,774
Intangible assets	(10,662,110)	(10,604,998)
Adjustment of effective interest rate of bonds	(2,058,514)	(2,321,846)
Land	759,016	754,934
Allowance for doubtful receivables	327,210	327,210
Prepaid expenses	(10,295)	(11,488)
Net deferred tax assets/(liabilities)	(24,610,681)	(14,167,690)
Reflected in the statement financial position as follows:		
Deferred tax assets	115,404	102,334
Deferred tax liabilities	(24,726,085)	(14,270,024)
Net deferred tax assets/(liabilities)	(24,610,681)	(14,167,690)

12.2 Deferred tax movements in statement of financial position

The movements of balances of deferred taxes in the consolidated statement of financial position for the periods 2015 and 2014 are as follows:

Deferred tax movements	Asset ThCh$	Liability ThCh$
Balance as of January 1, 2014	2,121,696	9,257,520
Increase (decrease)	(2,019,362)	4,264,034
Translation adjustment	-	748,470
Balance as of December 31, 2014	102,334	14,270,024
Increase (decrease)	9,725	10,214,891
Translation adjustment	3,345	241,170
Balance as of March 31, 2015	115,404	24,726,085

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

NOTE 13 - FINANCIAL LIABILITIES

13.1 Other financial liabilities

The current and non-current portion of this account as of March 31, 2015 and December 31, 2014 is as follows:

Interest bearing loans	March 31, 2015		December 31, 2014	
	Current ThCh$	Non- current ThCh$	Current ThCh$	Non- current ThCh$
Bonds payable	11,408,566	1,232,636,754	14,774,702	1,217,748,297
Total bonds payable	11,408,566	1,232,636,754	14,774,702	1,217,748,297
Bank loans payable	1,629,473	9,610,523	1,420,115	9,626,797
Swap contract (Note 15)	899,745	-	2,012,588	-
Other financial liabilities	37,647	2,733,825	35,121	2,597,608
Total obligations with banks	2,566,865	12,344,348	3,467,824	12,224,405
Total	13,975,431	1,244,981,102	18,242,526	1,229,972,702

13.2 Detail of other financial liabilities

a) Bonds payable

The obligations with the public by series, currency, effective rate and expiration as of March 31, 2015 and December 31, 2014 are shown below:

Taxpayer ID number	Debtor name	Country	Placement in Chile or abroad	Instrument registration number	Series	Indexation unit	Nominal interest rate	Effective interest rate	Interest payments	Periodicity principal payments	Final maturity	March 31, 2015 ThCh$	December 31, 2014 ThCh$
76.555.400-4	Transelec S.A	Chile	Chile	481	C	UF	4.03%	3.50%	At maturity	Semiannually	9-01-2016	147,113,750	148,241,864
76.555.400-4	Transelec S.A	Chile	Chile	480	D	UF	4.37%	4.25%	At maturity	Semiannually	12-15-2027	332,724,966	329,243,935
76.555.400-4	Transelec S.A	Chile	Chile	599	H	UF	4.79%	4.80%	At maturity	Semiannually	8-01-2031	74,479,834	75,371,119
76.555.400-4	Transelec S.A	Chile	Chile	599	K	UF	4.61%	4.60%	At maturity	Semiannually	9-01-2031	39,509,982	39,964,274
76.555.400-4	Transelec S.A	Chile	Chile	599	M	UF	4.26%	4.05%	At maturity	Semiannually	6-15-2032	36,442,776	36,076,493
76.555.400-4	Transelec S.A	Chile	Chile	599	M-1	UF	4.23%	4.05%	At maturity	Semiannually	6-15-2032	46,052,904	45,587,908
76.555.400-4	Transelec S.A	Chile	Chile	599	N	UF	4.29%	3.95%	At maturity	Semiannually	12-15-2038	71,039,660	70,320,372
76.555.400-4	Transelec S.A	Chile	Chile	744	Q	UF	4.02%	3.95%	At maturity	Semiannually	10-15-2042	76,930,718	76,202,674
76.555.400-4	Transelec S.A	Chile	Foreign	1st issuance	Sr N	US$	5.10%	4.63%	At maturity	Semiannually	7-26-2023	186,887,596	185,934,418
76.555.400-4	Transelec S.A	Chile	Foreign	2st issuance	Sr N	US$	4.66%	4.25%	At maturity	Semiannually	1-14-2025	232,863,134	225,579,942
											Total	**1,244,045,320**	**1,232,522,999**

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$1,393,159,880 and ThCh$ 1,393,034,676 as of March 31, 2014 and December 31, 2014, respectively (it does not include other current and non-current liabilities such as swap or forwards agreements which are presented in the financial statements at fair value). The fair value of the bonds is estimated by discounting future cash flows using discount rates available for debt with similar terms of credit risk and similar maturities. This value is categorized as level 2 according to the hierarchy of fair value.

13.2 Detail of other financial liabilities (continued)

a) Bonds payable (continued)

Debtor taxpayer ID number	Debtor Name	Instrument registration number	Current: Maturity less than 90 days ThCh$	Current: Maturity more than 90 days ThCh$	March 31, 2015 Current ThCh$	Non-current: Maturity 1 to 3 years ThCh$	Non-current: Maturity 3 to 5 years ThCh$	Non-current: Maturity more than 5 years ThCh$	March 31, 2015 Non-current ThCh$
76.555.400-4	Transelec S.A	481	-	499,550	499,550	146,614,200	-	-	146,614,200
76.555.400-4	Transelec S.A	480	3,538,786	-	3,538,786	-	-	329,186,181	329,186,181
76.555.400-4	Transelec S.A	599	-	579,256	579,256	-	-	73,900,578	73,900,578
76.555.400-4	Transelec S.A	599	-	152,975	152,975	-	-	39,357,007	39,357,007
76.555.400-4	Transelec S.A	599	372,611	-	372,611	-	-	36,070,165	36,070,165
76.555.400-4	Transelec S.A	599	472,993	-	472,993	-	-	45,579,911	45,579,911
76.555.400-4	Transelec S.A	599	731,623	-	731,623	-	-	70,308,036	70,308,036
76.555.400-4	Transelec S.A	744	1,275,815	-	1,275,815	-	-	75,654,903	75,654,903
76.555.400-4	Transelec S.A	1st issuance	-	1,601,068	1,601,068	-	-	185,286,528	185,286,528
76.555.400-4	Transelec S.A	2st issuance	-	2,183,889	2,183,889	-	-	230,679,245	230,679,245
		Total	**6,391,828**	**5,016,738**	**11,408,566**	**146,614,200**	**-**	**1,086,022,554**	**1,232,636,754**

Debtor taxpayer ID number	Debtor Name	Instrument registration number	Current: Maturity less than 90 days ThCh$	Current: Maturity more than 90 days ThCh$	December 31, 2014 Current ThCh$	Non-current: Maturity 1 to 3 years ThCh$	Non-current: Maturity 3 to 5 years ThCh$	Non-current: Maturity more than 5 years ThCh$	December 31, 2014 Non-current ThCh$
76.555.400-4	Transelec S.A	481	1,939,094	-	1,939,094	146,302,771	-	-	146,302,771
76.555.400-4	Transelec S.A	480	-	620,702	620,702	-	-	328,623,233	328,623,233
76.555.400-4	Transelec S.A	599	1,456,933	-	1,456,933	-	-	73,914,186	73,914,186
76.555.400-4	Transelec S.A	599	595,650	-	595,650	-	-	39,368,624	39,368,624
76.555.400-4	Transelec S.A	599	-	68,816	68,816	-	-	36,007,677	36,007,677
76.555.400-4	Transelec S.A	599	-	86,307	86,307	-	-	45,501,601	45,501,601
76.555.400-4	Transelec S.A	599	-	138,438	138,438	-	-	70,181,934	70,181,934
76.555.400-4	Transelec S.A	744	535,325	-	535,325	-	-	75,667,349	75,667,349
76.555.400-4	Transelec S.A	1st issuance	4,389,738	-	4,389,738	-	-	181,544,680	181,544,680
76.555.400-4	Transelec S.A	2st issuance	4,943,699	-	4,943,699	-	-	220,636,242	220,636,242
		Total	**13,860,439**	**914,263**	**14,774,702**	**146,302,771**	**-**	**1,071,445,526**	**1,217,748,297**

13.2 Detail of other financial liabilities (continued)

b) Bank loans

The bank loans are presented below by financial institution, currency, effective rate and expiration as of March 31, 2015 and December 31, 2014:

Debtor taxpayer ID number	Debtor Name	Country	Creditor ID Number	Creditor institution name	Country	Currency	Periodicity principal payments	Effective interest rate	Nominal interest rate	Maturity	March 31, 2015 ThCh$	December 31, 2014 ThCh$
99.508.750-2	Transmisora Huepil Ltda.	Chile	N/A	Portigon-WestLB.	Germany	US$	Quarterly	3.5947%	1.7436%	2021	11,099,124	11,036,845
76.555.400-4	Transelec S.A.	Chile	N/A	Scotiabank	Canada	US$	Quarterly	2.66%	2.66%	2015	140,872	10,067
										Total	**11,239,996**	**11,046,912**

Debtor taxpayer ID number	Debtor Name	Creditor institution	Current: Maturity less than 90 days ThCh$	Current: Maturity more than 90 days ThCh$	March 31, 2015 Current ThCh$	Non-Current: Maturity 1 to 3 years ThCh$	Non-Current: Maturity 3 to 5 years ThCh$	Non-Current: Maturity more than 5 years ThCh$	March 31, 2015 Non-current ThCh$
99.508.750.-2	Trasmisora Huepil Ltda.	Portigon-WestLB.	425,921	1,062,680	1,488,601	5,132,943	3,569,000	908,580	9,610,523
76.555.400-4	Transelec S.A.	Scotiabank	140,872	-	140,872	-	-	-	-
		Total	**566,793**	**1,062,680**	**1,629,473**	**5,132,943**	**3,569,000**	**908,580**	**9,610,523**

Debtor taxpayer ID number	Debtor Name	Creditor institution	Current: Maturity less than 90 days ThCh$	Current: Maturity more than 90 days ThCh$	December 31, 2013 Current ThCh$	Non-Current: Maturity 1 to 3 years ThCh$	Non-Current: Maturity 3 to 5 years ThCh$	Non-Current: Maturity more than 5 years ThCh$	December 31, 2014 Non-current ThCh$
99.508.750.-2	Trasmisora Huepil Ltda.	Portigon-WestLB.	419,832	990,216	1,410,048	4,873,416	3,786,120	967,261	9,626,797
76.555.400-4	Transelec S.A.	Scotiabank	10,067	-	10,067	-	-	-	-
		Total	**429,899**	**990,216**	**1,420,115**	**4,873,416**	**3,786,120**	**967,261**	**9,626,797**

The fair values of bank loans do not differ significantly from the book values.

13.2 Detail of other financial liabilities (continued)

c) Other Financial Liabilities

The other financial liabilities by creditor institution name, currencies, rates and maturities as of March 31, 2015 and December 31, 2014 are as follows:

Debtor taxpayer ID number	Debtor Name	Country	Creditor ID Number	Creditor institution name	Country	Currency	Periodicity principal payments	Effective interest rate	Nominal interest rate	Maturity	December 31, 2014 ThCh$	December 31, 2013 ThCh$
99.521.950-6	Transelec Norte S.A. (Transelec S.A)	Chile	77.277.800-7	Eléctrica Aguas del Melado	Chile	US$	Monthly	6.11%	6.11%	2043	2,771,472	2,632,729
										Total	2,771,472	2,632,729

			Current			Non – Current			
Debtor taxpayer ID number	Debtor name	Creditor institution name	Maturity less than 90 days ThCh$	Maturity more than 90 days s ThCh$	March 31, 2015 Current ThCh$	Maturity 1 to 3 years ThCh$	Maturity 3 to 5 years ThCh$	Maturity more than 5 years ThCh$	March 31, 2015 Non-current ThCh$
99.521.950-6	Transelec Norte S.A. (Transelec S.A)	Eléctrica Aguas del Melado	9,158	28,489	37,647	174,154	103,837	2,455,835	2,733,825
		Total	**9,158**	**28,489**	**37,647**	**174,154**	**103,837**	**2,455,835**	**2,733,825**

			Current			Non – Current			
Debtor taxpayer ID number	Debtor name	Creditor institution name	Maturity less than 90 days ThCh$	Maturity more than 90 days s ThCh$	December 31, 2014 Current ThCh$	Maturity 1 to 3 years ThCh$	Maturity 3 to 5 years ThCh$	Maturity more than 5 years ThCh$	December 31, 2014 Non-current ThCh$
99.521.950-6	Transelec Norte S.A. (Transelec S.A)	Eléctrica Aguas del Melado	8,586	26,535	35,121	118,760	91,749	2,387,099	2,597,608
		Total	**8,586**	**26,535**	**35,121**	**118,760**	**91,749**	**2,387,099**	**2,597,608**

13.3 Other aspects

As of March 31, 2015 and 2014, Transelec had available a credit line of US$250 million which at the balance sheet date it did not have any drawn pending at that time were no outstanding orders.

Many of the Company's debt agreements include an obligation to comply with certain covenants, including certain financial ratios (see Note 18), 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, 2015 and December 31, 2014, are detailed as follows:

Trade and other payables	Current		Non- current	
	March 31, 2015 ThCh$	December 31, 2014 ThCh$	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Trade and other payables	53,560,534	69,554,568	-	-
Total	53,560,534	69,554,568	-	-

The average payment period for suppliers in the periods ended 2015 and 2014 was 30 days and, therefore, the fair value of these liabilities does not differ significantly from their book value.

NOTE 15 - DERIVATIVE INSTRUMENTS

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

- Cash flow hedging instruments: Those that hedge the cash flows of the hedged underlying item,
- Net investment hedge.

In addition, the Company uses certain non-hedging derivatives: the instruments that do not meet the requirements of IFRS and thus do not qualify for hedge accounting.

15.1 Hedge assets and liabilities

	March 31, 2015				December 31, 2014			
	Asset		Liability		Asset		Liability	
	Current ThCh$	Non – current ThCh$	Current ThCh$	Non - current ThCh$	Current ThCh$	Non - current ThCh$	Current ThCh$	Non – current ThCh$
Currency hedge Swap	-	21.676.226	899.745	-	-	11,786,839	2,012,588	-
Total	-	21.676.226	899.745	-	-	11,786,839	2,012,588	-

15.2 Other Information

The following table details Transelec's derivatives as of March 31, 2015 and December 31, 2014, including their fair values as well as their notional and contractual values by maturity:

Financial derivatives	Fair value ThCh$	Maturity Before 1 year ThCh$	2016 ThCh$	2017 ThCh$	2018 ThCh$	2019 ThCh$	Subsequent years ThCh$	March 31, 2015 Total ThCh$
Currency hedge Swap	20,776,481	(899.745)	-	-	-	-	21.676.226	20,776,481

Financial derivatives	Fair value ThCh$	Maturity Before 1 year ThCh$	2015 ThCh$	2016 ThCh$	2017 ThCh$	2018 ThCh$	Subsequent years ThCh$	December 31, 2014 Total ThCh$
Currency hedge Swap	9,774,251	(2,012,588)	-	-	-	-	11,786,839	9,774,251

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. In the periods presented March 31, 2015 and December 31, 2014, Transelec had not recognized any gains or losses for ineffectiveness of cash flow hedges.

Derivatives are valued considering valuation techniques which include observable data, the most commonly used valuation techniques include forward pricing and swap valuation models using present value calculations. The models include several inputs including the credit risk of the counterparty, foreign exchange spot rate, forward rates and interest rate curves.

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, 2015.

Financial instrumental measured at fair value	March 31, 2015	Fair value measured at the end of the reporting period using		
		Level 1 ThCh	Level 2 ThCh$	Level 3 ThCh$
Financial asset (liability)				
Currency hedge Swap	20,776,481	-	20,776,481	-
Total, net	20,776,481	-	20,776,481	-

The following table details financial assets and liabilities measured at fair value as of December 31, 2014.

Financial instrumental measured at fair value	December 31, 2014	Fair value measured at the end of the reporting period using		
		Level 1 ThCh	Level 2 ThCh$	Level 3 ThCh$
Financial asset (liability)				
Currency hedge Swap	9,774,251	-	9,774,251	-
Total, net	9,774,251	-	9,774,251	-

NOTE 16 - FINANCIAL INSTRUMENTS

The classification of financial assets in the categories described in Note 2.10 is shown below:

March 31, 2015	Cash and cash equivalents ThCh$	Loans and receivables ThCh$	Derivatives at fair value through profit or loss ThCh$	Derivatives at fair value through equity ThCh$	Available for sale investments ThCh$	Total ThCh$
Cash and cash equivalents	27,242,561	-	-	-	-	27,242,561
Other financial assets, current	-	702,859	-	-	-	702,859
Trade and other receivables	-	59,865,246	-	-	-	59,865,246
Other financial assets, non-current	-	12,573,535	-	-	278,849	12,852,384
Receivables from related parties, current	-	47,184,494	-	-	-	47,184,494
Receivables from related parties, non-current	-	140,182,942	-	-	-	140,182,942
Total	**27,242,561**	**260,509,076**	**-**	**-**	**278,849**	**288,030,486**

December 31, 2014	Cash and cash equivalents ThCh$	Loans and receivables ThCh$	Derivatives at fair value through profit or loss ThCh$	Derivatives at fair value through equity ThCh$	Available for sale investments ThCh$	Total ThCh$
Cash and cash equivalents	65,913,009	-	-	-	-	65,913,009
Other financial assets, current	-	672,589	-	-	-	672,589
Trade and other receivables	-	55,556,746	-	-	-	55,556,746
Other financial assets, non-current	-	12,603,039	11,786,839	-	278,848	24,668,726
Receivables from related parties, current	-	1,018	-	-	-	1,018
Receivables from related parties, non-current	-	135,746,433	-	-	-	135,746,433
Total	**65,913,009**	**204,579,825**	**11,786,839**	**-**	**278,848**	**282,558,521**

The classification of financial liabilities in the categories described in Note 2.10 is shown below:

March 31, 2015	Other financial liabilities ThCh$	Derivatives at fair value through profit or loss ThCh$	Derivatives at fair value through equity ThCh$	Total ThCh$
Other financial liabilities, current	13,975,431	-	-	13,975,431
Trade and other payables	49,903,215	-	-	49,903,215
Other financial liabilities, non-current	1,244,981,102	-	-	1,244,981,102
Total	**1,308,859,748**	**-**	**-**	**1,308,859,748**

December 31, 2014	Other financial liabilities ThCh$	Derivatives at fair value through profit or loss ThCh$	Derivatives at fair value through equity ThCh$	Total ThCh$
Other financial liabilities, current	16,230,236	2,012,588	-	18,242,824
Trade and other payables	69,554,568	-	-	69,554,568
Other financial liabilities, non-current	1,229,972,702	20	-	1,229,972,722
Total	**1,315,757,506**	**2,012,608**	**-**	**1,317,770,114**

NOTE 17 - PROVISIONS

17.1 Detail of provisions

As of March 31, 2015 and December 31, 2014, this account is detailed as follows:

Detail	Current		Non-current	
	March 31, 2015 ThCh$	December 31, 2014 ThCh$	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Staff severance indemnities	336,457	475,066	4,501,474	4,501,474
Accrued vacations	1,280,685	1,467,122	-	-
Profit sharing benefits	1,642,072	4,804,642	9,530	9,530
Other provisions	589,388	589,386	-	-
Total	**3.848.602**	**7,336,216**	**4,511,004**	**4,511,004**

17.2 Provision movements

In 2015 and 2014, provision movements were the following:

Movements in provisions	Staff severance indemnities ThCh$	Profit sharing benefits ThCh$	Accrued vacations ThCh$	Other provisions ThCh$	Total ThCh$
Beginning balance as of January 1, 2015	**4,976,539**	**4,814,173**	**1,467,122**	**589,386**	**11,847,220**
Movements in provisions:					
Provisions during the year	216,122	1,049,395	336,492	589,386	2,191,395
Other increase (decrease) in exchange rates	-	-	-	-	-
Payments	(354,730)	(4,211,966)	(522,929)	(589,384)	(5,679,009)
Ending balance as of March 31, 2015	**4.837.931**	**1.651.602**	**1.280.685**	**589,388**	**8.359.606**

Movements in provisions	Staff severance indemnities ThCh$	Profit sharing benefits ThCh$	Accrued vacations ThCh$	Other provisions ThCh$	Total ThCh$
Beginning balance as of January 1, 2014	3,744,637	5,458,885	1,381,592	589,386	11,174,500
Movements in provisions:					
Provisions during the year	1,281,000	3,111,270	1,070,306	54,247	5,516,823
Other increase (decrease) in exchange rates	431,169	-	-	-	431,169
Payments	(480,267)	(3,755,982)	(984,776)	(54,247)	(5,275,272)
Ending balance as of December 31, 2014	**4,976,539**	**4,814,173**	**1,467,122**	**589,386**	**11,847,220**

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

17.2 Provision movements (continued)

As of March 31, 2015

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	336,457	672,914	582,997	3,245,563
Accrued vacations	1,280,685	-	-	-
Profit sharing benefits	1,642,072	9,530	-	-
Other provisions	589,388	-	-	-
Total	**3,848,602**	**682,444**	**582,997**	**3,245,563**

As of December 31, 2014

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	475,066	486,425	729,637	3,285,411
Accrued vacations	1,467,122	-	-	-
Profit sharing benefits	4,804,642	9,531	-	-
Other provisions	589,386	-	-	-
Total	7,336,216	495,956	729,637	3,285,411

Severance pay for years of service

The Company has constituted a provision to cover the obligation of severance pay for years of service, to be paid to its employees, in accordance with the collective contracts signed with the latter. This provision represents the entire accrued provision (see note 18).

Vacation accrual

This obligation corresponds to the expense for vacations granted and not accrued by the Company's employees, whose benefit is specified in individual contract of each employee.

Annual benefits

This provision primarily includes allowances for employee participation in the Company's income, which are mostly paid within the first quarter of the following year.

Other provisions

This category's balance primarily corresponds to the obligation for health agreement contributions.

17.3 Lawsuits and arbitration proceedings

Transelec S.A.

1. Regarding the delay in commissioning the Rodeo-Chena project, and in accordance with the bidding terms and conditions, which stipulate a fine of US$30,000 per day of delay with a maximum of 60 days, the Company paid the fine amounting to US$ 1,800,000. Collection of a stand-by letter amounting to US$ 313,500 by authority is pending.

   As of March 31, 2015 the Company has established a provision for these and other contingents liabilities totaling to ThCh$ 524,080 considering for the purpose of this estimate that there are similar cases in the Court of Appeals in which the Court of Appeals rejected the claim, pending the hearing of the appeal before Supreme Court, that in such cases has confirmed the decisions of the SEC. In addition, there are cases with appeals before the SEC and for which the body normally and to some extent has kept the fine charged.

2. As of March 31, 2015, the company Campanario Generación S,A, has not fulfilled its obligation to pay invoices issued by Transelec for the injection and withdrawal balances issued by the CDEC-SIC in September, July, August and September 2011. On August 3, 2011, Transelec notified the SEC of this company's failure to comply with its obligation so it could adopt legally appropriate measures.

   In order to collect the funds owed by Campanario Generación S.A., on August 12, 2011, Transelec S.A. filed a preparatory invoice notification measure against that company before the 5th Civil Court of Santiago for unpaid invoices totaling ThCh$ 6,285,171, This judicial management was presented to the 5th Civil Court of Santiago,

   On September 13, 2011, Campanario Generación S.A. was declared bankrupt by the 6th Civil Court of Santiago, In this bankruptcy proceeding, Transelec claimed $ 14,688,235,160, which includes VAT of ThCh$ 2,345,064, plus principal, interest, indexation adjustments and costs.

   By Exempt Resolution No, 2288 dated August 26, 2011, the SEC ordered the CDEC-SIC to exclude the Company from the Balance of Energy and Power which is made to calculate tariff revenues (IT). In compliance with the order, CDEC-SIC issued a new procedure, which was approved by the National Energy Commission (CNE), Transelec S,A, impugned the proceedings before the Panel of Experts, which in Opinion No, 24-2011 ordered the issuance of a new procedure by the CDEC-SIC that still requires an approval by the CNE.

   In relation with the final tolls and IT for 2011, the CDEC-SIC issued the corresponding settlement, which was also impugned by Transelec before the Panel of Experts, which through Opinion No, 2-2012 ordered CDEC-SIC to determine new settlements of tolls and final IT for 2011, declaring that Transelec S,A, is not responsible for the payments of amounts owed by Campanario Generación S.A. to generators, and also that they must pay the IT related to Campanario Generación S,A, to Transelec S.A. This new settlement issued was objected by Endesa through discrepancy filed with the Panel of Experts, which to date did not issue a final resolution. The distribution of the amount already recovered by Transelec in bankruptcy proceeding (ThCh$ 3,161,082) depends on the final settlement mechanism.

   In the bankruptcy proceedings the assets of Campanario Generación S.A. were liquidated and an amount of US$ 86.6 million was recovered.

17.3 Lawsuits and arbitration proceedings (continued)

Transelec S.A. (continued)

2. (continued)

According to the opinion of our external lawyers (Philippi), those proceeds will be sufficient to cover approximately 40.86% of the verified debt of Campanario Generación S.A. This percentage may vary depending on the price obtained from the sale of water rights, In addition, efforts are being made to recover an amount paid in respect of VAT and related relating to the amounts billed, The total amount of the VAT to recover is ThCh$ 2,345,054, has been already fully recovered.

3. Parties: Hyundai Corporation with Transelec S.A. Subject: Ordinary civil action of collection of balance price. Court: Judge arbitrator Sergio Fernández designated by the Arbitration and Mediation Center of the Chamber of Commerce of Santiago. On December 11, 2013 Transelec was notified of the lawsuit lodged by Hyundai Corporation which purpose is the collection of the unpaid balance price (US $ 2,988,263.25) related to the contract for the provision of high power towers of Nogales-Polpaico project. The payment of US$ 3,000,000 as a compensation for moral damages is also intended. The answer to the ordinary civil action was presented. Transelec recognizes an outstanding debt of US$2.4M to Hyunday rejecting the other petitions. This, notwithstanding the credit that Transelec has against Hyundai amounting US$ 3.7M of the compensation awarded in arbitration followed by Transelec against Hyundai for infringements of it in the contract of high power towers aforementioned.

To date, the cause is in sentencing. Result: The sentence issued in January established that Transelec should only paid an outstanding balance of the adequate price (US$2.4 Million) plus indexation and interest. In the coming months Transelec will charge the remaining balance.

4. It is estimated that by April 1, 2015 it shall be notified of the lawsuit filed by CGE against Transelec and the other 115 companies sanctioned by the SEC for their role in the blackout of March 14, 2010. CGE seeks to be reimbursed for the compensation paid to customers for a total of $1,088,887,708. Since the process is in its initial stage, it is not possible to estimate the outcome.

Transam and subsidiaries

As of March 31, 2015 there are no administrative sanctions.

NOTE 18 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS

18.1 Detail of account

Post-employment and other benefit obligations	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Staff severance indemnity provision – current	336,457	475,066
Staff severance indemnity provision non – current	4,501,474	4,501,473
Total current and non-current obligations for post-employment benefits	4,837,931	4,976,539

18.2 Detail of post-employment and other similar obligations

As of March 31, 2015 and December 31, 2014, this account is detailed as follows:

Post-employment and other benefits obligations	Staff severance indemnity	
	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Present value of defined benefit plan obligations opening balance	4,976,539	3,744,637
Current service cost of defined benefit plan obligations	95,094	563,640
Actuarial calculation cost of defined benefit plan obligations	121,028	1,148,529
Payments	(354,730)	(480,267)
Present value of defined benefit obligations ending balance	4,837,931	4,976,539

18.3 Balance of post-employment and other similar obligations

	Staff severance indemnity	
	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Present value of defined benefit obligations, ending balance	4,837,931	4,976,539
Present obligation with defined benefit plan funds	4,837,931	4,976,539
Fair value of defined benefit plan assets, ending balance	-	-
Balance of defined benefit obligations, ending balance	4,837,931	4,976,539

18.4 Expenses recognized in income statement

	Staff severance indemnity		Income statement line item where recognized
	January 1, 2015 to March 31, 2015 ThCh$	January 1, 2014 to March 31, 2014 ThCh$	
Current service cost of defined benefit plan	95,094	52,629	Cost of sales Administrative and sales expenses
Interest cost of defined benefit plan	121,028	140,806	Cost of sales Administrative and sales expenses
Total expense recognized in income statement	216,122	193,435	

18.5 Actuarial hypothesis

Detail	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Discount rate used	1.95%	3.2%
Inflation rate	4.6%	4%
Future salary increase	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 data obtained using published statistics and historical experience,

18.6 Sensitivity analysis

The following chart shows the sensitivity analysis of the significant hypotheses as of March 31, 2015:

	Discount rate used		Inflation rate		Future salary increase	
Nivel of Sensitivity	Increase 1% (ThCh$)	Decrease 1% (ThCh$)	Increase 1% (ThCh$)	Decrease 1% (ThCh$)	Increase 1% (ThCh$)	Decrease 1% (ThCh$)
Impact on current and non-current of employment benefit obligation	(246,309)	441,310	322,462	-	322,462	(291,841)

To evaluate impact, the sensitivity analysis has been determined based on the extrapolation method obtaining reasonable results in terms of the changes in the significant hypotheses used as of March 31, 2015.

18.6 Sensitivity analysis (continued)

In the following table the payments of expected of employment benefit obligation are presented:

	March 31, 2015 ThCh$	December 31, 2014 ThCh$
During the upcoming 12 month	161,250	156,571
Between 2 to 5 years	1,003,220	972,850
Between 5 to 10 years	1,247,016	1,191,211
More than 10 years	2,426,445	2,655,907
Total Payments Expected	**4,837,931**	**4,976,539**

NOTE 19 - EQUITY

19.1 Subscribed and paid capital

As of March 31, 2015 and December 31, 2014 authorized, subscribed and paid share capital amounts to ThCh$ 776,355,048.

19.2 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 years covered by these financial statements.

On January 22, 2014, the extraordinary shareholders meeting was celebrated, where a capital reduction was approved since the amount of $ 857,944,547,865 divided into 1,000,000 ordinary shares, without par value the amount of $ 776,355,047,865 divided into 1,000,000 ordinary shares held, no par value, therefore the decrease was M $ 81,589,500.

19.3 Dividends

On April 21, 2014, the ordinary shareholders meeting of the Company was celebrated, on which it was unanimously agreed to approve a final dividend for the year 2013, amounting to $ 21,109,661,795. As of December 31, 2014 this dividend is fully paid.

On May 7, 2014, the Company's Board of Directors met in an Ordinary Meeting, where they agreed to distribute a provisional dividend with debit to 2014 income, in the amount of Ch$13,360,575,00. As of December 31, 2014, this dividend has been paid in full.

19.3 Dividends (continued)

On September 4, 2014, the Company's Board of Directors met in an Ordinary Meeting, where they agreed to distribute a provisional dividend with debit to 2014 income, in the amount of Ch$12,182,561,000. As of December 31, 2014, this dividend has been paid in full.

On November 26, 2014, the Company's Board of Directors met in an Ordinary Meeting, where they agreed to distribute a provisional dividend with debit to 2014 income, in the amount of Ch$16,384,840,000. As of December 31, 2014, this dividend has been paid in full.

On April 28, 2015, the Company's Board of Directors met in an Ordinary Meeting, where they agreed to distribute a final dividend with debit to 2014 income, in the amount of Ch$24,845,230,291. As of March 31, 2015, this dividend has not been paid.

19.4 Other reserves

Other reserves as of March 31, 2015 and December 31, 2014 are detailed as follows:

Description	March 31, 2015 ThCh$	December 31, 2014 ThCh$
Net investment hedge Transam	317,621	574,172
Net investment hedge Transelec Norte	5,578,587	5,979,977
Cash flow hedge (base interest rate)	481,354	543,317
Cash flow hedge (Exchange rate)	2,372,907	(494,410)
Actuarial calculation exchange differences	(431,169)	(431,169)
Deferred taxes	(2,079,827)	(1,542,972)
Total	6,239,473	4,628,915

The Movement and reclassifications of other comprehensive income for the period 2014 are presented below:

	Foreign translation reserve ThCh$	Cash flow hedges reserve ThCh$	Other Reserves ThCh$	Total ThCh$
Opening balance as of January 1, 2015	**4,915,612**	**36,680**	**(323,377)**	**4,628,915**
Translation adjustment	(657,944)	2,805,355	-	2,147,411
Deferred tax	164,486	(701,339)	-	(536,853)
Closing balance as of March 31, 2015	**4,422,154**	**2,140,696**	**(323,377)**	**6,239,473**

19.5 Capital management

Capital management refers to the Company's administration of its 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 solid financial position.

Capital requirements are determined 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 debt / Total capitalization ratio) 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 equivalents to ThCh$369.341.700 as of March 31, 2015.
- The test of distribution of restricted payments (net cash flow of the operations / financial costs) must be greater than 1.5 times, as those terms are defined in the respective prospectuses.

The following tables present – as of March 31, 2015 and December 31, 2014 - the calculation of the two covenants mentioned above and also a calculation of a third ratio that the Company has to comply, which does not depend on capital (equity) amount.

Covenant 1	**Total debt / Total capitalization ratio** **Lower or equal to 0.70**	**March 31, 2015 ThCh$**	**December 31, 2014 ThCh$**
A	Other financial liabilities, current	13,975	18,243
B	Payables to related parties, current	-	-
C	Other financial liabilities, non-current	1,244,981	1,229,973
D	Payables to related parties, non-current	-	-
E=A+B+C+D	**Covenants debt**	**1,258,956**	1,248,216
G	Debt with guarantees (1)	32,394	31,647
DT=E+G	**Total debt**	**1,291,350**	1,279,863
H	Non-controlling interest	30	29
P	Equity attributable to owners of the parent	811,333	805,223
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
CT=DT+H+I+P	**Total capitalization**	**2,127,683**	2,110,085
DT/CT	**Total debt / Total capitalization ratio**	**0.61**	0.61

(1) Amount of the debt with guarantees corresponds to a guarantee issued by Transmisora Huepil Limitada, indirect subsidiary of Transelec S.A.

19.5 Capital management (continued)

Covenant 2	Minimum equity Greater than or equal to UF 15 million	March 31, 2015 ThCh$	December 31, 2014 ThCh$
P	Equity attributable to owners of the parent	811,333	805,223
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
P+I	**Equity (in ThCh$)**	836,303	830,193
UF	UF value	24,622.78	24,627.10
(I+P)/UF	**Equity (in UF millions)**	33.96	33.71

Covenant 3	Restricted payments test Funds from operations (FNO) / Financial costs > 1.5	March 31, 2015 ThCh$	December 31, 2014 ThCh$
FO	Cash flow from operations	167,793	186,444
CF	Financial costs	58,160	56,710
IG	Income tax expense	11,628	3,589
FNO=FO+CF+IG	**Funds from operations**	**237,581**	246,743
FNO/CF	**Funds from operations / Financial costs**	**4.08**	4.35

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 20 - INCOME

20.1 Revenue

The following table details revenue for the three-month periods ended March 31, 2015 and 2014:

Revenue	**March 31, 2015 ThCh$**	**March 31, 2014 ThCh$**
Revenues from regulated transmission services	57,092,132	49,462,575
Revenues from contractual transmission services	13,260,347	11,718,163
Leases revenue	177,676	97,106
Total revenues	**70,530,155**	**61,277,844**

20.2 Other operating income

The following table details operating income for the three -month periods ended March 31, 2015 and 2014:

Other operating income	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Financial income (Note 21,4)	1,692,316	2,892,468
Other gains (losses), net	3,737,012	720,130
Total other operating income	**5,429,328**	**3,612,598**

NOTE 21 - RELEVANT INCOME STATEMENT ACCOUNTS

21.1 Expenses by nature

The composition of cost of sales and administrative expenses by nature in the three-month periods ended March 31, 2015 and 2014:

Detail	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Personnel expenses	4,324,995	4,252,370
Operating expenses	3,507,944	3,146,676
Maintenance expenses	822,953	1,197,885
Depreciation and write-offs	12,985,451	10,962,713
Other	869,186	1,094,274
Total	**22,510,529**	**20,653,918**

21.2 Personnel expenses

As of March 31, 2015 and 2014, this account is detailed as follows:

Detail	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Salaries and wages	3,898,334	3,815,550
Short-term employee benefits	206,705	123,441
Staff severance indemnity	216,122	193,435
Other long-term benefits	336,492	299,017
Other personnel expenses	1,129,208	962,867
Expenses capitalized on construction in progress	(1,461,866)	(1,141,940)
Total	**4,324,995**	**4,252,370**

21.3 Depreciation and amortization

The following table details depreciation and amortization for the three-month periods ended March 31, 2015 and 2014:

Detail	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Depreciation	11,464,891	10,820,515
Amortization	157,603	141,152
Losses from damages	1,362,957	1,046
Total	**12,985,451**	**10,962,713**

21.4 Financial results

The Company's financial result for the three-month periods ended March 31, 2015 and 2014 is detailed as follows:

Detail	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Financial income:	**1,692,316**	**2,892,468**
Commercial interest earned	69,439	164,756
Bank interest earned	372,835	410,733
Interest earned from related parties	1,250,042	2,316,979
Financial expenses:	**(14,583,707)**	**(13,133,785)**
Interest on bonds	(13,088,706)	(12,284,384)
Interest on bank loans	(98,472)	(43,746)
Commercial interest incurred	(218,562)	(43,847)
Interest costs on related parties transactions	-	(447,476)
Interest rate Swap	(1,003,525)	-
Other expenses	(174,442)	(314,332)
Gain (loss) from indexation of UF	**194,229**	**(11,166,927)**
Foreign exchange gains (losses), net	**(276,343)**	**(4,711,407)**
Positive	12,142,942	6,178,247
Negative	(12,419,285)	(10,889,654)
Total financial result, net	**(12,973,505)**	**(26,119,651)**

NOTE 22 - INCOME TAX RESULT

Income tax expense (income)	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Current tax expense	61,831	300,742
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	61,831	300,742
Deferred tax expense relating to origination and reversal of temporary differences	9,841,260	1,563,088
Other deferred tax expense	-	-
Deferred tax expense, net, total	9,841,260	1,563,088
Effect of change in tax situation of the entity or its shareholders	-	-
Income tax expense	**9,903,091**	**1,863,830**

Reconciliation of Tax Expense Using Statutory Rate with Tax Expense

The following table reconciles income taxes resulting from applying statutory tax rate to the "Profit Before Taxes" to the income tax expense recorded in the consolidated income statement for the periods 2015 and 2014:

Using Effective Rate	**March 31, 2015 ThCh$**	**March 31, 2014 ThCh$**
Tax expense at statutory rate	(8,726,205)	(3,044,881)
Price level restatement of equity	-	1,198,852
Change in income tax rate, Tax Reform Law 20.780	(950,989)	-
Re-classification to Equity according to Bulletin N°856 of the SVS	39,253	-
Other differences increase (decrease)	(265,150)	(17,801)
Total adjustments to tax expense using statutory rate	**(1,176,886)**	**1,181,051**
Tax Expense at effective Rate	**(9,903,091)**	**(1,863,830)**

	March 31, 2015 ThCh$	**March 31, 2014 ThCh$**
Statutory Tax Rate	22.50%	20.00%
Price level restatement of equity	-	(7.9%)
Change in income tax rate, Tax Reform Law 20.780	2.45%	-
Re-classification to Equity according to Bulletin N°856 of the SVS	(0.10%)	-
Other differences increase (decrease)	0.68%	0.1%
Adjustments to Statutory Tax Rate, Total	**3.03%**	**(7.8%)**
Effective Tax Rate	**25.53%**	**12.2%**

The tax rate used for the periods 2015 and 2014 reconciliations corresponds to 22.5% and 20%, a corporate tax rate that entities should pay on taxable profits based on current tax regulations.

Tax Reform Chile

On September 29, 2014, the law N° 20.780 was published, named "Tax Reform which modifies the Tax System on the income and which introduces various adjustments on the Tax System."

Among the principal changes, the creation of two optional tax systems stand out: The Attributed Income System, which establishes the progressive increase of the tax rate of the first category for the commercial years 2014, 2015, 2016 and 2017 increasing to 21%, 22.5%, 24%, 25%, respectively; and in the partially integrated system, which establishes a progressive increase of the tax rate of the first category for the commercial years 2014, 2015, 2016, 2017 and 2018 increasing to 21%, 22.5%, 24%, 25.5% and 27% respectively.

For the calculation of the deferred taxes, the Company has applied the attributed income system. The change in income tax from 20% to 21% from January to September in 2014, increased the taxes in the amount of ThCh$70,307 that has been recorded as income tax in the profit and loss statement and as of March 31, 2015 the change of tax rate to 22.5% generated increase in tax charge of ThCh$ 950,989.

In relation to deferred tax provisions the bulletin No. 856 of the SVS was considered, whereby the differences in deferred tax assets and liabilities arising as a direct effect of the increased tax rate of first category income tax, will have been recorded in the current year in equity. The amount recorded in equity corresponds to a charge amounting to ThCh$ 2,278,545 recorded at December 31, 2014 and ThCh$2,317,798 recorded at March 31, 2015.

NOTE 23 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit 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.

Basic Earnings per Share	March 31, 2015	March 31, 2014
Profit attributable to equity holders of parent (ThCh$)	28,880,042	13,360,575
Earnings available to common shareholders, basic (ThCh$)	28,880,042	13,360,575
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch$)	28,880	13,361

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

NOTE 24 - SEGMENT REPORTING

The Company and its subsidiary engage exclusively in providing services related to electricity transmission. To provide such services, they possess assets throughout the country that form the Transelec transmission system, stretching 3,168 kilometers from the Arica y Parinacota Region to the Los Lagos Region.

Electricity transmission service falls under the legal framework that governs the electricity sector in Chile. This framework defines transmission systems and classifies transmission facilities into three categories (the trunk transmission system, the subtransmission system and additional systems), establishing an open access scheme for the first two systems and allowing additional lines that use rights of way and have national assets for public use along their paths to be used by third parties under non-discriminatory technical and economic conditions. The law also sets criteria and procedures for determining compensation that transmission facility owners are entitled to receive.

Transelec's revenue from the trunk system consists of the "annual transmission value per segment" (VATT for its Spanish acronym), which is calculated every 4 years based on the "annual investment value" (AVI for its Spanish acronym), plus "operating, maintenance and administrative costs" (COMA for its Spanish acronym) for each trunk system segment.

The annual subtransmission system value (VASTX for its Spanish acronym) is calculated every four years. It is based on the valuation of facilities that are economically adapted to demand and consists of standard investment, maintenance, operating and administrative costs, plus average energy and capacity losses of the adapted facilities.

Revenue from additional systems is established in private contracts with third parties, which are principally generators and users that are not subject to price regulation. The main objective of the additional systems is to enable generators to inject their production into the electricity system and to allow large customers to make withdrawals.

The law distinguishes between the different systems in order to ensure that tariffs are appropriate for each case, Nevertheless, facilities of a given voltage (220 KV, for example) are identical, whether trunk, subtransmission or additional, Thus, a 220 KV facility requires a given type of maintenance, fundamentally because of its geographic location, its proximity to the ocean, the climate, etc., but in no case does this maintenance depend on whether that 220 KV facility is trunk, subtransmission or additional. Precisely the same happens with operating costs: operations are executed by the corresponding CDEC regardless of whether that 220 KV facility is trunk, subtransmission or additional, Thus, for Transelec this classification into trunk, subtransmission or additional systems is merely for tariff purposes and has no other consequences.

The Company's management analyzes its business as a set of transmission assets that enables it to provide services to its customers. As a result, resource allocation and performance measurements are analyzed in aggregate.

Internal management takes into account this classification criterion for revenue and costs merely for descriptive purposes but in no case for business segmentation.

As a result, for the purposes of applying IFRS 8, all of the businesses described above are defined as one sole operating segment for Transelec S.A.

Information about products and services

	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Revenues from regulated transmission services	57,092,132	49,462,575
Revenues from contractual transmission services and others	13,438,023	11,815,269
Total revenues	70,530,155	61,277,844

Information about sales and principal customers

The Company has three customers that individually represent more than 10% of total revenues for the three - month ended on March 31, 2015. The amounts of revenues recognized from these customers were: ThCh$ M$32,052,743, ThCh$12,198,733 y ThCh$12,451,956, respectively. For the three-month periods ended March 31, 2014 the Company had three customers that individually exceeded 10% of total revenues. The amounts of revenues recognized from these customers were: ThCh$ 31,661,931, ThCh$8,984,414 y ThCh$7,513,137, respectively.

NOTE 25 - THIRD-PARTY GUARANTEES, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS

As of March 31, 2015, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$ 36,632,022 (ThCh$ 36,498,486 as of December 31, 2014). In addition, in order to guarantee repayment of housing loans, mortgages have been constituted in favor of the Company,

In addition, indirect subsidiary Transmisora Huepil Limitada, has guaranteed its debt amounting to ThUS$ 18,663.

NOTE 26 - DISTRIBUTION OF PERSONNEL (UNAUDITED)

As of March 31, 2015 and December31, 2014, personnel employed by Transelec S.A. are detailed as follows:

	March 31, 2015				
	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total	15	336	131	482	486

	December 31, 2014				
	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total	16	342	135	493	495.4

NOTE 27 - ENVIRONMENT

Transelec and its subsidiaries, in compliance with current environmental regulations and in line with its sustainability policy have undergone environmental assessment projects or amendments thereto to the environmental authority through the Environmental Evaluation System (SEIA). To this end, several studies were conducted to substantiate the presentations have allowed environmental documents. These documents are an Environmental Impact Statement (EIS for Spanish acronym) or an environmental impact study concerned, met the requirements of Law No, 19,300 on General Environment, amended by Law No, 20,417, and its regulations of SEIA, For projects that have started their implementation the Company has been following the conditions and measures imposed by environmental authority in the respective resolutions of environmental qualification.

During for the three-month periods ended March 31, 2015 and 2014, the Company has not made the following environmental disbursements:

Company making disbursement	Project	March 31, 2015 ThCh$	March 31, 2014 ThCh$
Transelec S.A.	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	130,886	153,007
Transam and subsidiaries	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	-	-
Total		130,886	153,007

NOTE 28 - ASSETS AND LIABILITIES IN FOREIGN CURRENCY (UNAUDITED)

a) Current assets and liabilities

			March 31, 2015		December 31, 2014	
Current Assets	Foreign Currency	Functional Currency	Maturity less than 90 days ThCh$	Maturity more than 91 to 1 year ThCh$	Maturity less than 90 days ThCh$	Maturity more than 91 to 1 year ThCh$
Cash and cash equivalents	Dollars	CH$	9,926,368	-	74,130	-
	Chilean Pesos	CH$	17,187,149	-	65,747,570	-
	Other Currency	CH$	129,044	-	91,309	-
Trade and other receivables	Dollars	CH$	-	-	-	-
	Chilean Pesos	CH$	48,379,664	11,485,582	37,770,448	17,786,298
	Other Currency	CH$	-	-	-	-
Receivables from related parties, Current	Dollars	CH$	1,256,484	-	1,018	-
	Chilean Pesos	CH$	45,928,010	-	-	-
	Other Currency	CH$	-	-	-	-

			March 31, 2015		December 31, 2014	
Current Liabilities	Foreign Currency	Functional Currency	Maturity less than 90 days ThCh$	Maturity more than 91 to 1 year ThCh$	Maturity less than 90 days ThCh$	Maturity more than 91 to 1 year ThCh$
Other financial liabilities, current	Dollars	CH$	575,951	4,876,126	11,784,511	1,016,751
	Chilean Pesos	CH$	7,291,573	1,231,781	4,527,001	914,263
	Other Currency	CH$	-	-	-	-
Trade payables and other payables	Dollars	CH$	198,307	-	43,437,115	-
	Chilean Pesos	CH$	46,254,700	3,450,208	26,117,453	-
	Other Currency	CH$	-	-	-	-
Current provisions for employee benefits	Dollars	CH$	-	-	-	-
	Chilean Pesos	CH$	1,870,073	1,978,529	2,056,508	6,299,439
	Other Currency	CH$	-	-	-	-

b) Non-Current assets and liabilities

			March 31, 2015			December 31, 2014		
			1 to 3 year	3 to 5 year	More than 5 year	1 to 3 year	3 to 5 year	More than 5 year
Non-Current Assets	Foreign Currency	Functional Currency	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Trade and other receivables	Dollar	CH$	-	-	-	-	-	-
	Chilean Pesos	CH$	-	-	-	-	-	-
	Other Currency	CH$	-	-	-	-	-	-
Property, plant and equipment	Dollars	CH$	-	-	35,261,416	-	-	34,455,225
	Chilean Pesos	CH$	-	-	1,320,569,738	-	-	1,264,829,463
	Other Currency	CH$	-	-	-	-	-	-
			-	-	-			
Deferred tax assets	Dollars	CH$	-	-	-	-	-	-
	Chilean Pesos	CH$	-	115,404	-	-	102,334	-
	Other Currency	CH$	-	-	-	-	-	-

			March 31, 2015			December 31, 2014		
			1 to 3 year	3 to 5 year	More than 5 year	1 to 3 year	3 to 5 year	More than 5 year
Non-Current Liabilities	Foreign Currency	Functional Currency	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Other financial liabilities, non-current	Dollars	CH$	5,307,097	3,672,837	419,330,188	4,992,176	3,877,869	393,748,443
	Chilean Pesos	CH$	146,614,200	-	670,056,781	146,302,771	-	669,264,604
	Other Currency	CH$	-	-	-	-	-	-
Other liabilities, non-current	Dollars	CH$	-	-	-			
	Chilean Pesos	CH$	-	-	-	-	-	-
	Other Currency	CH$	-	-	-	-	-	-
						-	-	-
Non-current provisions for employee benefits	Dollars	CH$	-	-	-	-	-	-
	Chilean Pesos	CH$	682,444	582,997	3,245,563	651,531	582,997	2,256,745
	Other Currency	CH$	-	-	-	-	-	-

NOTE 29 - SUBSEQUENT EVENTS

Between March 31, 2015, closing date of these consolidated financial statements and the date of issuance, there have been no significant financial and accounting events that may affect the equity of the Company or the interpretation of these financial statements.

TRANSELEC S.A. AND SUBISIDIARIES

REASONED ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2015

SUMMARY

As of March 31, 2015, Transelec S.A. and subsidiary obtained an EBITDA* of MCh$64,742, a 23.8% higher than the comparison period of 2014 (MCh$52,307), with an EBITDA* over revenues of 91.8% (85.4% in 2014). This increase is mainly explained by operating revenues that reached MCh$70,530 as of March 2015, a 15.1% higher than the revenues obtained in the same period of 2014 (MCh$61,278). In addition, fixed costs had a minor variation between the periods compared, decreasing in 5.7% for operating costs and increasing in 6.7% for Administration and sales expenses.

The net income recorded by the Company as of March 31, 2015 was MCh$28,880, which is 116.2% higher respect to the comparison period (MCh$13,361). This increase is mainly explained by lower loss in Non-Operating Income (63.6%) and higher Operating Income (18.2%), partially offset by higher Income Tax (431.3%).

The loss in Non-Operating Income as of March 31, 2015, shows a decrease of MCh$16,163 compared with the same period in 2014 that is mainly explained by a gain for indexed assets and liabilities, which measures the inflation impact on the UF denominated debt of the Company.

During the first quarter of 2015, the company incorporated US$2.6 million of new facilities, which correspond to the commissioned of the trunk upgrade "Ampliación S/E Cardones 220 kV".

Relevant facts of the period:

- On January 23, 2015, an extraordinary Shareholders' Meeting of Transelec S.A. was held. It was agreed to approve the merger of the subsidiary Inversiones Eléctricas Transam Chile with Transelec S.A., in the terms and conditions discussed at the meeting, delegating to the Board of Directors the establishment of the time the merger should be materialized.
- On January 30, 2015, Fitch Ratings has upgraded Transelec to 'BBB' from 'BBB-' internationally and 'AA-' from A+' locally, both corresponding to 1 notch increase from our previous standing.

Transelec S.A. and its subsidiary Inversiones Eléctricas Transam Chile Ltda. have prepared their financial statements as of March 31, 2015, in conformity with International Financial Reporting Standards (IFRS) and correspond to the comprehensive, explicit and non-reserved adoption of the above mentioned international standard. The figures of this ratio analysis are expressed in millions of Chilean pesos (MCh$) as the Chilean peso is the functional currency of Transelec S.A.

1. INCOME STATEMENT ANALYSIS

Items	March 2015 MCh$	March 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Operating Revenues	**70,530**	**61,278**	**9,252**	**15.1%**
Toll sales	69,079	60,080	8,999	15.0%
Work and services	1,451	1,198	253	21.1%
Operating costs	**-18,914**	**-17,364**	**-1,551**	**8.9%**
Fixed costs	-6,208	-6,583	375	-5.7%
Depreciation	-12,707	-10,781	-1,926	17.9%
Administraton and sales expenses	**-3,596**	**-3,290**	**-306**	**9.3%**
Fixed costs	-3,317	-3,108	-209	6.7%
Depreciation	-279	-182	-97	53.2%
Operating Income	**48,020**	**40,624**	**7,396**	**18.2%**
Other Financial Income	1,692	2,892	-1,200	-41.5%
Financial Costs	-14,584	-13,134	-1,450	11.0%
Foreign exchange differences, net	-276	-4,711	4,435	-94.1%
Gain (loss) for indexed assets and liabilities	194	-11,167	11,361	-101.7%
Other income	3,737	720	3,017	418.9%
Non-Operating Income	**-9,236**	**-25,400**	**16,163**	**-63.6%**
Income before Income Taxes	**38,783**	**15,224**	**23,559**	**154.7%**
Income tax	-9,903	-1,864	-8,039	431.3%
Net Income	**28,880**	**13,361**	**15,519**	**116.2%**
EBITDA	**64,742**	**52,307**	**12,435**	**23.8%**

(*) EBITDA= Operating Revenues + Operating Fixed Costs + Administration and Sales Fixed Costs + Other Income

a) Operating income

During the first semester of 2015, operating revenues reached MCh$70,530, which is 15.1% higher compared with the same period in 2014 (MCh$61,278). This increase is mainly explained by higher Toll sales that reached MCh$69,079 as of March 2015, a 15.0% higher than 2014 (MCh$60.080). This increase is mainly due to MCh$4.894 derived from macroeconomical effects (indexation and foreign exchange), MCh$2,346 related to the ending of a negotiation of terms and conditions of certain pending agreements with ENDESA and MCh$1.248 corresponding to differences of estimation and demand in Subtransmission. Additionally, Work and Services revenues reached MCh$1,451 as of March 2015, a 21.1% higher than 2014 (MCh$1,198), corresponding to a 2.1% and 2.0% of the total revenues respectively.

During this period, the operating costs reached MCh$18,914, a 8.9% higher than 2014 (MCh$17,364). These costs are mainly related to the maintenance and operation of the Company's facilities and, in percentage terms, 67.2% of the company's costs correspond to property, plant and equipment depreciation (62.1% in 2014) and the remaining 32.8% corresponds to personnel, supplies and contracted services (37.9% in 2014). Fixed costs as of March, 2015 were mostly aligned compared with the same period in 2014 (5.7% decrease), mainly explained by delays in maintenance services (MCh$238) and in studies & consulting related to maintenance activities (MCh$132). On the other hand, as of March 2015, depreciation was 17.9% higher than recorded in the same period in 2014, which is mainly explained by the commissioning of new projects.

Administrative and selling expenses amounted MCh$3,596, a 9.3% higher than 2014 (MCh$3,290), and primarily consist in 92.2% of personnel and work expenses, supplies and contracted services (94.5% in 2014), and 7.8% of depreciation (5.5% in 2014). The increase in administrative and selling expenses is mainly explained by the compensation due the payment of IT services corresponding to 2014 and 2015.

b) Non-operating income

Despite net income for the first quarter of 2015 was negatively impacted by the non-operating loss of MCh$9,236, this result was a 63.6% lower than recorded in the same period of 2014 (MCh$25,400), and is mainly explained by a positive difference of MCh$11,361 in the result from indexed assets and liabilities, a lower loss from Foreign exchange differences of MCh$4,435 and by MCh$3,017 of higher Other Incomes, that include MCh$3,284 from a subtransmission reassessment corresponding to the period 2011 – 2013.

Gain from indexed assets and liabilities of MCh$194, compared with the loss of MCh$11.167 recorded in the same period of 2014, is mainly explained by the UF variation. This variation corresponds to a -0.02% for the current period and 0.45% for the comparison period in 2014.

Loss from Foreign exchange differences reached MCh$276 as of March, 2015, which is 94.1% lower in comparison with the same period of 2014 (MCh$4,711). This lower loss is mainly explained by gains derived from the Cross Currency Swap contracted in August 2014 (MCh$7,022) and losses from forward contracts recorded as of March 2014 (MCh$1,281), partially offset by the negative impact of higher exchange rate on the US Bonds that as of March, 2015, recahed MCh$12,051, which was 38,8% higher that the loss recorded in the same period 2014 (MCh$8,680), considering that the second US Bond was issued in July 2014.

Higher financial costs are mostly explained by MCh$2,534 of interest related to the Senior Notes bond issued on July 9, 2014, MCh$1,065 of interest due to the Cross Currency Swap associated to the issuing of this Bond and MCh$651 of additional costs related to the existing UF and USD nominated debt. This increase is partially offset by the maturity of Bonds Series E, F and I during the third quarter of 2014 (MCh$1,547), the prepayment of Bond Serie L during the last quarter of 2014 (MCh$556), lower interests paid to related companies due to the intercompany loans restructure (MCh$447) and by higher capitalized interest (MCh$338).

2. BALANCE SHEET ANALYSIS

The increase in the total assets between December 2014 and March 2015 is explained by higher current assets and non-current assets. Current assets are mainly explained by an increase in Trade and other receivables. On the other hand, non-current assets are mainly explained by higher Other financial assets associated to the cross currency swap contract, higher receivables from related parties and higher fixed assets derived from the increase of work in progress and the commissioning of the trunk upgrade project "Ampliación S/E Cardones 220 kV" recorded as of March, 2015.

The increase in total liabilities between December 2014 and March 2015 is explained by higher non-current liabilities, mainly due to an increase in Other financial liabilities and Deferred tax liabilities. The increase in Other financial liabilities is primarily explained by higher bonds payable, mostly shown in the USD bonds balance. On the other hand, current liabilities recorded a slightly increase that is mainly explained by higher Other non-financial liabilities, partially offset by lower Trade and other payables balance and lower other financial liabilities.

Items	March 2015 MCh$	December 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Current assets	145,468	128,514	16,954	13.2%
Non-current assets	2,046,670	2,028,552	18,118	0.9%
Total Assets	**2,192,137**	**2,157,066**	**35,072**	**1.6%**
Current liabilities	99,484	96,930	2,555	2.6%
Non current liabilities	1,281,289	1,254,884	26,405	2.1%
Equity	811,363	805,252	6,112	0.8%
Total Liabilities & Equity	**2,192,137**	**2,157,066**	**35,072**	**1.6%**

VALUE OF THE MAIN PP&E IN OPERATION

Assets	March 2015 MCh$	December 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Land	20,556	20,060	496	2.5%
Building, Infraestucture, works in progress	1,059,208	1,046,214	12,995	1.2%
Work in progress	82,741	73,169	9,572	13.1%
Machinery and equipment	536,850	546,349	-9,499	-1.7%
Other fixed assets	5,318	4,394	924	21.0%
Depreciation (less)	-348,843	-338,275	-10,568	3.1%
Total	**1,355,831**	**1,351,911**	**3,920**	**0.3%**

CURRENT DEBT

					Amount in original currency (million) Unpaid capital	
Debt	Currency or index	Interest rate	Type of rate	Maturity Date	March 2015	December 2014
Series C bond	UF	3.50%	Fixed	01 September, 2016	6.0	6.0
Series D bond	UF	4.25%	Fixed	15 December, 2027	13.5	13.5
Series H bond	UF	4.80%	Fixed	01 August, 2031	3.0	3.0
Series K bond	UF	4.60%	Fixed	01 September, 2031	1.6	1.6
Series M bond	UF	4.05%	Fixed	15 June, 2032	3.4	3.4
Series N bond	UF	3.95%	Fixed	15 December, 2038	3.0	3.0
Series Q bond	UF	3.95%	Fixed	15 October, 2042	3.1	3.1
Series Senior Notes bond	USD	4.625%	Fixed	26 July, 2023	300.0	300.0
Series Senior Notes bond	USD	4.250%	Fixed	14 January, 2025	375.0	0.0
Revolving Credit Facility	USD	2.76%	Variable		0.0	0.0
Huepil Loan	USD	1.88%	Variable	10 October, 2023	18.6	19.1

Although increases in inflation can impact the cost of debt denominated in UF and, therefore, on the financial costs of the Company, these impacts are mitigated by the revenues of the Company, which are also indexed to the inflation by indexing the polynomials revenues.

3. MAIN CASH FLOWS DURING THE YEAR

Items	March 2015 MCh$	March 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Cash flows provided by (used in) operating activities	29,086	47,738	-18,651	-39.1%
Cash flows provided by (used in) investing activities	-67,618	-47,160	-20,458	43.4%
Cash flows provided by (used in) financing activities	-139	-284	146	-51.3%
Net increase (decrease) of cash and cash equivalent	**-38,670**	**293**	**-38,964**	**-13289.0%**
Cash and cash equivalent at the begining of the period	65,913	52,422	13,491	25.7%
Cash and cash equivalent at the end of the period	**27,243**	**52,715**	**-25,473**	**-48.3%**

As of March, 2015, cash flows provided by operating activities reached MCh$29,086, a 39.1% lower than the same period of 2014 (MCh$47,738), mainly explained by lower Cash receipts from sales of goods and services (MCh$10,454), higher payments to suppliers for goods and services (MCh$4,448) and higher interest paid (MCh$4,675) mostly derived from the new debt structure (issuing of Senior Notes Bond, maturity of Bonds Series E, F and I, and prepayment of Bond Serie L) and the interest associated to the Cross Currency Swap contract.

During this period, cash flow used in investing activities reached MCh$67,618, an 43.4% higher than the amount used in the same period of 2014 (Mch$47,160), which is mostly explained by higher cash flow used in loans to related parties, mainly to Transelec Holding Rentas Ltda, that as of March, 2015 reached MCh$45,928 in comparison to the positive cash of MCh$3,014 reached in the same period of 2014. This was partially offset by lower Additions of property, plant and equipment that reached MCh$21,308 as of March 2015, compared with MCh$50.174 recorded in the same period of 2014, mainly explained by the acquisition of the line "Maitencillo – Cardones" to Guacolda S.A in February 2014.

During the same period, cash flows used in financing activities reached MCh$139, an 51.3% lower than the amount used in the same period of 2014 (MCh$284), mainly explained by exchange differences associated to the subsidiary Inversiones Eléctricas Transam S.A.

In addition, the Company has secured the following committed credit line to ensure funds are immediately available to cover working capital needs:

Bank	Amount (up to)	Maturity	Type of Credit
Scotiabank, Bank of Tokyo-Mitsubishi, DnB NOR,Citibank, JP Morgan Chase Bank and Export Development Canadá	US$250,000,000	Oct 15th, 2017	Working Capital

4. INDICATORS

Bonds	Covenant	Limit	March 2015	December 2014
All local Series	Distribution Test (**)	FNO(*)/Financial Expenses > 1,5	4.08	4.35
	Capitalization Ratio	< 0,7	0.61	0.61
	Shareholder's Equity (million UF) (***)	> ThUF15.000	33.96	33.71

(*) FNO = Cash flow from operating activities plus the absolute value of finance costs, plus the absolute value of the expenditure for Income Taxes.
(**) This is only a test to distribute restricted payments such as dividends.
(***) Equity = Total equity attributable to owners of the parent plus accumulated amortization of Goodwill. The accumulated amortization of Goodwill between June 30, 2006 and March 31, 2015 amounted to MCh$24.970.

Ratios *Figures as of June are annualized	March 2015	December 2014	Variation 2015/2014
Profitability			
Shareholders' Equity profitability *	14.2%	8.3%	71.7%
Assets profitability *	5.3%	3.1%	70.3%
Operating assets profitability *	7.6%	4.4%	71.5%
Earnings per share ($) *	115,520	66,773	73.0%
Liquidity & Indebtedness			
Current Ratio	1.48	1.33	11.3%
Acid-Test Ratio	1.48	1.33	11.6%
Debt to Equity	1.70	1.68	1.2%
% Short term debt	6.96	7.17	-3.0%
% Log term debt	93.04	92.83	0.2%
Financial expenses coverage	4.44	3.79	17.0%

5. THE MARKET

Transelec S.A. develops its activities in the electricity market, which has been divided into three sectors: generation, transmission and distribution. The generation sector includes companies that are dedicated to generate electricity that 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 this electricity. Finally, 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 the large end users.

Transelec's business mainly focuses on commercializing the capacity of its facilities to transport and transform electricity, in accordance with established safety and quality standards. The transmission system of Transelec S.A. and its subsidiary, which stretches between "Arica y Parinacota" Regions to "Los Lagos" Region, encompasses the majority of the trunk transmission lines and substations in the Central Interconnected System (SIC) and the Great North Interconnected System (SING). This transmission system transports the electricity that supplies approximately 98.5% of Chile's population. The Company owns all of the 500 kV electricity transport lines, approximately 47% of the 220 kV lines, 85% of the 154 kV lines and 10% of the 110kV and 66kV lines.

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; and the General Electricity Services Law. (DFL No. 1/82) and its subsequent modifications, including Law 19,940 ("Ley Corta I") published on March 13, 2004, Law 20,018 ("Ley Corta II") published on May 19, 2005, Law 20,257 (Generation with Non-Conventional Renewable Energy Resources) published on April 1, 2008, Law 20,701 (Procedure to grant Electrical Concessions) published on October 14, 2013, Law 20,698 (Contribute with the Generation mix expansion through Non-Conventional Renewable Energy) published on October 22, 2013 and the Law 20,726 (that promote the interconnection of independents electrical systems) published on February 7, 2014. 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, the Regulations that establish the Structure, Functioning and Financing of Load Dispatch Centers (Supreme Decree No. 291/2007), the Regulations of Complementary Services in 2012 (Supreme Decree No. 130, Ministry of Energy) and also the Technical Standard on Reliability and Service Quality (Exempt Ministerial Resolution No. 40 of May 16, 2005) and its subsequent modifications.

Law 19,940, also called "Ley Corta I", modified the General Electricity Services Law of 1982 in matters related 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 sub-transmission systems – is considered a public service and is subject to regulated tariffs and to the open access regime.

Finally, Law 19,940 establishes that the new payment regime for using trunk facilities would become effective as of March 13, 2004 and determines a transitory period that was in effect until the first trunk transmission decree was issued. Thus, from 2004 to 2007, collection and payment for using transmission facilities was carried out provisionally using subsequent recalculations in accordance with legal and regulatory standards in effect until "Ley Corta I" was published.

On January 15, 2008, a decree from the Ministry of Economy, Development and Reconstruction was published, and set the new Investment Value (VI), the Annuity of the Investment Value (AVI), the Operation, Maintenance and Administration Costs (COMA) and the Annual Transmission Value per Segment (VATT) for trunk facilities for the period from March 14th, 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 determination of trunk facilities and their Annual Transmission Value (VATT) is updated every four years using an internationally-tendered study. During 2010, the second Trunk Transmission Study was conducted which allowed setting the tariffs and the corresponding indexation formulas for the period 2011 - 2014.

Decree No. 61, published on November 17, 2011 contains the tariffs that will be retroactively applicable from January 1, 2011. During 2012 and 2013 the new tariffs have been applied and particularly the assessment process form 2011 was published in March and April for SING and SIC respectively. The SIC assessment for 2011 was modified in December 2012 according to the Expert Panel Report N°2-2012. According to what is indicated in the third article of Law 20,805 published on January 29, 2015, and to what is established in the Decree No. 8T of April 22, 2015, the validity of the Decree No. 61/2011, which fixes the qualification of its trunk facilities and the tariffs, is extended until December 31, 2015, except for the values associated with Annual Value of Investment (AVI) of upgrade works.

Currently, the third Transmission Trunk Study is under development, which will set the basis for determining the tariffs and indexation formulas corresponding to the period 2016 - 2018, that are expected to be published by Decree of the Minister of Energy during the second semester of 2015.

Decree No. 320 from the Ministry of Economy, Development and Reconstruction, which sets tariffs for subtransmission facilities, was published in the Official Gazette on January 9, 2009. The new tariffs began to be applied on January 14th, 2009 and were in effect until December 31, 2010. On April 9, 2013, the Supreme Decree No. 14 was published by the Ministry of Energy, setting subtransmission tariffs from January 2011 to December 2014. The difference between invoiced amounts using these provisional tariffs since January 2011 until the publishing date of this decree will be reassessed by the CDEC based on the difference between the provisional tariff and the definitive values established by Decree No. 14. According to what is indicated in the third article of Law 20,805 published on January 29, 2015, and to what is established in the Decree No. 7T of April 22, 2015, the validity of the Decree No. 121/2010, which fixes the tariffs of subtransmission facilities, and of the Exempt Decree No. 14/2013, which fixes the qualification of subtransmission facilities, is extended until December 31, 2015, except for the values associated with Annual Value of Investment (AVI) of upgrade works.

The new Subtransmission Systems Studies that will set the basis for determining the tariffs and indexation formulas corresponding to the period 2016 - 2018 were finished during December 2014. These tariffs are expected to be published by Decree of the Minister of Energy during the second semester of 2015.

6. MARKET RISK FACTORS

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

6.1 Regulatory Framework

Electricity transmission tariffs are set by law and are indexed in order to guarantee real annual returns for the operator. The nature of the industry enables transmission income to be stable over time. In addition, this income is complemented with income obtained from private contracts with large clients.

However, the fact that these tariffs are revised every four years in Trunk Transmission and Subtransmission Studies could place the Company at risk of new tariffs that are detrimental or less attractive given the investments it has made.

Since both Trunk Transmission and Subtransmission Systems are subject to the regime of unrestricted open access, as provided by the law that regulates our industry, there is a risk that the authority attempt to extend this access not only to the network connection - connecting a bay to a busbar of a substation - but also a physical access to the transmission facilities, meaning to force the transmitter, owner of such facilities, to share assets or areas inside some substations. The same may happen with additional systems that are subject to the open access regime when these facilities use ways of rights or national public goods in its layout and have available technical capacity.

The Company cannot guarantee that other regulatory changes will not negatively affect it or its clients or creditors, thus compromising Transelec's income.

6.2 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 financial statements.

6.3 Application of regulations and / or Environmental Law

The operations of Transelec are subject to Law No. 19.300, on Chilean general basis of the environment ("Environmental Law"), enacted in 1994 and modified through the Law No. 20.417 published in the Official Gazette on January 26, 2010. This modification considered an institutional change, creating new institutions with environmental competencies: (i) the Ministry of Environmental Affairs; (ii) the Minister Council for Sustainability; (iii) the Environmental Assessment Service; and (iv) the Superintendence of Environmental Affairs; these institutions are in charge of the regulation, evaluation and inspection of the activities that are likely to generate environmental impacts. Afterwards, the Law No. 20.600 was published on June 28, 2012, creating the Environmental Courts, whose function is to resolve environmental disputes within its jurisdiction. This institutional specialization generates a scenario of greater control and supervision in the Company's actions.

The Environmental Impact Assessment System (SEIA) Bylaw, modified through the Supreme Decree No. 40/2012, has introduced changes in the assessment process of the projects, implying the adaption of the formulation of these projects to the new scenario, mainly regarding the level of details in its description and the impacts assessment.

Furthermore, the enactment of the Supreme Decree No. 66/2013 of the Minister of Social Development, which regulates the indigenous consultation procedure for the Chilean State and the participation and consultation procedure considered in the Supreme Decree No. 40/2012 for the investment projects in the Environmental Impact Assessment System, has generated a new scenario of high uncertainty. Both decrees have not obtained the overall validation from indigenous communities' representatives, thereby causing consultation processes with low effectiveness, implying delays in the management of projects and even the prosecution of some environmental authorizations.

Investment projects in Chile are facing a more informed and organized citizenry, therefore, the challenge is to formulate projects that include people's concerns and approaches in an early stage. The risk of not considering the citizenry in this early stage, results in a greater complexity scenario regarding the environmental approval and the prosecution of the matters in conflict.

6.4 Delays in the Construction of New Transmission Facilities

The success of the program for extending the trunk transmission network and building new facilities will depend on numerous factors, including cost and availability of funding. Although Transelec has experience with large-scale construction projects, the construction of new facilities could be negatively affected by factors commonly associated with such projects including delays in obtaining regulatory authorizations, scarcity of equipment, materials or labor, etc. 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.

6.5 Technological Changes

Transelec is compensated for investments that makes in electrical transmission facilities through an annual valuation of the existing facilities (AVI), which is performed every four years using current market prices. Any significant technological advance in the equipment that are part of Transelec' facilities could lower this valuation, which would prevent partial recovery of the investments made.

6.6 Foreign Exchange Risk

The following factors expose Transelec to foreign exchange risk:

- The revenues of its subsidiary are denominated in U.S. dollars.
- Transelec carries out several types of transactions in U.S. dollars (construction contracts, import purchases, etc.).
- Maintains accounts receivables in US dollars.
- Maintains a Cross Currency Cwap contract that compensates the risks of exchange rates on the last international issuance, amounting to a notional amount equivalent to US$375 million.
- Maintains lease contracts that generate income indexed to US dollars.

Exchange rate exposure is managed using a policy that involves fully hedging the Company's net balance sheet exposure using diverse instruments such as foreign exchange forward contracts and cross currency swaps.

The following table details the amounts of monetary assets and liabilities as of March 31, 2015 and December 31, 2014:

	March 2015		December 2014	
In million pesos	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Dollar (amounts associated with balance sheet items)	422,185	422,559	405,821	420,498
Dollar (amounts associated with income statement items)	0	0	0	0
Chilean peso	1,730,091	1,729,716	1,728,024	1,713,348

(*) Indexing polynomials of the Company's revenues contain formulas for setting these revenues in the short term, differing from the long-term indexing. In order that the short-term indexing is consistent with long-term indexing, the Company, periodically (every six months) and until 2014, sold a percentage of their semi-annual fixed dollar income using currency forwards. These forwards were considered as cash flow hedges and therefore, changes in fair value, while they were not done, were included in other comprehensive income.

EXCHANGE RATES (Observed exchange rates)

Month	Average 2015 ($)	Last Day 2015 ($)	Average 2014 ($)	Last Day 2014 ($)
January	620.91	632.03	537.03	553.84
February	623.62	618.76	554.41	559.38
March	628.50	626.58	563.84	551.18
Average of the period	**624.34**	**625.79**	**551.76**	**554.80**

The indexation formulas, updated semiannually for toll contracts and sub-transmission fees and updated monthly for regulated trunk income, take into account variations in the value of the facilities and operating costs, maintenance and administrative costs. In general, those indexation formulas take into consideration variations in the international prices of equipment, materials and local labor.

6.7 Credit Risk

Credit risk corresponding to receivables from commercial activities, is historically very low due to the nature of the business of the Company's clients and the short term of collection of receivables from clients, which explain the fact of not having significant accumulated amounts.

As of December 31, 2014, the company has four main clients which represent individually between 3% and 45% of the total revenues. These are Endesa Group (MCh$32,053), Colbún Group (MCh$12,199), AES Gener Group (MCh$12,452) and Pacific Hydro-LH-LC (MCh$2,223). The total revenues recognized for these clients represent an 83.5% of the total revenues of the company. In the period of comparison, the company had the same structure of clients which represent individually between 7% and 52% of the total revenues, whose amounts reached to MCh$31,662, MCh$8,984, MCh$7,513 and MCh$4,112 respectively, with a percentage of the total incomes of 85.3%.

The toll agreements signed with these clients, including its subsidiaries, will generate a large part of the Company's future cash flows and, therefore, a substantial change in their assets, financial condition and/or operating income could negatively affect the Company.

In terms of the Company's credit risk associated with financial assets (time deposits, fixed-return mutual funds and sell-back agreements), its treasury policy establishes certain limits on a particular institution's exposure; such limits depend on the risk rating and capital of each institution. Likewise, for investments in mutual funds, only funds with a risk rating qualify.

6.8 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.

a) Risk associated to Company's Management

In order to guarantee that Transelec is able to quickly react financially 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 line of credit for working capital of US$250 million, equivalent to MCh$156,645. As of the balance sheet date, does not register balance of used amounts. This committed line of credit was contracted on July 9, 2012, is granted for a period of three years by a bank syndicate consisting of Scotiabank, Bank of Tokyo-Mitsubishi and DnB NOR. Additionally, this line was renegotiated and extended on October 15, 2014 until October 15, 2017. This time, the bank syndicate was formed by the following banks: Scotiabank, Bank of Tokyo-Mitsubishi, DnB NOR, Citibank, JP Morgan Chase Bank and Export Development Canada. In that renovation, has been improved: (i) the costs not committed (Commitment Fee) from 0.6% to 0.4375%, (ii) the margin or spread for use from 2.35% to 1.25% by withdrawn amount and (iii) other restrictions clauses that resulted more favorable to Transelec.

The Company is exposed to risks associated with indebtedness, including refinancing risk when its debt matures. These risks are mitigated by using long-term debt and appropriately structuring 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, 2015 and December 31, 2014.

Debt Maturity (Capital) MCh$	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
March 31, 2015	53,930	248,300	98,383	649,117	875,331	1,925,062
December 31, 2014	53,259	249,539	97,061	410,285	1,110,499	1,920,643

b) Associated risk to the settlement of trunk transmission system tariff revenues

According to Decree N°4/20.018 from the Ministry of Economy, Fomentation and Reconstruction, in its articles 81, 101, 104 and 106, and complementary rules, Transelec has the right to perceive on a provisory basis the real tariff income (IT for its name in Spanish) of the trunk transmission system generated for every period. In order to get their own revenues set up in the first paragraph of article N°101 of the above mentioned Decree N°4/20.018, the real tariff income perceived on a provisory basis must be settled by Transelec according to the repayment schedule prepared by the respective CDEC (Center of Economic Dispatch of Charge) through the collection or payment to the different companies, owners of generation facilities.

Transelec could face the risk of not timely collecting the IT that some of the companies owners of generation facilities should pay as determined in the energy balances prepared by CDEC, what may temporarily affect the Company's liquidity position. In this sense, and in the opinion of the Company, the function that Transelec fulfills in the above-mentioned collection process consists not of the collection of amounts for its own benefit, but it is merely collection and subsequent transfers to third parties of credits and debts that belong to the generating companies, with the exception of the expected IT.

6.9 Interest Rate Risks

Significant changes in 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.

The Company's assets are primarily fixed and long-lived intangible assets. Consequently, financial liabilities that are used to finance such assets consist primarily 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 majority of the debt as of March 31, 2015, and as of December 31, 2014, was at a fixed rate, corresponding to 99.08% y 99.1% respectively. However, in the case of UF indexed debt, variations in inflation rates could potentially impact the Company's financial expenses.

UF Values

Month	Average 2014 ($)	Last Day 2014 ($)	Average 2013 ($)	Last Day 2013 ($)
January	24,597.3	24,557.2	23,369.9	23,435.9
February	24,536.8	24,545.2	23,482.2	23,508.5
March	24,582.5	24,622.8	23,552.5	23,607.0
Average of the period	**24,572.2**	**24,575.1**	**23,468.2**	**23,517.1**

CONSOLIDATED MATERIAL FACTS

TRANSELEC S.A.

1) On January 23, 2015 and according to article 9 and second paragraph of article 10 of the law No 18,045 of Securities Market, the following material fact was reported:

On January 23, 2015, an extraordinary shareholders meeting was held, in which it was agreed to approve the merger of the subsidiary company Inversiones Eléctricas Transam Chile Limitada with Transelec S.A., in the terms and conditions agreed in said meeting, delegating in the Board of Directors of the Company the determination of the opportunity in which the merger must be materialized.

2) On March 12, 2015 and according the article 9 and second paragraph of article 10 of the law No 18,045 of Securities Market, the following material fact was reported:

Transelec S.A.'s Board of Directors at its meeting held on March 11, 2015, agreed on informing as a material fact the calling for the annual Shareholders Meeting to be held on April 28, 2015, in order to inform and request approval from shareholders on the following matters:

1. Annual Report, General Balance Sheet, Financial Statements and External Auditors' Report, corresponding to the period ended on December 31, 2014.

2. Distribution of final dividends. On this matter, Transelec S.A.'s Board of directors agreed on requesting approval to the shareholders for the distribution of a final dividend for fiscal year 2014, for a total amount of $24.845.230.291, to be paid on the terms and conditions to be agreed by them.

3. Dividends Policy and information about the procedures to be used for their payment.

4. Remuneration of the Board of Directors and the Audit Committee.

5. Appointment of External Auditors.

6. Newspaper to call for Shareholders Meetings.

7. Resolutions adopted by the Board regarding matters contained in articles 146 et seq. of the Law on Stock Corporations.

8. Election of the Board.

9. Other matters of interest for the Company and of the Shareholders' competence.

3) On March 13, 2015, and according the article 9 and second paragraph of article 10 of the law No 18,045 of Securities Market, the informed as material fact send via SEIL to the SVS on, March 12, 2015, identification code of the SVS N°2015030029448, was rectified in the sense of eliminating from the annual Shareholders Meeting matters, cited for April 28th, 2015, point "8) Election of the Board".