Unaudited Interim Financial Statements

TRANSELEC S.A.

Santiago, Chile
For the nine-month period
ended September 30, 2015

Unaudited Interim Financial Statements

TRANSELEC S.A.

Santiago, Chile

For the nine-month period ended September 30, 2015

(Translation of the Financial Statements originally issued in Spanish – See note 2.1)

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

INDEX

Unaudited Interim Financial Statements

TRANSELEC S.A.

September 30, 2015

TRANSELEC S.A.

Interim Statements of Financial Position
As of September 30, 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	September 30, 2015 (Unaudited) ThCh$	December 31, 2014 (Audited) ThCh$
CURRENT ASSETS			
Cash and cash equivalents	(5)	32,321,027	65,913,009
Other financial assets	(9)	782,543	672,589
Other non-financial assets		1,676,756	3,585,043
Trade and other receivables	(6)	53,545,773	55,556,746
Receivables from related parties	(7)	5,449,323	1,018
Inventory	(8)	27,760	16,836
Current tax assets		2,768,732	2,768,732
Total current assets		96,571,914	128,513,973
NON-CURRENT ASSETS			
Other financial assets	(9)	50,884,460	24,389,878
Other non-financial assets		3,080,192	3,593,924
Receivables from related parties	(7)	202,546,424	135,746,433
Intangible assets other than goodwill	(10)	177,007,214	170,083,172
Goodwill	(10)	342,651,175	342,724,940
Property, plant and equipment	(11)	1,365,954,621	1,351,910,964
Deferred tax assets	(12)	-	102,334
Total non-current assets		2,142,124,086	2,028,551,645
Total Assets		2,238,696,000	2,157,065,618

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

TRANSELEC S.A.

Interim Statements of Financial Position
As of September 30, 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	September 30, 2015 (Unaudited) ThCh$	December 31, 2014 (Audited) ThCh$
CURRENT LIABILITIES			
Other financial liabilities	(13)	181,771,895	18,242,526
Trade and other payables	(14)	51,442,332	69,554,568
Payable to related parties	(7)	26,886	-
Current provisions for employee benefits	(17)	5,668,577	7,336,216
Current tax liabilities		-	105,286
Other non-financial liabilities		4,234,597	1,691,031
Total current liabilities		243,144,287	96,929,627
NON-CURRENT LIABILITIES			
Other financial liabilities	(13)	1,156,156,059	1,229,972,702
Deferred tax liabilities	(12)	21,816,878	14,270,024
Non-current provisions for employee benefits	(17)	4,511,004	4,511,004
Other non-financial liabilities		6,839,259	6,130,413
Total non-current liabilities		1,189,323,200	1,254,884,143
Total liabilities		1,432,467,487	1,351,813,770
EQUITY			
Paid-in capital	(19)	776,355,048	776,355,048
Retained earnings		31,962,509	24,238,710
Other reserves	(19)	(2,089,044)	4,628,915
Total equity attributable to owners of the parent		806,228,513	805,222,673
Non-controlling interest		-	29,175
Total equity		806,228,513	805,251,848
Total Equity and Liabilities		2,238,696,000	2,157,065,618

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

TRANSELEC S.A.

Interim Statements of Comprehensive Income by function
For the nine-month periods ended September 30, 2015 and 2014
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	Note	(Unaudited) 01/01/2015 09/30/2015 ThCh$	(Unaudited) 01/01/2014 09/30/2014 ThCh$	(Unaudited) 07/01/2015 09/30/2015 ThCh$	(Unaudited) 07/01/2014 09/30/2014 ThCh$
Statement of comprehensive income by function					
Operating revenues	(20)	204,832,505	184,047,032	69,828,828	62,952,324
Cost of sales	(21)	(61,554,190)	(54,072,644)	(22,875,971)	(18,236,324)
Gross Margin		143,278,315	129,974,388	46,952,857	44,716,000
Administrative expenses	(21)	(10,903,235)	(11,195,296)	(3,880,115)	(4,482,138)
Other gains (losses), net	(20)	5,175,856	1,587,672	585,285	730,837
Financial income	(20)	5,476,444	7,668,087	2,032,512	2,589,599
Financial expenses	(21)	(43,998,312)	(40,360,328)	(14,062,930)	(15,044,849)
Foreign Exchange differences, net	(21)	825,141	(4,902,635)	758,222	(293,966)
Gain (loss) for indexed assets and liabilities	(21)	(23,015,116)	(30,970,796)	(11,535,428)	(4,438,033)
Profit before Income taxes		76,839,093	51,801,092	20,850,403	23,777,450
Income tax expense	(22)	(10,238,781)	(8,790,748)	2,627,741	(5,310,242)
Profit from continuing operations		66,600,312	43,010,344	23,478,144	18,467,208
Profit (loss) from discontinued operations		-	-	-	-
Profit (loss)		66,600,312	43,010,344	23,478,144	18,467,208
Profit (loss) attributable to:					
Profit attributable to owner of the parent		66,600,312	43,009,771	23,478,368	18,466,919
Profit (loss) attributable to non – controlling interest		-	573	(224)	289
Profit		66,600,312	43,010,344	23,478,144	18,467,208
Earnings per share					
Basis earning per share / diluted					
Basis earning per share / diluted from Continued operations ($/a)	(23)	66,600	43,010	23,478	18,467
Basis earnings (loss) per share / diluted from Discontinued operations		-	-	-	-
Basic earnings per share / diluted ($/a)	(23)	66,600	43,010	23,478	18,467

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

TRANSELEC S.A.

Interim Statements of Comprehensive Income by function
For the nine-month periods ended September 30, 2015 and 2014
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	(Unaudited) 01/01/2015 09/30/2015 ThCh$	(Unaudited) 01/01/2014 09/30/2014 ThCh$	(Unaudited) 07/01/2015 09/30/2015 ThCh$	(Unaudited) 07/01/2014 09/30/2014 ThCh$
PROFIT (LOSS)	66,600,312	43,010,344	23,478,144	18,467,208
Components of other comprehensive Income, before taxes				
Foreing Currency Translation				
Gains (losses) from foreing Currency translation differences, before taxes	(352,876)	1,262,273	507,337	3,328,191
Cash flow hedges				
Gains (losses) on cash hedges, before taxes	(8,604,406)	(8,863,178)	(3,871,805)	(9,229,603)
Income taxes related to components of other comprehensive income				
Income taxes related to components of net investment hedge	88,219	(598,683)	(126,834)	(1,011,867)
Income taxes related to components of cash flow hedge	2,151,001	2,075,206	967,951	2,148,491
Other comprehensive income	(6,717,959)	(6,124,382)	(2,523,351)	(4,764,788)
Total comprehensive income	59,882,353	36,885,962	20,954,793	13,702,420
Comprehensive Income attributable to:				
Comprehensive income attributable to owners of the parent	59,882,353	36,885,389	20,955,017	13,702,131
Comprehensive Income attributable to non-controlling interest	-	573	(224)	289
Total comprehensive income	59,882,353	36,885,962	20,954,793	13,702,420

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

transelec

TRANSELEC S.A.

Interim Statement of Changes in Equity
For the nine-month periods ended September 30, 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 (Audited)	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	-	-	-	-	-	66,600,312	66,600,312	-	66,600,312
Other comprehensive income	-	(264,657)	(6,453,302)	-	(6,717,959)	-	(6,717,959)	-	(6,717,959)
Total comprehensive income	-	(264,657)	(6,453,302)	-	(6,717,959)	66,600,312	59,882,353	-	59,882,353
Dividends	-	-	-	-	-	(59,352,776)	(59,352,776)	-	(59,352,776)
Increase (decrease) from transfers and other changes	-	-	-	-	-	476,263	476,263	(29,175)	447,088
Total changes in equity	-	(264,657)	(6,453,302)	-	(6,717,959)	7,723,799	1,005,840	(29,175)	976,665
Closing balance as of September 30, 2015 (Unaudited) (Note 19)	776,355,048	4,650,955	(6,416,622)	(323,377)	(2,089,044)	31,962,509	806,228,513	-	806,228,513

	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 (Audited)	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	-	-	-	-	43,009,771	43,009,771	573	43,010,344
Other comprehensive income	-	663,590	(6,787,972)	(6,124,382)	-	(6,124,382)	-	(6,124,382)
Total comprehensive income	-	663,590	(6,787,972)	(6,124,382)	43,009,771	36,885,389	573	36,885,962
Dividends	-	-	-	-	(46,652,797)	(46,652,797)		(46,652,797)
Effect of Of. C. 856 SVS, Tax Reform. Law 20.780					(2,248,243)	(2,248,243)		(2,248,243)
Increase (decrease) from transfers and other changes	(81,589,500)	-	-	-	885,951	(80,703,549)	(6)	(80,703,555)
Total changes in equity	(81,589,500)	663,590	(6,787,972)	(6,124,382)	(5,005,318)	(92,719,200)	567	(92,718,633)
Closing balance as of September 30, 2014 (Unaudited) (Note 19)	776,355,048	5,193,430	(4,538,558)	654,872	17,362,620	794,372,540	4,475	794,377,015

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

TRANSELEC S.A.
Interim Statements of Cash Flows
For the nine-month periods ended September 30, 2015 and 2014
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Direct Statement of Cash Flows	**September 30, 2015 (Unaudited) ThCh$**	**September 30, 2014 (Unaudited) ThCh$**
Cash flows provided by (used in) operating activities		
Classes of receipts from operating activities		
Cash receipts from sales of goods and services	304,077,423	297,965,093
Other proceeds from operating activities	3,627,014	8,743,495
Proceeds from interest received	3,469,596	6,039,090
Classes of payments		
Payments to suppliers for goods and services	(128,445,130)	(124,538,395)
Payments to employees	(10,625,650)	(14,808,862)
Other payments for operating activities	(473,521)	-
Interest paid	(45,676,045)	(37,911,072)
Income taxes received (paid)	123,126	14,821
Net cash flows provided by operating activities	126,076,813	135,504,170
Cash Flows Provided by (Used in) Investing Activities		
Cash flows used to obtain control of subsidiaries or other businesses	(56,959,933)	(52,243,050)
Additions of property, plant and equipment	1,579	-
Amounts from the sale of property, plant and equipment	(462,322)	(29,905,935)
Cash advances and loans to third parties	(66,628,107)	(760,951)
Loans to related parties	20,132,879	4,562,202
Net cash flows used in investing activities	(103,915,904)	(78,347,734)
Cash Flows Provided by (Used in) Financing Activities		
Loan to related parties	16,000,000	-
Loans paid	(13,302,918)	(927,593)
Proceeds from bonds	-	205,134,242
Bond principal repayment	-	(149,160,606)
Dividends paid	(59,352,776)	(46,652,798)
Other entries (paid)	902,803	8,011,595
Net cash flows used in financing activities	(55,752,891)	16,404,840
Net Increase (Decrease) in Cash and Cash Equivalents	(33,591,982)	73,561,274
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)	32,321,027	125,983,267

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

NOTE 1 - GENERAL INFORMATION

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

On September 1, 2015, Transelec S.A merged with its subsidiary Inversiones Electricas Transam Chile Ltda., which on August 1, 2015, had absorbed its subsidiaries: Transmisora Huepil Ltda, Transmisora Abenor Ltda y Transmisora Araucana de Electricidad Ltda. Through the acquisition of the investment complement which completes 100% of the ownership, in the merger processes mentioned above.

Results of the acquisitions mentioned above, from September 1, 2015 the consolidated financial statements of Transelec SA and subsidiaries became individual financial statements.

The Company 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 11, 2015, and subsequently approved by the Ordinary Shareholders' Meeting dated April 28, 2015.

These Interim financial statements were approved by the Board of Directors in Ordinary Meeting No.131 held on

November 16, 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing the financial statements are detailed below. These policies have been based on IFRS in effect as of September 30, 2015 and applied uniformly for the periods presented.

2.1 Basis of preparation of the financial statements

The Interim financial statements at September 30, 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 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 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.

2.1 Basis of preparation of the 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 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 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 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 September 30, 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

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 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.

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

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

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 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

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

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

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 financial statements.

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 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 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

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

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

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 financial statements.

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 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 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.

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

IAS 34 - "Interim Financial Reporting" (continued)

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

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 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,

2.3 Basis of consolidation and Business Combination (continued)

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.

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

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

		Functional	Tax ID	Percentage of interest held September 30, 2015		Percentage of Interest held December 31, 2014	
Subsidiary	Country	Currency	number	Direct	Indirect	Direct	Indirect
Inversiones Eléctricas Transam Chile Ltda.	Chile	US Dollars	76.384.810-8	-	-	99.899%	-
Transmisora Huepil Ltda.	Chile	US Dollars	99.508.750-2	-	-	-	100%
Transmisora Abenor Ltda.	Chile	US Dollars	96.728.120-4	-	-	-	100%
Transmisora Araucana de Electricidad Ltda.	Chile	US Dollars	96.710.940-1	-	-	-	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 their social rights in Inversiones Electricas Transam Chile Limitada that equates to a 0.101% to Transelec Holdings Rentas Limitada for $ 26,885,949.

On September 1, 2015, Transelec acquired 0.101% of the ownership of Inversiones Eléctricas Transam Chile Ltda, to Transelec Holdings Rentas Limitada, having in Transelec S.A the totality of the Company's rights, which determines the dissolution and merger of Inversiones Eléctricas Transam Chile Ltda.

At the same time on August 1, 2015, Inversiones Eléctricas Transam Chile Ltda had acquired from Transelec S.A 1% of the companies rights: Transmisora Huepil Ltda., Transmisora Abenor Ltda and Transmisora Araucana de Electricidad Ltda. whereby all the companies' rights were concentrated in Inversiones Eléctricas Transam Chile Ltda, therefore the dissolution and merger of such companies was determined.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The Company's functional currency is the Chilean peso. These 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	
	September 30, 2015	December 31, 2014
Unidad de Fomento	25,346.89	24,627.10
US$	698.72	606.75
Euro	781.22	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 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 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)”. Until September 1, 2015, the Company applied the net investment’s hedge in the consolidated of its subsidiary Inversiones Eléctricas Transam Chile Ltda. having U.S dollar functional currency, which was absorbed at mentioned date.

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

2.18 Classification of current and non-current balances

In the 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 swap 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 September 30, 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)	
				September 30, 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	1.58%	Floating (*)	-	-
Huepil Loan	USD	-	Floating (**)	-	19,136
Local Note	CLP	3.80%	Fixed	16,000,000	-

(*) The floating rate of the Revolving credit facility breaks down in 3M LIBOR plus a margin of 1.25%. At September 30, 2015, the Company did not utilize this line therefore does not pay interest of 1.52% and currently is paying a fixed commission of 0.4375% per annum of the committed amount undrawn.

(**) Loan was prepaid in advance on April 4, 2015, with the funds obtained from the Local Note.

However, increases in inflation could impact the cost of UF-denominated debt and, therefore, the Company's financial expenses. These impacts are lessened partially by receivables denominated in UF.

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 of its subsidiary 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 and UF
- 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. (long position)
- Maintains lease contracts that generate income indexed to US dollars.

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

The exposure to exchange rate is managed through the approved policy which includes fully hedge the balance exposed (monetary items) through various instruments such as dollar positions 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	
	September 30, 2015 MCh$	December 31, 2014 MCh$	September 30, 2015 MCh$	December 31, 2014 MCh$
U.S. dollar (amounts associated with balance sheet items)	469,630	420,498	469,808	405,821
Chilean peso	1,729,068	1,713,348	1,728,890	1,728,024

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$)	1,434	(2)	2	-	-	-
Leasing (US$)	14,158	(23)	23	-	-	-
Senior Notes (US$)	(466,625)	742	(742)	-	-	-
Financial instrument swap	257,402	(409)	409	(220,172)	350	(350)
Intercompany loan (US$)	196,848	(313)	313	-	-	-
Other (US$)	(3,035)	5	(5)	-	-	-
Total	182	-	-	(220,172)	350	(350)

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 nine -month ended September 30, 2015 ThCh$	For the nine-month ended September 31, 2014 ThCh$
Endesa Group	91,549,364	88,721,874
AES Gener Group	40,556,626	29,239,986
Colbún Group	32,586,416	29,178,804
Pacific Hydro-LH-LC Group	5,060,312	9,246,090
Others	35,079,787	27,660,278
Total	204,832,505	184,047,032
% of concentration of 4 top customers	82.87%	84.97%

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. 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 September 30, 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
September 30, 2015	223,845,158	100,355,363	100,355,363	697,567,002	886,399,099	2,008,521,985
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 September 30, 2015 and December 31, 2014, this account is detailed as follows:

Cash and Cash Equivalents	Balance as of September 30, 2015 ThCh$	Balance as of December 31, 2014 ThCh$
Bank and cash balances	445,048	8,633,677
Short-term deposits	-	17,538,716
Reverse repurchase agreements and mutual funds	31,875,979	39,740,616
Total	32,321,027	65,913,009

Cash and cash equivalents included in the statement of financial position as of September 30, 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 September 30, 2015 ThCh$	Balance as of December 31, 2014 ThCh$
Amount of cash and cash equivalents	U.S. dollars	1,398,988	74,130
Amount of cash and cash equivalents	Euros	35,316	91,309
Amount of cash and cash equivalents	Chilean pesos	30,886,723	65,747,570
Total		32,321,027	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 September 30, 2015 and December 31, 2014, this account is detailed as follows:

Item	Balance as of September 30, 2015 ThCh$	Balance as of December 31, 2014 ThCh$
Trade receivables	54.593.455	56,356,252
Miscellaneous receivables	344.701	592,877
Total trade and other receivables	54.938.156	56,949,129
Provision for uncollectible amount (*)	(1,392,383)	(1,392,383)
Total trade and other receivables (net)	53.545.773	55,556,746

NOTE 6 - TRADE AND OTHER RECEIVABLES (CONTINUED)

Refer to Note 7 for the amounts, terms and conditions of receivables from related parties. As of September 30, 2015 and December 31, 2014, the aging of trade and other receivables is as follows:

	Balance as of	
	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Maturing in less than 30 days	30,634,720	37,770,448
Maturing in more than 30 days up to 1 year	22,911,053	17,786,298
Total	53,545,773	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. 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 September 30, 2015 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 September 30, 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 September 30, 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

							Balance as of			
							Current		Non-current	
Tax ID Number	Company	Country	Description	Maturity	Relation	Currency	September 31, 2015 ThCh$	December 31, 2014 ThCh$	September 31, 2015 ThCh$	December 31, 2014 ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	Not defined	Direct parent	ThCh$	3,815,790	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	10 years	Direct parent	UF	4,373	-	5,698,048	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	10 years	Direct parent	US$	1,629,140	-	196,848,376	135,746,433
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	Not defined	Direct parent	ThCh$	20	-	-	-
76.248.725-K	CyT Operaciones SpA	Chile	Loan	Not defined	Indirect parent	US$	-	1,018	-	-
	Total						5,449,323	1,018	202,546,424	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	Septenmber 30, 2015 Amount ThCh$	Septenmber 30, 2015 Effect on Income ThCh$	September 30, 2014 Amount ThCh$	September 30, 2014 Effect on Income ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Mercantile current account	3,815,790	-	6,388,862	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Loans paid	-	-	85,066,511	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest earned	4,633,765	4,633,765	5,824,242	5,824,242
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Exchange rate	21,847,039	21,847,039	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	UF Readjustment	1,023,956	1,023,956	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest received	-	-	1,371,304	(1,371,304)
76.559.580-0	Rentas Eléctricas I Ltda.	Chile	Indirect parent	Loans paid	-	-	8,159	-

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 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 28, 2015. The current Chairman of the Board was elected at Board meeting dated May 13, 2015.

7.2.1 Board of Directors' compensation

As established in Article No. 33 of Law No. 18,046 on Anonymous Societies, on the Eighth Ordinary Shareholders' Meeting of Transelec S.A., held on April 28, 2015, 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 and that the alternate directors do not receive remuneration. Allowances are paid on a quarterly basis.

Directors Richard Legault, Alfredo Ergas, Paul Dufresne 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:

	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Blas Tomic Errázuriz	42,128	36,641
José Ramón Valente Vias	42,128	36,641
Alejandro Jadresic Marinovic	42,128	36,641
Mario Alejandro Valcarce Duran	42,128	36,641
Bruno Pedro Philippi Irarrazabal	42,128	36,641

7.3 Board expenses

During 2015 there were no such payments associated with the expenditures of Directors. In the year 2014 ThCh$ 24,330 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. The Audit Committee held two meetings both during the period 2015 and 2014.

As of September 30, 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 28, 2015, 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:

	September 30, 2015 ThCh$	September 30, 2014 ThCh$
José Ramón Valente	6,068	5,246
Mario Alejandro Valcarce Duran	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 López 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:

	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Salaries	1,128,338	1,122,586
Short-term employee benefits	473,712	472,463
Long-term employee benefits	187,595	183,465
Total compensation received by key management personnel	1,789,645	1,778,514

NOTE 8 - INVENTORY

As of September 30, 2015 and December 31, 2014, this account is detailed as follows:

	Balance as of	
Classes of inventory	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
Safety equipment	27,760	16,836
Total	27,760	16,836

NOTE 9 - OTHER FINANCIAL ASSETS, LEASES

As of September 30, 2015 and December 31, 2014, this account is detailed as follows:

	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Finance lease receivables current	782,543	672,589
Sub-total Other financial assets current	782,543	672,589
Finance lease receivables non-current	13,375,789	12,324,190
Swap Contracts	37,229,823	11,786,839
Other financial assets	278,848	278,849
Sub-total Other financial assets non-current	50,884,460	24,389,878
Total	51,667,003	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:

September 30, 2015

Period in Years	Present Value (net investment) ThCh$	Interest receivable ThCh$	Nominal value (gross investment) ThCh$
Less than 1	782,543	637,621	1,420,164
1-5	3,442,995	2,237,659	5,680,654
Over 5	9,932,793	3,312,283	13,245,076
Total	14,158,331	6,187,563	20,345,894

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:

	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Real estate lease	741,772	732,429
Other leases	535,910	458,639
Total operating leases	1,277,682	1,191,068

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	989,029	3,956,116	-
Other leases	714,547	2,858,188	-
Total operating leases	1,703,576	6,814,304	-

NOTE 10 - INTANGIBLE ASSETS

The following tables detail the balances within this account as of September 30, 2015 and December 31, 2014:

Intangible assets, net	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
Rights of way	174,725,867	168,069,830
Software	2,281,347	2,013,342
Total intangible assets	177,007,214	170,083,172
Goodwill	342,651,175	342,724,940
Total intangible assets, net	519,658,389	512,808,112

Intangible assets, gross	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
Rights of way	174,725,867	168,069,830
Software	7,057,998	6,305,413
Goodwill	342,651,175	342,724,940
Total intangible assets	524,435,040	517,100,183

Accumulated amortization and impairment	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
Software	(4,776,651)	(4,292,071)
Total accumulated amortization	(4,776,651)	(4,292,071)

NOTE 10 - INTANGIBLE ASSETS (CONTINUED)

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	-	-	-	-
Transfer to operating assets	5,910,998	752,585	-	6,663,583
Amortization	-	(484,580)	-	(484,580)
Translation difference	745,039	-	(73,765)	671,274
Ending balance of intangible assets as of September 31 , 2015	174,725,867	2,281,347	342,651,175	519,658,389

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
Transfer to operating assets	5,107,935	-	-	5,107,935
Amortization	-	(576,452)	-	(576,452)
Translation difference	921,256	-	510,149	1,431,405
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 September 30, 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	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
Land	20,630,332	20,059,769
Buildings and infrastructure	866,710,011	853,150,552
Work in progress	68,227,271	73,169,038
Machinery and equipment	403,944,646	401,137,550
Other property, plant and equipment	6,442,361	4,394,055
Property, plant and equipment, net	1,365,954,621	1,351,910,964

Property, plant and equipment, gross	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
Land	20,630,332	20,059,769
Buildings and infrastructure	1,077,428,376	1,046,213,694
Work in progress	68,227,271	73,169,038
Machinery and equipment	563,240,099	546,349,403
Other property, plant and equipment	6,442,361	4,394,055
Total property, plant and equipment, gross	1,735,968,439	1,690,185,959

Total accumulated depreciation and impairment, property, plant and equipment, net	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
Buildings and infrastructure	(210,718,365)	(193,063,142)
Machinery and equipment	(159,295,453)	(145,211,853)
Total accumulated depreciation and impairment, property, plant and equipment	(370,013,818)	(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 September 30, 2015 and December 31, 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	-	-	-	55,150,762	1,961,044	57,111,806
	Retirements	-	(2,972,667)	(3,212,838)	(665,018)	-	(6,850,523)
	Transfer to operating assets	570,563	29,408,465	22,764,812	(59,427,511)	87,262	(6,596,409)
	Depreciation	-	(17,902,338)	(16,744,878)	-	-	(34,647,216)
	Translation adjustment	-	5,025,999	-	-	-	5,025,999
Balance as of September 30, 2015		20,630,332	866,710,011	403,944,646	68,227,271	6,442,361	1,365,954,621

		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 September 30, 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$ 68,248,722 and ThCh$ 192,070,271, respectively.

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

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

	September 30, 2015	September 30, 2014
Capitalization rate (Annual basis)	7.75%	8.78%
Capitalized interest costs (ThCh$)	2,991,785	1,967,921

Work in progress balances amounts to ThCh$68,227,271 and ThCh$ 73,169,038 as of September 30, 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 September 30, 2015 and December 31, 2014, is detailed as follows:

Temporary differences	Net deferred taxes	
	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Depreciable fixed assets	(58,026,985)	(43,382,975)
Financial expenses	(940,908)	(1,086,226)
Leased assets	(1,059,732)	(721,967)
Materials and spare parts	393,353	622,791
Tax losses	44,198,201	39,241,019
Staff severance indemnities provision	132,806	164,517
Deferred income	1,732,914	1,473,120
Investment value provision	11,995	11,995
Lawsuit provision	46,375	45,212
Obsolescence provision	24	24
Provision for decommissioning	-	46,828
Work in progress	1,008,930	929,386
Vacation provisions	349,832	344,774
Intangible assets	(8,312,917)	(10,604,998)
Adjustment of effective interest rate of bonds	(2,616,434)	(2,321,846)
Land	938,458	754,934
Allowance for doubtful receivables	327,210	327,210
Prepaid expenses	-	(11,488)
Net deferred tax assets/(liabilities)	**(21,816,878)**	**(14,167,690)**
Reflected in the statement financial position as follows:		
Deferred tax assets	-	102,334
Deferred tax liabilities	**(21,816,878)**	**(14,270,024)**
Net deferred tax assets/(liabilities)	**(21,816,878)**	**(14,167,690)**

12.2 Deferred tax movements in statement of financial position

The movements of balances of deferred taxes in the 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)	(109,924)	7,071,784
Translation adjustment	7,590	475,070
Balance as of September 30, 2015	-	21.816.878

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 September 30, 2015 and December 31, 2014 is as follows:

Interest bearing loans	September 30, 2015		December 31, 2014	
	Current ThCh$	Non- current ThCh$	Current ThCh$	Non- current ThCh$
Bonds payable	164,320,806	1,153,174,264	14774,702	1,217,748,297
Total bonds payable	**164,320,806**	**1,153,174,264**	**14,774,702**	**1,217,748,297**
Bank loans payable	16,305,689	-	1,420,115	9,626,797
Swap contract (Note 15)	1,102,797	-	2,012,588	-
Other financial liabilities	42,603	2,981,795	35,121	2,597,608
Total obligations with banks	**17,451,089**	**2,981,795**	**3,467,824**	**12,224,405**
Total	**181,771,895**	**1,156,156,059**	**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 September 30, 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	September 30, 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	151,796,928	148,241,864
76.555.400-4	Transelec S.A	Chile	Chile	480	D	UF	4.37%	4.25%	At maturity	Semiannually	342,585,863	329,243,935
76.555.400-4	Transelec S.A	Chile	Chile	599	H	UF	4.79%	4.80%	At maturity	Semiannually	76,659,489	75,371,119
76.555.400-4	Transelec S.A	Chile	Chile	599	K	UF	4.61%	4.60%	At maturity	Semiannually	40,667,646	39,964,274
76.555.400-4	Transelec S.A	Chile	Chile	599	M	UF	4.26%	4.05%	At maturity	Semiannually	37,535,034	36,076,493
76.555.400-4	Transelec S.A	Chile	Chile	599	M-1	UF	4.23%	4.05%	At maturity	Semiannually	47,435,442	45,587,908
76.555.400-4	Transelec S.A	Chile	Chile	599	N	UF	4.29%	3.95%	At maturity	Semiannually	73,178,744	70,320,372
76.555.400-4	Transelec S.A	Chile	Chile	744	Q	UF	4.02%	3.95%	At maturity	Semiannually	79,238,024	76,202,674
76.555.400-4	Transelec S.A	Chile	Foreign	1st issuance	Sr N	US$	5.10%	4.63%	At maturity	Semiannually	208,563,713	185,934,418
76.555.400-4	Transelec S.A	Chile	Foreign	2st issuance	Sr N	US$	4.66%	4.25%	At maturity	Semiannually	259,834,187	225,579,942
											1,317,495,070	**1,232,522,999**

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$1,447,933,665 and ThCh$1,393,034,676 as of September 30, 2015 and December 31, 2014, respectively (it does not include other current and non-current liabilities such as swap 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$	September 30, 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$	September 30, 2015 Non-current ThCh$
76.555.400-4	Transelec S.A	481	-	151,796,928	151,796,928	-	-	-	-
76.555.400-4	Transelec S.A	480	3,643,736	-	3,643,736	-	-	338,942,127	338,942,127
76.555.400-4	Transelec S.A	599	-	586,310	586,310	-	-	76,073,180	76,073,180
76.555.400-4	Transelec S.A	599	-	147,325	147,325	-	-	40,520,321	40,520,321
76.555.400-4	Transelec S.A	599	392,262	-	392,262	-	-	37,142,771	37,142,771
76.555.400-4	Transelec S.A	599	497,963	-	497,963	-	-	46,937,479	46,937,479
76.555.400-4	Transelec S.A	599	770,313	-	770,313	-	-	72,408,431	72,408,431
76.555.400-4	Transelec S.A	744	2,216,128	-	2,216,128	-	-	77,021,896	77,021,896
76.555.400-4	Transelec S.A	1st issuance	-	1,811,178	1,811,178	-	-	206,752,536	206,752,536
76.555.400-4	Transelec S.A	2st issuance	-	2,458,663	2,458,663	-	-	257,375,523	257,375,523
		Total	**7,520,402**	**156,800,404**	**164,320,716**	**-**	**-**	**1,153,174,264**	**1,153,174,264**

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 September 30, 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	September 31, 2015 ThCh$	December 31, 2014 ThCh$
76.555.400-4	Transelec S.A.	Chile	97.030.000-7	BANCO DEL ESTADO DE CHILE	Chile	CLP	Semestral	3.80%	3,80%	2016	16,305,689	-
99.508.750-2	Transmisora Huepil Ltda.	Chile	N/A	Portigon-WestLB.	Germany	US$	Quarterly	3.59%	1.74%	2021	-	11,036,845
76.555.400-4	Transelec S.A.	Chile	N/A	Scotiabank	Canada	US$	Quarterly	2.66%	2.66%	2015	-	10,067
										Total	**16,305,689**	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$	Current: September 30, 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$	Non-Current: September 30, 2015 Non-current ThCh$
99.508.750.-2	Transelec S.A.	BANCO DEL ESTADO DE CHILE	305,689	16,000,000	16,305,689	-	-	-	-
		Total	**305,689**	**16,000,000**	**16,305,689**	**-**	**-**	**-**	**-**

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

13.2 Detail of other financial liabilities (continued)

b) Bank loans (continued)

Debtor taxpayer ID number	Debtor Name	Creditor institution	Current			Non-Current			
Debtor taxpayer ID number	Debtor Name	Creditor institution	Maturity less than 90 days	Maturity more than 90 days	September 30, 2015 Current	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	September 30, 2015 Non-current
			ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	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**

c) Other Financial Liabilies

The other financial liabilities by creditor institution name, currencies, rates and maturities as of September 30, 2015 and December 31, 2014 are as follows:

Debtor taxpayer ID number	Debtor Name	Coun try	Creditor ID Number	Creditor institution name	Country	Currency	Periodicity principal payments	Effective interest rate	Nominal interest rate	Maturity	September 31, 2014 ThCh$	December 31, 2014 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	3,024,397	2,632,729
										Total	3,024,397	2,632,729

13.2 Detail of other financial liabilities (continued)

c) Other Financial Liabilies (continued)

			Current			Non – Current			
			Maturity less than 90 days	Maturity more than 90 days	September 30, 2015 Current	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	September 30, 2015 Non-current
Debtor taxpayer ID number	Debtor Name	Creditor institution name	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
99.521.950-6	Transelec Norte S.A. (Transelec S.A)	Eléctrica Aguas del Melado	10,416	32,187	**42,603**	93,168	104,890	2,783,737	**2,981,795**
		Total	**10,416**	**32,187**	**42,603**	**93,168**	**104,890**	**2,783,737**	**2,981,795**

			Current			Non – Current			
			Maturity less than 90 days	Maturity more than 90 days s	December 31, 2014 Current	Maturity 1 to 3 years	Maturity 3 to 5 years	Maturity more than 5 years	December 31, 2014 Non-current
Debtor taxpayer ID number	Debtor name	Creditor institution name	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	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 September 30, 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 19), 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 September 30, 2015 and December 31, 2014, are detailed as follows:

Trade and other payables	Current		Non- current	
	September 30, 2015 ThCh$	December 31, 2014 ThCh$	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Trade and other payables	51,442,332	69,554,568	-	-
Total	51,442,332	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

	September 30, 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	-	37,229,823	1,102,798	-	-	11,786,839	2,012,588	-
Total	-	37,229,823	1,102,798	-	-	11,786,839	2,012,588	-

15.2 Other Information

The following table details Transelec's derivatives as of September 30, 2015 and December 31, 2014, including their fair values as well as their notional and contractual values by maturity:

Financial derivatives	Fair value	Before 1 year	Maturity 2016	2017	2018	2019	Subsequent years	September 30, 2015 Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Currency hedge Swap	36,127,025	(1,102,798)	-	-	-	-	37,229,823	36,127,025

Financial derivatives	Fair value	Before 1 year	Maturity 2015	2016	2017	2018	Subsequent years	December 31, 2014 Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	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 September 30, 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 swap valuation models using present value calculations. The models include several inputs including the credit risk of the counterparty, foreign exchange spot 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 September 30, 2015.

Financial instrumental measured at fair value	September 30, 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	36,127,025	-	36,127,025	-
Total, net	36,127,025	-	36,127,025	-

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:

September 30, 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	32,321,027	-	-	-	-	32,321,027
Other financial assets, current	-	782,543	-	-	-	782,543
Trade and other receivables	-	53,545,773	-	-	-	53,545,773
Other financial assets, non-current	-	13,375,789	37,229,823	-	278,848	50,884,460
Receivables from related parties, current	-	5,449,323	-	-	-	5,449,323
Receivables from related parties, non-current	-	202,546,424	-	-	-	202,546,424
Total	**32,321,027**	**275,699,852**	**37,229,823**	**-**	**278,848**	**345,529,550**

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	11,786,840	-	278,848	24,389,878
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**	**11,786,840**	**-**	**278,848**	**282,279,673**

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

September 30, 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	180,669,097	1,102,798	-	181,771,895
Trade and other payables	51,442,332	-	-	51,442,332
Other financial liabilities, non-current	1,156,156,059	-	-	1,156,156,059
Total	**1,388,267,488**	**1,102,798**	**-**	**1,389,370,286**

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	16,229,938	2,012,588	-	18,242,526
Trade and other payables	69,554,568	-	-	69,554,568
Other financial liabilities, non-current	1,229,972,682	20	-	1,229,972,702
Total	**1,315,757,188**	**2,012,608**	-	**1,317,769,796**

NOTE 17 - PROVISIONS

17.1 Detail of provisions

As of September 30, 2015 and December 31, 2014, this account is detailed as follows:

Detail	Current		Non-current	
	September 30, 2015 ThCh$	December 31, 2014 ThCh$	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Staff severance indemnities (Note 17)	368,646	475,066	4,501,474	4,501,474
Accrued vacations	1,488,648	1,467,122	-	-
Profit sharing benefits	3,605,805	4,804,642	9,530	9,530
Other provisions	205,478	589,386	-	-
Total	5,668,577	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	394,912	3,388,445	902,340	-	4,685,697
Other increase (decrease) in exchange rates	-	-	-	-	-
Payments	(501,331)	(4,587,283)	(880,814)	(383,908)	(6,353,336)
Ending balance as of September 30, 2015	**4,870,120**	**3,615,335**	**1,488,648**	**205,478**	**10,179,581**

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**

17.2 Provision movements (continued)

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

As of September 30, 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	595,641	315,261	472,891	3,486,327
Accrued vacations	1,488,648	-	-	-
Profit sharing benefits	3,605,805	9,530	-	-
Other provisions	205,478	-	-	-
Total	5,895,572	324,791	472,891	3,486,327

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 September 30, 2015 the Company has established a provision for these and other contingents liabilities totaling to ThCh$604,737 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 Septiembre 30, 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$ 8,012,745) 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. Was notified of the lawsuit filed by 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.

NOTE 18 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS

18.1 Detail of account

Post-employment and other benefit obligations	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Staff severance indemnity provision – current	368,646	475,066
Staff severance indemnity provision non – current	4,501,473	4,501,473
Total current and non-current obligations for post-employment benefits	4,870,119	4,976,539

18.2 Detail of post-employment and other similar obligations

As of September 30, 2015 and December 31, 2014, this account is detailed as follows:

Post-employment and other benefits obligations	Staff severance indemnity	
	September 30, 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	197,182	563,640
Actuarial calculation cost of defined benefit plan obligations	197,729	1,148,529
Payments	(501,331)	(480,267)
Present value of defined benefit obligations ending balance	4,870,119	4,976,539

18.3 Balance of post-employment and other similar obligations

	Staff severance indemnity	
	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Present value of defined benefit obligations, ending balance	4.870.119	4,976,539
Present obligation with defined benefit plan funds	4.870.119	4,976,539
Fair value of defined benefit plan assets, ending balance	-	-
Balance of defined benefit obligations, ending balance	4.870.119	4,976,539

18.4 Expenses recognized in income statement

	Staff severance indemnity		Income statement line item where recognized
	January 1, 2015 to September 30, 2015 ThCh$	January 1, 2014 September 30, 2014 ThCh$	
Current service cost of defined benefit plan	361,653	290,517	Cost of sales Administrative and sales expenses
Interest cost of defined benefit plan	197,729	369,749	Cost of sales Administrative and sales expenses
Total expense recognized in income statement	559,382	660,266	

18.5 Actuarial hypothesis

Detail	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Discount rate used	1.95%	1.95%
Inflation rate	4.0%	4.6%
Future salary increase	3.0%	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 September 30, 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	(327,234)	368,214	-	-	325,112	(294,072)

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 September 30, 2015.

18.6 Sensitivity analysis (continued)

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

	September 30, 2015 ThCh$	December 31, 2014 ThCh$
During the upcoming 12 month	595,642	156,571
Between 2 to 5 years	788,150	972,850
Between 5 to 10 years	1,699,942	1,191,211
More than 10 years	1,786,386	2,655,907
Total Payments Expected	**4,870,120**	**4,976,539**

NOTE 19 - EQUITY

19.1 Subscribed and paid capital

As of September 30, 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 Ch$ 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$13,360,575,000. 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 September 30, 2015, this dividend has been paid in full.

On May 13, 2015, the Ordinary Shareholders meeting of the Company was celebrated, where they agreed to distribute a provisional dividend with debit to 2015 income, in the amount of Ch$16,355,000,000. As of September 30, 2015, this dividend has been paid in full.

On August 12, 2015, the Ordinary Shareholders meeting of the Company was celebrated, where they agreed to distribute a provisional dividend with debit to 2015 income, in the amount of Ch$18,167,000,000. As of September 30, 2015, this dividend has been paid in full.

19.4 Other reserves

Other reserves as of September 30, 2015 and December 31, 2014 are detailed as follows:

Description	September 30, 2015 ThCh$	December 31, 2014 ThCh$
Investment hedge	6,201,274	6,554,149
Cash flow hedge (exchange rate)	(8,555,496)	48,907)
Actuarial calculation exchange rate	(431,169)	(431,169)
Deferred taxes	(696,347)	(1,542,972)
Total	(2,089,044)	4,628,915

The movements of other comprehensive income for the period 2015 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	(352,876)	(8,604,403)	-	(8,957,279)
Deferred tax	88,219	2,151,101	-	2,239,320
Closing balance as of September 30, 2015	**4,650,955**	**(6,416,622)**	**(323,377)**	**(2,089,044)**

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 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 equity of fifteen million UF equivalents to ThCh$380,203,350.000 as of September 30, 2015.

The following tables present – as of September 30, 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**	**September 30, 2015 ThCh$**	**December 31, 2014 ThCh$**
A	Other financial liabilities, current	181,772	18,243
B	Payables to related parties, current	27	-
C	Other financial liabilities, non-current	1,156,156	1,229,973
D	Payables to related parties, non-current	-	-
E=A+B+C+D	**Covenants debt**	1,337,955	1,248,216
G	Debt with guarantees (1)	-	31,647
DT=E+G	**Total debt**	1,337,955	1,279,863
H	Non-controlling interest	-	29
P	Equity attributable to owners of the parent	806,229	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**	2,169,154	2,110,085
DT/CT	**Total debt / Total capitalization ratio**	0.62	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	September 30, 2015 ThCh$	December 31, 2014 ThCh$
P	Equity attributable to owners of the parent	806,229	805,223
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
P+I	**Equity (in ThCh$)**	831,199	830,193
UF	UF value	25,346.89	24,627.10
(I+P)/UF	**Equity (in UF millions)**	32.79	33.71

Covenant 3	Restricted payments test Funds from operations (FNO) / Financial costs > 1.5	September 30, 2015 ThCh$	December 31, 2014 ThCh$
FO	Cash flow from operations	177,017	186,444
CF	Financial costs	60,348	56,710
IG	Income tax expense	5,037	3,589
FNO=FO+CF+IG	**Funds from operations**	242,402	246,743
FNO/CF	**Funds from operations / Financial costs**	4.02	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 nine-month periods ended September 30, 2015 and 2014:

Revenue	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Revenues from regulated transmission services	165,421,103	133,409,756
Revenues from contractual transmission services	39,162,567	50,053,509
Leases revenue	248,835	583,767
Total revenues	204,832,505	184,047,032

20.2 Other operating income

The following table details operating income for the nive -month periods ended September 30, 2015 and 2014:

Other operating income	**September 30, 2015 ThCh$**	**September 30, 2014 ThCh$**
Financial income (Note 21,4)	5,476,444	7,668,087
Other gains (losses), net	5,175,856	1,587,672
Total other operating income	**10,652,300**	**9,255,759**

NOTE 21 - RELEVANT INCOME STATEMENT ACCOUNTS

21.1 Expenses by nature

The composition of cost of sales and administrative expenses by nature in the nine-month periods ended September 30, 2015 and 2014:

Detail	**September 30, 2015 ThCh$**	**September 30, 2014 ThCh$**
Personnel expenses	13,190,508	14,739,913
Operating expenses	12,855,886	9,526,436
Maintenance expenses	184,870	3,026,698
Depreciation and write-offs	41,982,319	35,291,541
Other	4,243,842	2,683,352
Total	72,457,425	65,267,940

21.2 Personnel expenses

As of September 30, 2015 and 2014, this account is detailed as follows:

Detail	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Salaries and wages	11,544,078	11,332,006
Short-term employee benefits	4,911,813	2,214,045
Staff severance indemnity	559,382	660,266
Other long-term benefits	892,794	815,804
Other personnel expenses	151,469	3,120,991
Expenses capitalized on construction in progress	(4,869,028)	(3,403,199)
Total	13,190,508	14,739,913

21.3 Depreciation and amortization

The following table details depreciation and amortization for the nine-month periods ended September 30, 2015 and 2014:

Detail	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Depreciation	34,647,216	33,514,212
Amortization	484,580	437,992
Losses from damages	6,850,523	1,339,337
Total	41,982,319	35,291,541

21.4 Financial results

The Company's financial result for the nine-month periods ended September 30, 2015 and 2014 is detailed as follows:

Detail	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Financial income:	**5,476,444**	**7,668,087**
Commercial interest earned	51,177	83,142
Bank interest earned	785,165	1,760,703
Interest earned from related parties	4,640,102	5,824,242
Financial expenses:	**(43,998,312)**	**(40,360,328)**
Interest on bonds	(42,075,404)	(37,343,008)
Interest on bank loans	(692,942)	(233,385)
Commercial interest incurred	(269,426)	(104,932)
Interest costs on related parties transactions	-	(1,371,304)
Swap Interest	-	(670,085)
Other expenses	(960,540)	(637,614)
Gain (loss) from indexation of UF	**(23,015,116)**	**(30,970,796)**
Foreign exchange gains (losses), net	**825,141**	**(4,902,635)**
Positive	60,163,232	33,114,345
Negative	(59,338,091)	(38,016,980)
Total financial result, net	**(60,711,843)**	**(68,565,672)**

NOTE 22 - INCOME TAX RESULT

Income tax expense (income)	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Current tax expense	159,594	656,873
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	159,594	656,873
Deferred tax expense relating to origination and reversal of temporary differences	10,079,187	8,133,875
Other deferred tax expense	-	-
Deferred tax expense, net, total	10,079,187	8,133,875
Effect of change in tax situation of the entity or its shareholders	-	-
Income tax expense	10,238,781	8,790,748

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 income statement for the periods 2015 and 2014:

Using Effective Rate	**September 30, 2015 ThCh$**	**September 30, 2014 ThCh$**
Tax expense at statutory rate	(17,288,796)	(10,878,229)
Price level restatement of equity	1,811,214	3,292,826
Fixed asset tax value increase Transam Merger	6,907,747	-
Penalties	-	(187,219)
Change in income tax rate, Tax Reform Law 20.780	(1,740,611)	(349,392)
Other differences increase (decrease)	71,665	(668,734)
Total adjustments to tax expense using statutory rate	7,050,015	2,087,481
Tax Expense at effective Rate	(10,238,781)	(8,790,748)

	September 30, 2015 ThCh$	**September 30, 2014 ThCh$**
Statutory Tax Rate	22.50%	21.00%
Price level restatement of equity	(2.36%)	(6.36%)
Fixed asset tax value increase Transam Merger	(8.99%)	-
Penalties	-	0.36%
Change in income tax rate, Tax Reform Law 20.780	2.27%	0.67%
Other differences increase (decrease)	(0.10%)	1.30%
Adjustments to Statutory Tax Rate, Total	**(9.18%)**	**(4.03%)**
Effective Tax Rate	**13.32%**	**16.97%**

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.

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	September 30, 2015	September 30, 2014
Profit attributable to equity holders of parent (ThCh$)	66,600,312	43,010,344
Earnings available to common shareholders, basic (ThCh$)	66,600,312	43,010,344
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch$)	66,600	43,010

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.

NOTE 24 - SEGMENT REPORTING (CONTINUED)

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

	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Revenues from regulated transmission services	165,421,103	133,409,756
Revenues from contractual transmission services and others	39,411,402	50,637,276
Total revenues	204,832,505	184,047,032

Information about sales and principal customers

The Company has three customers that individually represent more than 10% of total revenues for the nine - month ended on September 30, 2015. The amounts of revenues recognized from these customers were: ThCh$ M$91,549,364, ThCh$40,556,626 y ThCh$32,586,416, respectively. For the nine-month periods ended September 30, 2015 the Company had three customers that individually exceeded 10% of total revenues. The amounts of revenues recognized from these customers were: ThCh$ 88,721,874, ThCh$29,239,986 y ThCh$29,178,804, respectively.

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

As of September 30, 2015, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$16,033,589 (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 September 30, 2015 and December 31, 2014, personnel employed by Transelec S.A. are detailed as follows:

	September 30, 2015				
	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total	15	345	129	489	487

	December 31, 2014				
	Manager and Executives	Professionals and technical personnel	Other employees	Total	Average of the year
Total	16	342	135	493	495

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.

NOTE 27 - ENVIRONMENT (CONTINUED)

During for the nine-month periods ended September 30, 2015 and 2014, the Company has not made the following environmental disbursements:

Company making disbursement	Project	September 30, 2015 ThCh$	September 30, 2014 ThCh$
Transelec S.A.	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	487,366	398,979
Transam and subsidiaries	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	-	80,659
Total		487,366	479,638

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

a) Current assets and liabilities

			September 30, 2015		December 31, 2014	
			Maturity less than 90 days	Maturity more than 91 to 1 year	Maturity less than 90 days	Maturity more than 91 to 1 year
Current Assets	**Foreign Currency**	**Functional Currency**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Cash and cash equivalents	Dollars	CH$	1,398,988	-	74,130	-
	Chilean Pesos	CH$	30,886,723	-	65,747,570	-
	Other Currency	CH$	35,316	-	91,309	-
Trade and other receivables	Dollars	CH$		-	-	-
	Chilean Pesos	CH$	30,634,720	22,911,053	37,770,448	17,786,298
	Other Currency	CH$	-	-	-	-
Receivables from related parties, Current	Dollars	CH$	1,629,140	-	1,018	-
	Chilean Pesos	CH$	3,815,810	-	-	-
	Other Currency	CH$	4,373	-	-	-

			September 30, 2015		December 31, 2014	
			Maturity less than 90 days	Maturity more than 91 to 1 year	Maturity less than 90 days	Maturity more than 91 to 1 year
Current Liabilities	**Foreign Currency**	**Functional Currency**	**ThCh$**	**ThCh$**	**ThCh$**	**ThCh$**
Other financial liabilities, current	Dollars	CH$	10,415	4,302,028	11,784,511	1,016,751
	Chilean Pesos	CH$	7,826,091	170,341,741	4,527,001	914,263
	Other Currency	CH$	-	-	-	-
Trade payables and other payables	Dollars	CH$	-	-	43,437,115	-
	Chilean Pesos	CH$	51,442,332	-	26,117,453	-
	Other Currency	CH$			-	-
Current provisions for employee benefits	Dollars	CH$	-	-	-	-
	Chilean Pesos	CH$	5,668,577	-	2,056,508	6,299,439
	Other Currency	CH$	-	-	-	-

TRANSELEC S.A. AND SUBSIDIARIES
Notes to the Financial Statements
As of September 30, 2015 and December 2014
(Translation of financial statements originally issued in Spanish-See Note 2.1)

b) Non-Current assets and liabilities

Non-Current Assets	Foreign Currency	Functional Currency	September 30, 2015 1 to 3 year ThCh$	September 30, 2015 3 to 5 year ThCh$	September 30, 2015 More than 5 year ThCh$	December 31, 2014 1 to 3 year ThCh$	December 31, 2014 3 to 5 year ThCh$	December 31, 2014 More than 5 year ThCh$
Trade and other receivables	Dollar	CH$	-	-	-	-	-	-
	Chilean Pesos	CH$	-	-	-	-	-	-
	Other Currency	CH$	-	-	-	-	-	-
Property, plant and equipment	Dollars	CH$	-	-	-	-	-	34,455,225
	Chilean Pesos	CH$	-	-	1,365,954,621	-	-	1,264,829,463
	Other Currency	CH$	-	-	-	-	-	-
			-	-	-			
Deferred tax assets	Dollars	CH$	-	-	-	-	-	-
	Chilean Pesos	CH$	-	-	-	-	102,334	-
	Other Currency	CH$	-	-	-	-	-	-

Non-Current Liabilities	Foreign Currency	Functional Currency	September 30, 2015 1 to 3 year ThCh$	September 30, 2015 3 to 5 year ThCh$	September 30, 2015 More than 5 year ThCh$	December 31, 2014 1 to 3 year ThCh$	December 31, 2014 3 to 5 year ThCh$	December 31, 2014 More than 5 year ThCh$
Other financial liabilities, non-current	Dollars	CH$	93.167	104.890	466.911.797	4.992.176	3,877,869	393,748,443
	Chilean Pesos	CH$	689.046.205	-	672.378.760	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$	-	-	4.511.004	651,531	582,997	2,256,745
	Other Currency	CH$	-	-	-	-	-	-

NOTE 29 - SUBSEQUENT EVENTS

Between September 30, 2015, closing date of these 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 SUBISIDIARY

REASONED ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30th, 2015

SUMMARY

As of September 30, 2015, Transelec S.A. and subsidiary obtained an EBITDA* of MCh$179,883, a 15.6% higher than the comparison period of 2014 (MCh$155,658), with an EBITDA* over revenues of 87.8% (84.6% in 2014). This increase is mainly explained by operating revenues that reached MCh$204,833 as of September 2015, a 11.3% higher than the revenues obtained in the same period of 2014 (MCh$184,047) and by an increase of MCh$3,588 in other income. In addition, fixed costs had a minor variation between the periods compared, increasing in 3.3% for operating costs and in 2.5% for administration and sales expenses.

The net income recorded by the Company as of September 30, 2015 was MCh$66,849, which is 55.4% higher respect to the comparison period (MCh$43,010). This increase is mainly explained by lower loss in Non-Operating Income (17.5%) and a higher Operating Income (11.4%), partially offset by higher Income Tax (16.5%).

The loss in Non-Operating Income as of September 30, 2015 of MCh$55,287, shows a decrease of 17.5% compared with the same period in 2014 (MCh$66,978), mainly explained by lower loss for indexed assets and liabilities (25.7%), which measures the inflation impact on the UF denominated debt of the Company, and by lower loss in foreign exchange differences (116.8%).

During the first nine months of 2015, the company incorporated US$94.7 million of new facilities, where US$70.5 correspond to the commissioning of the trunk expansion project “S/E Lo Aguirre” and US$20.3 million to the commissioning of five trunk upgrade projects; the remainder corresponds to acquisitions and subtransmission projects commissioned.

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.
- On April 2, 2015, Transelec S.A. subscribed a loan agreement with "Banco Estado" (1 year bullet, 3.8% rate), amounting MCh$16,000, maturing on April 2, 2016, in order to prepay the debt of its subsidiary Transmisora Huepil Ltda.
- On April 10, 2015, the subsidiary Transmisora Huepil Ltda. totally prepaid the principal and interests related to its only outstanding debt, transaction required for the merger of its parent Inversiones Eléctricas Transam Chile Ltda. with Transelec S.A.
- In the first half of the year, Transelec made an intercompany loan to Transelec holdings Rentas Limitada for UF 1.76 million.
- As of August 1st, 2015, Inversiones Eléctricas Transam S.A. and its subsidiaries were merged.
- As of September 1st, 2015, Transelec S.A. and Inversiones Eléctricas Transam S.A. were merged.

- During the first nine months of the year, Transelec S.A. has distributed the following amounts to its shareholders:

  $24,845 million as definitive dividends for 2014

  $16,355 million as first provisional dividend for 2015

  $18,167 as second provisional dividend for 2015

Transelec S.A. and its subsidiary Inversiones Eléctricas Transam Chile Ltda. have prepared their financial statements as of September 30, 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	YTD September 2015 MCh$	YTD September 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Operating Revenues	**204.833**	**184.047**	**20.785**	**11,3%**
Toll sales	201.816	180.954	20.862	11,5%
Work and services	3.017	3.093	-77	-2,5%
Operating costs	**-61.554**	**-54.073**	**-7.482**	**13,8%**
Fixed costs	-20.350	-19.697	-653	3,3%
Depreciation	-41.204	-34.376	-6.828	19,9%
Administraton and sales expenses	**-10.903**	**-11.195**	**292**	**-2,6%**
Fixed costs	-10.024	-10.279	255	-2,5%
Depreciation	-879	-916	37	-4,0%
Operating Income	**132.375**	**118.779**	**13.596**	**11,4%**
Interest from Leasing	249	0	249	-
Other Financial Income	5.476	7.668	-2.192	-28,6%
Financial Costs	-43.998	-40.360	-3.638	9,0%
Foreign exchange differences, net	825	-4.903	5.728	-116,8%
Gain (loss) for indexed assets and liabilities	-23.015	-30.971	7.956	-25,7%
Other income	5.176	1.588	3.588	226,0%
Non-Operating Income	**-55.287**	**-66.978**	**11.691**	**-17,5%**
Income before Income Taxes	**77.088**	**51.801**	**25.287**	**48,8%**
Income tax	-10.239	-8.791	-1.448	16,5%
Net Income	**66.849**	**43.010**	**23.839**	**55,4%**
EBITDA	**179.883**	**155.658**	**24.225**	**15,6%**

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

a) Operating income

During the first nine months of 2015, operating revenues reached MCh$204,833, which is 11.3% higher compared with the same period in 2014 (MCh$184,047). This increase is mainly explained by higher Toll sales that reached MCh$201,816 as of September 2015, a 11.5% higher than 2014 (MCh$180,945). This increase is mainly explained by MCh$13,650 generated by macroeconomic factors (indexation and Foreign Exchange), MCh$2,566 higher regulated subtransmission revenues, MCh$3,020 of additional revenues from new projects commissioned and MCh$1,834 lower revenues in September 2014 due to forward contracts. Revenues from services rendered to others reached MCh$3,017 in September 2015, 2.5% lower than 2014 (MCh$3,093).

During this period, the operating costs reached MCh$61,554, a 13.8% higher than 2014 (MCh$54,073). These costs are mainly related to the maintenance and operation of the Company's facilities and, in percentage terms, 66.9% of the company's costs correspond to property, plant and equipment depreciation (63,6% in 2014) and the remaining 33.1% corresponds to personnel, supplies and contracted services (36.4% in 2014). As of September 2015, fixed costs were slightly higher than the costs reached in the same period in 2014 (3.3% increase), while the depreciation was 19.9% higher, which is mainly explained by the fixed assets retirement as a result of sinister occurred during 2015.

Administrative and selling expenses amounted to MCh$10,903, a 2.6% lower than 2014 (MCh$11,195), and primarily consist in 91.9% of personnel and work expenses, supplies and contracted services (91.8% in 2014), and 8.1% of depreciation (8.2% in 2014).

b) Non-operating income

Despite net income for the first three quarters of 2015 being negatively impacted by the non-operating loss of MCh$55,287, this result was a 17.5% lower than recorded in the same period of 2014 (MCh$66,978), and is mainly explained by gains for indexed assets and liabilities (MCh$7,956), lower losses in income from foreign exchange differences (MCh$5,728) and an increase of MCh$3,588 in other gains, which include a raise of MCh$2,692 for various extraordinary gains. These effects were partially offset by higher financial costs (MCh$3,638).

Loss from indexed assets and liabilities of MCh$23,015, compared with the loss of MCh$30,971 recorded in the same period of 2014, is mainly explained by the variation in the UF or Chilean inflation-indexed currency, which grew 2.8% during the first nine months of the year as opposed to 3.3% in the same period of the previous year. The UF-denominated outstanding debt at this date is also lower than at the same date last year.

Gains from Foreign exchange differences as of September, 2015, reached MCh$825 which is 116.8% higher in comparison with the same period of 2014 (MCh$4,903). Losses recorded as of September 2014, are mainly explained by the negative impact of higher exchange rate on the Senior Notes bond issued in July 2013 (MCh$9,009) and by losses from forward contracts (MCh$2,098), partially offset by gains related to receivables from related companies (MCh$5,305) and in capital market investments (MCh$1,420). As of September 2015, the impact of a higher exchange rate was made visible by the dollarization of the intercompany loan between Transelec S.A. and its subsidiary, Transam. This loan was originally denominated in UF.

The "Other gains" item had a MCh$5,176 positive impact on the non-operating income, 226% higher than last year's comparison at the same date, and it consists mainly of subtransmission reassessments from previous years.

Financial costs as of September, 2015, reached MCh$ 43,998, 9.0% higher than the same period of 2014 (MCh$40,360). This increase is mainly explained by interest paid on US$-denominated debt issued in July 2014 (MCh$7,024) to pay for E, F, L and I bonds series, plus the mark-to-market of the swap to hedge the US$-denominated debt (MCh$3,411). This is partially offset by lower financial expenses related to a smaller amount of UF-denominated debt (MCh$3,124) and a smaller amount of CLP-denominated debt (MCh$1,119) after payment of the F series; by lower interest paid to related parties (MCh$1,371) in comparison to the same period in 2014 and other minor items.

Other financial income as of September, 2015, reached MCh$5,476, a 28.6% lower than the same period in 2014 (MCh$7,668), mainly explained by lower interest accrued to related companies (Transelec Holding Rentas Ltda.).

2. BALANCE SHEET ANALYSIS

The increase in the total assets between December 2014 and September 2015 is explained by higher non-current assets (MCh$110,901), partially offset by a decrease in current assets (MCh$29,270). This is mainly explained by dividend payment made during 2015 and the payment of loans from related companies.

The increase in total liabilities between December 2014 and September 2015 is explained by the reclassification of the C series bond, which is due in September 2016.

Items	YTD Septembe 2015 MCh$	December 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Current assets	99.243	128.514	-29.270	-22,8%
Non-current assets	2.139.453	2.028.552	110.901	5,5%
Total Assets	**2.238.696**	**2.157.066**	**81.630**	**3,8%**
			0	
Current liabilities	243.144	96.930	146.215	150,8%
Non current liabilities	1.189.323	1.254.884	-65.561	-5,2%
Equity	806.229	805.252	977	0,1%
Total Liabilities & Equity	**2.238.696**	**2.157.066**	**81.630**	**3,8%**

VALUE OF THE MAIN PP&E IN OPERATION

Assets	YTD Septembe 2015 MCh$	December 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Land	20.630	20.060	571	2,8%
Building, Infraestucture, works in progress	866.710	1.046.214	-179.504	-17,2%
Work in progress	68.227	73.169	-4.942	-6,8%
Machinery and equipment	403.945	546.349	-142.405	-26,1%
Other fixed assets	6.442	4.394	2.048	46,6%
Depreciation (less)	-370.014	-338.275	-31.739	9,4%
Total	**995.941**	**1.351.911**	**-355.970**	**-26,3%**

CURRENT DEBT

Debt	Currency or index	Interest rate	Type of rate	Maturity Date	Amount in original currency (million) Unpaid capital YTD September 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	1,58%	Variable		0,0	0,0
Huepil Loan	USD	-	Variable	04 April, 2015	0,0	19,1
Local Note	USD	3,80%	Variable	02 April, 2016	16.000,0	0,0

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	YTD September 2015 MCh$	YTD September 2014 MCh$	Variation 2015/2014 MCh$	Variation 2015/2014 %
Cash flows provided by (used in) operating activities	126.077	135.504	-9.427	-7,0%
Cash flows provided by (used in) investing activities	-103.916	-78.348	-25.568	32,6%
Cash flows provided by (used in) financing activities	-55.753	16.405	-72.158	6,0%
Net increase (decrease) of cash and cash equivalent	**-33.592**	**73.561**	**-107.153**	**-145,7%**
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	**32.321**	**125.983**	**-93.662**	**-74,3%**

As of September, 2015, cash flows provided by operating activities reached MCh$126,077, which is 7.0% lower than the same period of 2014 (MCh$135,504), mainly explained by lower costs in operation-related charges for one time (MCh$3,627), and a lower amount of interest charged (MCh$3,650). This is partially offset by a higher charge from sales of goods and services rendered (MCh$304,077) and higher payments made to providers due to goods and services rendered (128,445) and higher interest paid in comparison to the previous year.

During this period, cash flow used in investing activities reached MCh$103,916, 32.6% higher than the amount used in the same period of 2014 (Mch$78,348), which is mostly explained by the rise in loans to related parties (MCh$66,628), partially offset by charges made to related parties (MCh$20,133) and a decrease in advance payments and loans made to other parties (MCh$462,322).

During the same period, cash flows used in financing activities reached MCh$55,753, an 6.0% higher than the amount used in the same period of 2014 (MCh$16,405), mainly explained by proceeds from the loan agreement subscribed by Transelec S.A. with Banco Estado on April, 2015 (MCh$16,000), partially offset by the prepayment of Transmisora Huepil Ltda. loan.

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	YTD September 2015	December 2014
All local Series	Distribution Test (**)	FNO(*)/Financial Expenses > 1,5	4,02	4,35
	Capitalization Ratio	< 0,7	0,62	0,61
	Shareholder's Equity (million UF) (***)	> ThUF15.000	32,79	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 September 30, 2015 amounted to MCh$24.970.

Ratios *Figures as of September are annualized	YTD September 2015	December 2014	Variation 2015/2014
Profitability			
Shareholders' Equity profitability *	11,1%	8,3%	33,3%
Assets profitability *	4,0%	3,1%	28,4%
Operating assets profitability *	7,6%	4,4%	73,3%
Earnings per share ($) *	89.132	66.773	33,5%
Liquidity & Indebtedness			
Current Ratio	0,41	1,33	-69,2%
Acid-Test Ratio	0,41	1,33	-69,2%
Debt to Equity	1,78	1,68	6,0%
% Short term debt	16,97	7,17	136,7%
% Log term debt	83,03	92,83	-10,6%
Financial expenses coverage	4,09	3,79	7,8%

* Yearly basis

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 towards the end 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 first half of 2016.

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 UF and US dollars.
- Maintains a Cross Currency Swap 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 September 30, 2015 and December 31, 2014:

	YTD September 2015		December 2014	
In million pesos	Assets	Liabilities	Assets	Liabilities
Dollar (amounts associated with balance sheet items)	469.808	469.630	405.821	420.498
Dollar (amounts associated with income statement items)	0	0	0	0
Chilean peso	1.728.890	1.729.068	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
April	614,73	611,28	554,64	564,59
May	607,60	616,66	555,40	550,72
June	629,99	639,04	553,06	552,72
July	650,14	671,11	558,21	573,14
August	688,12	695,25	579,05	590,91
September	704,68	698,72	593,47	599,22
Average of the period	**640,92**	**645,49**	**561,01**	**566,19**

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 June 30, 2015, the company has five main clients which represent individually between 3% and 43% of the total revenues. These are Endesa Group (MCh$57,895), AES Gener Group (MCh$28,076), Colbún Group (MCh$20,697), E-CL Group (MCh$4,893) and Pacific Hydro-LH-LC Group (MCh$4,167). The total revenues recognized for these clients represent an 85.7% of the total revenues of the company. In the period of comparison, the company had the same structure of clients which revenues reached to MCh$58,662, MCh$17,330, MCh$20,202, MCh$1,072 and MCh$8,389 respectively, with a percentage of the total incomes of 87.2%.

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$159,760. 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 June 30, 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
June 30, 2015	69,797	248,453	95,954	657,938	876,359	1,948,500
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 June 30, 2015, and as of December 31, 2014, was at a fixed rate, corresponding to 100.0% 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
April	24,693.8	24,754.8	23,685.1	23,773.4
May	24,842.3	24,904.8	23,860.5	23,931.7
June	24,961.0	24,983.0	23,986.2	24,023.6
Average of the period	**24,702.3**	**24,727.9**	**23,656.1**	**23,713.3**

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".

4) On April 29, 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:

   That on April 28, 2015, the Company's annual shareholders meeting was held, and the following was agreed:

   1. Approval of the Annual Report, Balance Sheet, Financial Statements and Report of the External Auditors for the period ended December 31, 2014.

   2. Approval of the distribution of a final dividend for the year 2014, for the amount of $24.845.230.291, which will be paid starting from May 28, 2015 to shareholders registered in the respective registry on May 22, 2015.

   3. Approval of the dividend distribution policy.

   4. Set the remuneration of the Board and the Audit Committee.

   5. Approval of the appointment of Ernst & Young as external auditors of the company for the year 2015.

   6. Approval of the appointment of the Diario Financiero to publish the citations for the shareholders meetings.

   7. It was informed of the resolutions adopted by the Board on matters contained in Articles 146 and following of the Corporations Law.

   8. It was agreed to renew the members of the Board, which Will be composed as follows: Richard Legault as director titular and Jeffrey Rosenthal as his alternate; Paul Dufresne as director and Patrick Charbonneau as his alternate; Brenda Eaton as director and Jerry Divoky as her alternate; Alfredo Ergas Segal as director and Etienne Middletonas as his alternate; Bruno Philippi Irarrázabal as director and José Ignacio Concha Vialas his alternate; Mario Valcarce Durán as director titular and Patricio Leyton

Flores as his alternate; Blas Tomic Errázuriz as director and Rodrigo Ferrada Celis as his alternate; José Ramón Valente Vias as director and Stella Muñoz Schiattino as his alternate; and, Alejandro Jadresic Marinovic as director and Valeria Ruz Hernández as his alternate.

9. Agreed to clarify the decision taken at the Extraordinary Shaerholder´s Meeting held on January 23, 2015 concerning the absorption of subsidiary Inversiones Eléctricas Transam Chile Limitada by Transelec S.A.

5) On May 13, 2015, and according to the article 9 and second paragraph of article 10 of the Law No 18,045 of Securities Market, and the set forth in the General Law No 30 of the Superintendence of Securities and Insurance, the following material fact was reported:

   That Transelec S.A.'s Board of Directors at its Meeting No 124 held on May 13, 2015, elected Mr. Richard Legault as the Board of Directors' Chairman.

6) On May 18, 2015, and according to the article 9 and second paragraph of article 10 of the law No 18,045 of Securities Market, and the Circular No 660 of the Superintendence of Securities and Insurance, the following material fact was reported:

   That, Transelec S.A.'s Board of Directors at its Meeting held on May 13, 2015, approved the distribution of the interim dividend of CLP $16,355,000,000 corresponding to year 2015, to be paid from June 11, 2015 to the shareholders registered at the pertinent registrar at June 5, 2014.

   The Form No 1 about dividend distribution was attached to the circular.

7) On August 13, 2015, and according to the article 9 and second paragraph of article 10 of the Law No 18,045 of Securities Market, the following material fact was reported:

   That in Board of Directors of the Company, dated August 12, 2015, it was agreed to instruct Transelec S.A.´s Management to proceed with the absorption of the subsidiary company Inversiones Eléctricas Transam Chile Limitada in Transelec S.A., according to Special Shareholder's Meeting dated January 23, 2015, and Ordinary Shareholder's Meeting dated April 28, 2015. In addition, it was agreed that the absorption should be materialize during the second half of 2015 through the purchase by Transelec S.A. of the 100% of the social rights of Inversiones Eléctricas Transam Chile Limitada, which will dissolved.

8) On August 13, 2015, and according to Circular No 660 of the Superintendence of Securities and Insurance, the following material fact was reported:

That, Transelec S.A.'s Board of Directors at its Meeting held on August 12, 2015, approved the distribution of the interim dividend of CLP $18,167,000,000 corresponding to year 2015, to be paid from September 9, 2015 to the shareholders registered at the pertinent registrar at September 3, 2015.

The Form No 1 about dividend distribution was attached to the circular.