TRANSELEC S.A. AND SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2013

Ch$:	**Chilean pesos**
ThCh$:	**Thousands of Chilean pesos**
UF:	**Unidades de Fomento**
US$:	**U.S. dollars**
ThUS$:	**Thousands of U.S. dollars**

INDEX

INDEX

INDEX

INDEX

TRANSELEC S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of March 31, 2013 and December 31, 2012
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	Note	March 31, 2013 ThCh$	December 31, 2012 ThCh$
CURRENT ASSETS			
Cash and cash equivalents	5	37,510,166	37,955,954
Other financial assets	9	949,769	669,329
Other non-financial assets		9,790,771	8,566,618
Trade and other receivables	6	58,188,222	49,387,085
Receivables from related parties	7	91,111,810	92,649,357
Inventory	8	28,301	28,301
Current tax assets		326,356	142,823
TOTAL CURRENT ASSETS		197,905,395	189,399,467
NON-CURRENT ASSETS			
Other financial assets		33,863,664	34,769,560
Other non-financial assets		23,646,625	26,429,971
Receivables from related parties	7	161,985,578	69,581,888
Intangible assets other than goodwill	10	154,076,239	153,819,655
Goodwill	10	348,214,679	348,371,203
Property, plant and equipment	11	1,157,577,174	1,159,543,789
Deferred tax assets	12	10,096,629	15,608,137
TOTAL NON-CURRENT ASSETS		1,889,460,588	1,808,124,203
TOTAL ASSETS		**2,087,365,983**	**1,997,523,670**

TRANSELEC S.A. AND SUBSIDIARIES

Consolidated Statements of Financial Position
As of March 31, 2013 and December 31, 2012
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

EQUITY AND LIABILITIES	Note	March 31, 2013 ThCh$	December 31, 2012 ThCh$
CURRENT LIABILITIES			
Other financial liabilities	13	183,132,207	66,782,786
Trade and other payables	14	54,391,975	89,427,302
Current provisions for employee benefits	16	4,338,221	6,833,923
Other non-financial liabilities		3,405,551	15,014,843
TOTAL CURRENT LIABILITIES		245,267,954	178,058,854
NON-CURRENT LIABILITIES			
Other financial liabilities	13	893,843,383	892,622,689
Payables to related parties	7	36,342,710	36,947,376
Deferred tax liabilities	12	6,291,712	6,110,267
Non-current provisions for employee benefits	16	3,491,273	3,237,935
Other non-financial liabilities		3,781,048	3,575,059
TOTAL NON-CURRENT LIABILITIES		943,750,126	942,493,326
TOTAL LIABILITIES		1,189,018,080	1,120,552,180
EQUITY			
Paid-in capital	18	857,944,548	857,944,548
Retained earnings		38,080,130	17,200,259
Other reserves	18	2,319,762	1,823,280
Total equity attributable to owners of the parent		898,344,440	876,968,087
Non-controlling interest		3,463	3,403
Total Equity		898,347,903	876,971,490
TOTAL EQUITY AND LIABILITIES		**2,087,365,983**	**1,997,523,670**

TRANSELEC S.A. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income by function
For the three-month periods ended March 31, 2013 and 2012
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

Consolidated statement of comprehensive income by function	Note	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Operating revenues	19	54,258,693	54,015,391
Cost of sales	20	(17,653,029)	(21,384,764)
GROSS MARGIN		36,605,664	32,630,627
Administrative expenses	20	(2,710,352)	(2,376,085)
Other gains (losses), net	19	2,021,510	377,460
Financial income	19	2,289,059	1,245,010
Financial expenses	20	(10,548,194)	(8,906,823)
Foreign exchange differences, net	20	(160,903)	618,084
Gain (loss) for indexed assets and liabilities	20	(1,075,339)	(8,221,504)
Profit Before Income Taxes		**26,420,926**	**15,366,769**
Income tax expense	21	(5,680,414)	(1,386,147)
Profit from continuing operations		20,740,512	13,980,622
Profit (loss) from discontinued operations		-	-
Profit (loss)		**20,740,512**	**13,980,622**
PROFIT (LOSS) ATTRIBUTABLE TO			
Profit attributable to owners of the parent		20,740,430	13,980,544
Profit (loss) attributable to non-controlling interest		82	78
PROFIT		**20,740,512**	**13,980,622**
EARNINGS PER SHARE			
Basic earnings per share			
Basic earnings per share from continuing operations	22	20,741	13,981
Basic earnings (loss) per share from discontinued operations		-	-
Basic earnings per share	22	**20,741**	**13,981**
Diluted earnings per share		-	-
Diluted earnings per share from continuing operations	22	20,741	13,981
Diluted earnings (loss) per share from discontinued operations		-	-
Diluted earnings per share ($/s)	22	**20,741**	**13,981**

Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2013 and 2012
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	March 31, 2013 ThCh$	March 31, 2012 ThCh$
PROFIT (LOSS)	**20,740,512**	**13,980,622**
Foreign Currency Translation		
Gains (losses) on foreign currency translation differences, before taxes	202,944	(334,300)
Cash flow hedges		
Gains (losses) on cash flow hedges, before taxes	417,659	1,082,842
Income taxes related to components of other comprehensive income		
Income taxes related to components of other comprehensive income	(124,121)	(127,252)
OTHER COMPREHENSIVE INCOME	**496,482**	**621,290**
Total comprehensive income	**21,236,994**	**14,601,912**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	21,236,912	14,601,834
Comprehensive income attributable to non controlling Interest	82	78
Total comprehensive income	**21,236,994**	**14,601,912**

Consolidated Statement of Changes in Equity
For the three-month periods ended March 31, 2013
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	Paid-in capital	Reserve for foreign translation adjustment	Reserve for cash flow hedges	Total Other reserves	Retained Earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of January 1, 2013	**857,944,548**	**1,930,573**	**(107,293)**	**1,823,280**	**17,200,259**	**876,968,087**	**3,403**	**876,971,490**
Increase (decrease) for changes in accounting policies	-	-	-	-	-	-	-	-
Increase (decrease) for correction of errors	-	-	-	-	-	-	-	-
Opening balance restated	**857,944,548**	**1,930.573**	**(107,293)**	**1,823,280**	**17,200,259**	**876,968,087**	**3,403**	**876,971,490**
Changes in equity:								
Comprehensive income:	-	-	-	-	-	-	-	-
Profit	-	-	-	-	20,740,430	20,740,430	82	20,740,512
Other comprehensive income	-	162,355	334,127	496,482	-	496,482	-	496,482
Total comprehensive income	**-**	**162,355**	**334,127**	**496,482**	**20,740,430**	**21,236,912**	**82**	**21,236,994**
Dividends	-	-	-	-	-	-	-	-
Increase (decrease) from transfers and other changes	-	-	-	-	139,441	139,441	(22)	139,419
Total changes in equity	**-**	**162,355**	**334,127**	**496,482**	**20,879,871**	**21,376,353**	**60**	**21,376,413**
Closing balance as of March 31, 2013	**857,944,548**	**2,092,928**	**226,834**	**2,319,762**	**38,080,130**	**898,344,440**	**3,463**	**898,347,903**

TRANSELEC S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity
For the three-month periods ended March 31, 2012
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	Paid-in capital	Reserve for foreign translation adjustment	Reserve for cash flow hedges	Total Other reserves	Retained Earnings	Equity attributable to owners of the parent	Non-controlling interest	Total Equity
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Opening balance as of January 1, 2012	**857,944,548**	**1,292,225**	**(137,115)**	**1,155,110**	**61,938,528**	**921,038,186**	**3,633**	**921,041,819**
Increase (decrease) for changes in accounting policies	-	-	-	-	-	-	-	-
Increase (decrease) for changes correction of errors	-	-	-	-	-	-	-	-
Opening balance restated	**857,944,548**	**1,292,225**	**(137,115)**	**1,155,110**	**61,938,528**	**921,038,186**	**3,633**	**921,041,819**
Changes in equity:								
Comprehensive income:	-	-	-	-	-	-	-	-
Profit	-	-	-	-	13,980,544	13,980,544	78	13,980,622
Other comprehensive income	-	(277,469)	898,759	621,290	-	621,290	-	621,290
Total comprehensive income	**-**	**(277,469)**	**898,759**	**621,290**	**13,980,544**	**14,601,834**	**78**	**14,601,912**
Dividends	-	-	-	-	-	-	-	-
Increase (decrease) from transfers and other changes	-	-	-	-	164,309	164,309	(220)	164,089
Total changes in equity	**-**	**(277,469)**	**898,759**	**621,290**	**14,144,853**	**14,766,143**	**(142)**	**14,766,001**
Closing balance as of March 31, 2012	**857,944,548**	**1,014,756**	**761,644**	**1,776,400**	**76,083,381**	**935,804,329**	**3,491**	**935,807,820**

The accompanying notes form an integral part of these consolidated financial statements

TRANSELEC S.A. AND SUBSIDIARIES

Consolidated Statements of Cash Flows – Direct Method
For the three-month periods ended as of March 31, 2013 and 2012
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	Note	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Cash flows provided by (used in) operating activities			
Cash receipts from sales of goods and services		41,571,656	53,974,090
Other proceeds from operating activities		6,510,880	6,450,100
Classes of payments			
Payments to suppliers for goods and services		(18,279,293)	(30,806,623)
Payments to employees		(3,722,815)	(4,915,008)
Other payments for operating activities		-	(13,490)
		26,080,428	**24,693,069**
Interest paid		(8,861,078)	(7,707,179)
Income taxes paid		(107,162)	-
Net cash flows provided by operating activities		**17,112,188**	**16,985,890**
Cash Flows Provided by (Used in) Investing Activities			
Other investing activity payments		(17,046,636)	-
Additions of property, plant and equipment		(18,737,869)	(10,106,189)
Cash advances and loans to third parties		(3,533,988)	(5,259,835)
Cash flows provided by (used in) investing activities		**(39,318,493)**	**(15,366,024)**
Cash Flows Provided by (Used in) Financing Activities			
Proceeds from short term loans		116,651,100	-
Loans to related parties		(94,672,384)	(2,869,863)
Other disbursements		(218,199)	-
Net cash flows provided by (used in) financing activities		**21,760,517**	**(2,869,863)**
Net Increase (Decrease) in Cash and Cash Equivalents		(445,788)	(1,249,997)
Cash and Cash Equivalents, Opening Balance		37,955,954	64,211,994
Cash and Cash Equivalents, Closing Balance		**37,510,166**	**62,961,997**

NOTE 1 - GENERAL INFORMATION

Rentas Eléctricas III Limitada was formed as a limited liability company by public deed on June 6, 2006. On March 26, 2007, it changed its name to Rentas Eléctricas III S.A. and became a corporation. 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 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.

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

The Company's another subsidiary Inversiones Eléctricas Transam Chile Ltda. is a limited liability company that has three subsidiaries: Transmisora Huepil Ltda., Transmisora Abenor Ltda., and Transmisora Araucana de Electricidad Ltda., and each of them is also a limited liability company. The rights in Inversiones Eléctricas Transam Chile Ltda. were acquired in December 2012. The subsidiary is domiciled at Av. Apoquindo No. 3721, floor 6, 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.

These interim consolidated financial statements were approved by the Board of Directors in Ordinary Meeting No.92 held on May 23, 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing these interim consolidated financial statements are detailed below. These policies have been based on IFRS in effect as of March 31, 2013 and applied uniformly for the periods presented.

2.1 Basis of preparation of the consolidated financial statements

These interim consolidated financial statements have been prepared in accordance with IFRS, issued by the International Accounting Standards Board (IASB).

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

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

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

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

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Company for the year ended December 31, 2012, except for the adoption of new standards and interpretations in effect as of January 1, 2013.

The Group applies, for the first time, certain standards and amendments that require – in principle – restatement of previous financial statements. These include IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IAS 19 (Revised 2011) "Employee Benefits", etc. In the Company´s case these new rules had no impact requiring the restatement of the previously issued financial statements. Several other new standards and amendments apply for the first time in 2013, however they do not impact the previously issued annual consolidated financial statements of the Company or the interim consolidated financial statements. In addition, the application of IFRS 12 "Disclosure of Interest in Other Entities" would result in additional disclosures in the annual consolidated financial statements.

The nature and the impact of those changes are described below:

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

IAS 1 - Presentation of Items of Other Comprehensive Income

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

IAS 1 - Clarification of the requirement for comparative information

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

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

This amendment did not have impact n 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 interim financial statements.

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

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

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

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

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

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

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

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

IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Company has not made such disclosures.

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".

2.2 New standards and interpretations issued but not yet effective

Below is a summary of new standards and amendments to IFRS issued by the IASB that are not yet effective as of March 31, 2013. It is expected that that those will not have significant impact on the financial statements of the Company in the moment of adoption.

IFRS 9 "Financial Instruments"

This standard introduces new requirements for classifying and measuring financial assets, allowing early application. Requires all financial assets to be classified in its entirety on the basis of the business model of the entity for the management of financial assets and characteristics of the contractual cash flows of financial assets. Financial assets under this standard are either measured at amortized cost or fair value. Only assets classified as measured at amortized cost shall be tested for impairment. Its application is effective for annual periods beginning on or after January 1, 2015, early adoption is permitted.

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

IAS 32 "Financial Instruments: Presentation"

In December 2011 the IASB issued amendments to IAS 32. These amendments are intended to clarify differences in the application relating to compensation and reduce the level of diversity in current practice. The standard is applicable to count from January 1, 2014 and early adoption is permitted.

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

2.3 Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which Transelec has: (a) a power, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns generally holds a share of more than half of the voting rights. When evaluating whether the Company controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible should be considered.

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

At the date of acquisition, the assets, liabilities and contingent liabilities of the subsidiary or jointly-controlled entity are recorded at fair value. In the event that there is a positive difference between the acquisition cost and the fair value of the assets and liabilities of the acquired entity, including contingent liabilities, corresponding to the parent's share, this difference is recorded as goodwill. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.3 Basis of consolidation (continued)

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

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

These consolidated financial statements include balances of subsidiaries Transelec Norte S.A. and Inversiones Eléctricas Transam Chile Ltda. The participation in the subsidiaries was 99.99% and 99.899%, respectively as of March 31, 2013 and December 31, 2012. In addition, Inversiones Eléctricas Transam Chile Ltda. has participation of 99% in each one of its following subsidiaries: Transmisora Huepil Ltda., Transmisora Abenor Ltda. y Transmisora Araucana de Eléctricidad Ltda.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

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

2.4.2 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. Any translation differences are recorded as exchange differences in the income statement. Losses and gains in foreign currency arising from settling these transactions and from converting monetary assets and liabilities denominated in foreign currency using period-end exchange rates are recorded in the income statement, except when they should be deferred in 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 Transelec Norte.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.4 Foreign currency translation (continued)

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 18).

2.4.4 Exchange rates

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

Currency	**Pesos per unit**	
	March 31, 2013	**December 31, 2012**
Unidad de Fomento	22,869.38	22,840.75
US$	472.03	479.96
Euro	605.40	634.45

2.5 Segments reporting

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

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 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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

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, 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 on an annual basis.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.8 Impairment of non-financial assets (continued)

Regardless of what is stated in the preceding paragraph, in the case of cash generating units to which goodwill or indefinite useful life intangibles were assigned, the recoverability analysis is performed systematically each year.

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.

In order to assess impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

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. Reversals are included in the income statement.

Impairment of goodwill is not reversed.

2.9 Financial assets

Upon initial recognition, Transelec and its subsidiary classify their 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.

During the periods covered by these financial statements, the Company had no financial assets in this category.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial assets (continued)

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

During the years covered by these financial statements, the Company had no financial assets in this category

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.9 Financial assets (continued)

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).

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 derivates 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.10 Financial instruments and hedge activities (continued)

2.10.2 Cash flow hedges

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

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

2.10.3 Net investment hedges

Hedges of net investments in foreign operations are accounted for on a similar basis to cash flow hedges. Foreign currency translation originated by a net investment in a foreign entity and derived from the hedge transaction should be registered in equity reserve (under “Other reserves” heading) until the investment's disposal. Gains or losses relating to the ineffective portion are recognized immediately in the income statement in the line item “Other gains (losses)”. The Company applies this policy for the hedge of its investment in the subsidiary Transelec Norte S.A., which is not a foreign operation but has a different functional currency than the Parent Company (US Dollars).

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.11 Inventory

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

2.12 Cash and cash equivalents

Cash and cash equivalents presented in the statement of consolidated financial position includes cash, time deposits and other highly-liquid, short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.15 Income tax and deferred taxes (continued)

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.

2.16 Employee benefits

2.16.1 Employee vacation

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

2.16.2 Staff severance indemnity

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.16 Employee benefits (continued)

2.16.2 Staff severance indemnity

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.

2.16.3 Profit sharing

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

2.17 Provisions

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

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

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

As of the date of issuance of these financial statements, Transelec and subsidiaries have no obligation to establish provision for environmental restoration and similar expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.18 Classification of current and non-current balances

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

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

2.19 Revenue recognition

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

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.

2.20.1 The Company as lessor

The assets held under a finance lease are presented as a receivable 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 finance income (interest) is recognized on a pattern reflecting a constant periodic rate of return on the net investment in the lease. 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

2.21 Distribution of dividends (continued)

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

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

NOTE 3 - RISK MANAGEMENT POLICY

3.1 Financial risk

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

3.1.1 Market risk

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

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

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

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

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

NOTE 3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

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.

The table below compares the debts of the Company and shows that majority of the debt as of March 31, 2013 and all debt as of December 31, 2012 were at fixed rate. However, in the case of UF-indexed debt, variations in inflation rates could potentially impact the Company's financial expenses.

Deb	Currency or index	Interest Rate	Type of rate	Amount in Original Currency (thousand)	
				March 31, 2013	December 31, 2012
Bono Series C	UF	3.50%	Fixed	6,000	6,000
Bono Series D	UF	4.25%	Fixed	13,500	13,500
Bono Series E	UF	3.90%	Fixed	3,300	3,300
Bono Series F	CLP	5.70%	Fixed	33,600,000	33,600,000
Bono Series H	UF	4.80%	Fixed	3,000	3,000
Bono Series I	UF	3.50%	Fixed	1,500	1,500
Bono Series K	UF	4.60%	Fixed	1,600	1,600
Bono Series L	UF	3.65%	Fixed	2,500	2,500
Bono Series M	UF	4.05%	Fixed	3,400	3,400
Bono Series N	UF	3.95%	Fixed	3,000	3,000
Revolving Credit Facility	USD	2.53%	Variable (*)	250,000	120,000
Uncommitted Facility Loans	CLP	5.89%	Fixed	54,840,000	-
Westlb	USD	1.80%	Variable (**)	23,056	23,056

(*) The variable interest rate may correspond to 3- or 6-month Libor; the amount currently used corresponds to 3-month Libor.
(**) Includes spread of 1.5%.

NOTE 3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.1 Interest rate risk (continued)

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

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

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 subsidiaries Transelec Norte are denominated in U.S. dollars.

- Transelec carries out several types of transactions in U.S. dollars (certain construction contracts, import purchases, etc.).

- Transelec uses forward contracts to sell U.S. dollars to hedge future revenues denominated in the U.S. dollars. Transelec also uses a currency forward contract with its parent; this allows it to finance U.S. dollar-denominated assets of its subsidiary.

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

a) Fully hedging net balance sheet exposure using diverse instruments such as foreign exchange forward contracts and cross currency swaps. The following table details the amounts of monetary assets and liabilities as of March 31, 2013 and December 31, 2012:

	Liabilities		Assets	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
	MCh$	MCh$	MCh$	MCh$
U.S. dollar (amounts associated with balance sheet items)	185,507.82	102,918.40	142,660.19	75,915.84
U.S. dollar (amounts associated with income statement items)	15,435.38	31,389.40	-	-
Chilean peso	1,000,846.53	974,211.20	1,936,645.25	1,878,851.70

NOTE 3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.2 Exchange rate risk (continued)

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

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.

	Position	Net income (gain)/loss		Position	OCI (gain)/loss	
	MCh$	MCh$		MCh$	MCh$	
Item (Currency)	**Long /(Short)**	**Change (-10%)**	**Change (+10%)**	**Long /(Short)**	**Change (-10%)**	**Change (+10%)**
Receivables (US$)	4,172	379	(417)	-	-	-
Payables (US$)	(27,401)	(2,491)	2,740	-	-	-
Cash (US$)	973	88	(97)	-	-	-
Forwards (assets) (US$)	(6,136)	(558)	614	(61,458)	(5,587)	6,146
Forwards (income)	-	-	-	(15,435)	(1,403)	1,544
Revolving Credit Facility (US$)	(118,181)	(10,744)	11,818	-	-	-
Intercompany loan (US$)	91,917	8,356	(9,192)	-	-	-
PPE (US$)	-	-	-	58,470	5,315	(5,847)
Other (US$)	(638)	(58)	64	-	-	-
Total	**(55,294)**	**(5,028)**	**5,530**	**(18,423)**	**(1,675)**	**1,843**

NOTE 3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

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

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

Revenues	**For the period 3 months ended March 31, 2013 ThCh$**	**For the period 3 months ended March 31, 2012 ThCh$**
Endesa Group	25,729,130	22,807,293
AES Gener Group	5,935,636	8,808,168
Colbún Group	5,459,696	7,396,835
Pacific Hydro-LH-LC Group	3,604,581	-
Others	13,529,650	15,003,095
Total	**54,258,693**	**54,015,391**
% of concentration of 3 top customers	68.42%	72.22%

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.

During 2011 certain insolvency problems of some of the members of the CDEC-SIC were observed.

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.

NOTE 3 - RISK MANAGEMENT POLICY (continued)

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 Transelec is able to quickly react to investment opportunities and pay its obligations by their maturity dates, in addition to its cash balances and short-term receivables, the Company has committed line of credit for working capital of US$ 250 million, equivalent to ThCh$ 118,007). Until now this line is fully utilized and it is expected that this line of credit will be renewed on maturity. 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.

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

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

The following table presents the capital amortizations corresponding to the Company's financial liabilities, according to their maturity date, as of March 31, 2013 and December 31, 2012.

Debt maturity (capital)	Less than 1 Years	1 to 3 Years	3 to 5 Years	5 to 10 Years	More than 10 years	Total
March 31, 2013	173,748,133	202,591,308	139,689,717	4,927,993	560,617,014	**1,081,574,166**
December 31, 2012	57,639,841	200,292,834	137,044,500	-	559,598,375	**954,575,550**

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.

NOTE 3 - RISK MANAGEMENT POLICY (continued)

3.1 Financial risk (continued)

3.1.3 Liquidity risk

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

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 material adjustment to the balances of assets and liabilities 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.

NOTE 5 - CASH AND CASH EQUIVALENTS

a) As of March 31, 2013 and December 31, 2012, this account is detailed as follows:

Cash and Cash Equivalents	**Balance as of**	
	March 31, 2013 ThCh$	**December 31, 2012 ThCh$**
Bank and cash balances	3,838,181	33,614,700
Short-term deposits	729,031	3,044,600
Repurchase agreements and mutual funds	32,942,954	1,296,594
Total	**37,510,166**	**37,955,954**

NOTE 5 - CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents included in the statement of financial position as of March 31, 2013 and December 31, 2012, does not differ from those presented in the statement of cash flows.

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

Detail of Cash and Cash Equivalents	Currency	Balance as of March 31, 2013 ThCh$	Balance as of December 31, 2012 ThCh$
Amount of cash and cash equivalents	U.S. dollars	3,124,298	19,820,861
Amount of cash and cash equivalents	Euros	-	-
Amount of cash and cash equivalents	Chilean pesos	34,385,868	18,135,093
Total		**37,510,166**	**37,955,954**

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

NOTE 6 - TRADE AND OTHER RECEIVABLES

As of March 31, 2013 and December 31, 2012, this account is detailed as follows:

Item	Balance as of March 31, 2013 Current ThCh$	Balance as of December 31, 2012 Current ThCh$
Trade receivables	57,582,245	48,820,533
Miscellaneous receivables	605,977	566,552
Total trade and other receivables	**58,188,222**	**49,387,085**

Refer to Note 7 for the amounts, terms and conditions of receivables from related parties. As of March 31, 2013 and December 31, 2012, the aging of trade and other receivables is as follows:

	Balance as of March 31, 2013 ThCh$	Balance as of December 31, 2012 ThCh$
Maturing in less than 30 days	29,516,369	27,777,749
Maturing in more than 30 days up to 1 year	28,671,853	21,609,336
Total	**58,188,222**	**49,387,085**

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

NOTE 6 - TRADE AND OTHER RECEIVABLES (continued)

On September 13, 2011 the company Campanario Generación S.A. was declared bankrupt and stopped paying Transelec SA the amount of ThCh$ 6,345,762 (as of September 30, 2011) from tolls and tariff revenue. Based on the legal and regulatory history, the Company estimated that there are no indications to attest that the accounts receivable outstanding from tariff revenues, are impaired. Therefore, Transelec S.A. recorded a provision for uncollectible amount of ThCh$ 1,026,284 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.

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	
Taxpayer ID Number	Company	Description	Term of transaction	Relationship	Currency	March 31, 2013 ThCh$	December 31, 2012 ThCh$	March 31, 2013 ThCh$	December 31, 2012 ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Mercantile current account	Not defined	Direct parent	CLP	1,824,298	6,059,980	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Mercantile current account	6 months	Direct parent	UF	420,582	57,860	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Loan	6 years	Direct parent y	UF	-	-	69,669,106	69,581,888
76.560.200-9	Transelec Holdings Rentas Ltda.	Loan	3 years	Direct parent y	CLP	-	-	75,901840	-
76.559.580-0	Rentas Electricas I Ltda.	Loan	Not defined	Indirect parent	UF	2,282,897	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Loan	3 years	Direct parent y	CLP	-	-	16,414,632-	-
76.248.725-K	CyT Operaciones SpA	Mercantile current account	Not defined	Indirect	US$	52,516	-	-	-
76.248.725-K	CyT Operaciones SpA	Mercantile current account	Not defined	Indirect	US$	86,531,517	86,531,517	-	-
Total						**91,111,810**	**92,649,357**	**161,985,578**	**69,581,888**

Payables to related parties

Taxpayer ID Number	Company	Description	Term of transaction	Relationship	Currency	Balance as of – Current – March 31, 2013 ThCh$	Balance as of – Current – December 31, 2012 ThCh$	Balance as of – Non-Current – March 31, 2013 ThCh$	Balance as of – Non-Current – December 31, 2012 ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Loan	5 years and 7 months	Direct parent	US$	-	-	36,342,710	36,947,376
Total						**-**	**-**	**36,342,710**	**36,947,376**

NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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 for the periods March 31, 2013 and December 31, 2012:

Taxpayer ID Number	Company	Relationship	Description of	March 31, 2013 ThCh$		December 31, 2012 ThCh$	
				Amount	Effect on Income	Amount	Effect on Income
76.560.200-9	Transelec Holdings Rentas Ltda.	Direct parent	Loans granted	92,316,472	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Direct parent	Loans paid	-	-	3,870,835	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Direct parent	Interest earned	1,823,155	1,823,155	2,648,059	2,648,059
76.560.200-9	Transelec Holdings Rentas Ltda.	Direct parent	Interest accrued	385,078	(385,078)	1,586,062	(1,586,062)
76.560.200-9	Transelec Holdings Rentas Ltda.	Direct parent	Interest received	-	-	4,494,218	-
76.559.580-0	Rentas Eléctricas I Ltda.	Indirect parent	Loans granted	2,282,897	-	-	-
76.248.725-K	CyT Operaciones SpA.	Indirect	Sale of project	-	-	102,899,637	2,538,189

These operations are in accordance with the provisions of Articles No. 44 and 49 of Law No. 18,046, on Corporations.

NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.2 Board of Directors and management

In accordance with the Company's by-laws, the Board of Directors of Transelec is composed of nine members appointed by shareholders at the respective shareholders' meeting. They hold their positions for two years and may be re-elected. The current Board of Directors was elected in the Ordinary General Shareholders' Meeting on April 27, 2012. The current Chairman of the Board was elected at Board meeting dated September 27, 2012.

7.2.1 Board of Directors' compensation

As established in Article No. 33 of Law No. 18,046 on Corporations, on the Second Ordinary Shareholders' Meeting of Transelec S.A., held on April 27, 2012, shareholders established annual gross compensation for the Company's Directors of the equivalent of US$ 70,000, regardless of the number of sessions actually attended or held. Allowances are paid on a quarterly basis.

Directors Jeffrey Blidner, Bruce Hogg, Patrick Charbonneau and Brenda Eaton waived their respective allowances for 2011 and this waiver is maintained for 2012 year. Accordingly, the following compensation was received by directors during the periods 2013 and 2012:

	March 31, 2013	**March 31, 2012**
	ThCh$	**ThCh$**
Blas Tomic Errázuriz	8,399	9,086
José Ramón Valente Vias	8,399	9,086
Alejandro Jadresic Marinovic	8,399	9,086
Mario Alejandro Valcarce Duran	8,399	9,086
Bruno Pedro Philippi Irarrazabal	8,399	9,086

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

7.3 Board expenses

During the periods 2013 and 2012, no payments were made for Board expenses.

NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

7.4 Audit committee

In April 2007, the Company approved creation of an Audit Committee, separate from that established in the Corporations Law. Its functions include, among others, reviewing the reports of the external auditors as well as the Company's balance sheets, other financial statements and internal systems. Transelec's Audit Committee is composed of four Directors, all of whom are qualified in financial matters and apply their specialized knowledge to diverse topics of interest to the Company. Committee members are appointed by the Board of Directors. They hold their positions for two years and may be 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 one meeting in the period 2013 and one meeting in the period 2012.

As of March 31, 2013, the Audit Committee members included Chairman José Ramón Valente Vías, Directors Patrick Charbonneau, Mario Alejandro Valcarce Duran and Brenda Eaton and Secretary Arturo Le Blanc Cerda. The Committee members are entitled to receive compensation as determined by shareholders at the Ordinary Shareholders' Meeting.

On the Quarter Ordinary Shareholders' Meeting of Transelec S.A., held on April 27, 2012, 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 2013 and 2012:

	March 31, 2013	March 31, 2012
	ThCh$	ThCh$
Mario Alejandro Valcarce Duran	4,320	5,192
José Ramón Valente	4,320	5,192

7.5 Compensation of key management that are not Directors

Members of Key Management

Andrés Kuhlmann Jahn	Chief Executive Officer
Eric Ahumada Gomez	Vice-President of Business Development
Francisco Castro Crichton	Vice-President of Finance
Alexandros Semertzakis Pandolfi	Vice-President of Engineering and Construction
Claudio Aravena Vallejo	Vice-President of Human Resources
Arturo Le Blanc Cerda	Vice-President of Legal Matters
Rodrigo Lopéz Vergara	Vice-President of Operations
Jorge Lagos Rodríguez	Corporate Affairs Manager
Juan Carlos Araneda Tapia	Electrical Development Manager

NOTE 7 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

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 2013 and 2012 is detailed as follows:

	March 31, 2013	March 31, 2012
	ThCh$	ThCh$
Salaries	345,412	354,506
Short-term employee benefits	142,834	136,572
Long-term employee benefits	57,518	84,212
Total compensation received by key management personnel	**545,764**	**575,290**

NOTE 8 - INVENTORY

As of March 31, 2013 and December 31, 2012, this account is detailed as follows:

Classes of inventory	Balance as of	
	March 31, 2013	December 31, 2012
	ThCh$	ThCh$
Safety equipment	28,301	28,301
Total	**28,301**	**28,301**

NOTE 9 - FINANCIAL LEASES

9.1 Finance lease receivables

	Balance as of	
	March 31, 2013	December 31, 2012
	ThCh$	ThCh$
Current finance lease receivables	666,225	473,555
Non-current finance lease receivables	33,584,816	10,462,445
Total	**34,251,041**	**10,936,000**

NOTE 9 - FINANCIAL LEASES (continued)

9.1 Finance lease receivables (continued)

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

March 31, 2013			
Period in Years	**Present Value (net investment)**	**Interest receivable**	**Nominal value (gross investment)**
	ThCh$	**ThCh$**	**ThCh$**
Less than 1	666,225	2,800,266	3,466,491
1-5	4,109,431	10,970,502	15,079,933
Over 5	29,475,385	39,328,046	68,803,431
Total	**34,251,041**	**53,098,814**	**87,349,855**

December 31, 2012			
Period in years	**Present Value (net investment)**	**Interest receivable**	**Nominal value (gross investment)**
	ThCh$	**ThCh$**	**ThCh$**
Less than 1	669,329	2,855,370	3,524,699
1-5	3,235,803	11,634,743	14,870,546
Over 5	31,229,802	40,217,103	71,446,905
Total	**35,134,934**	**54,707,216**	**89,842,150**

9.2 Operating leases payable

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

	March 31, 2013	**March 31, 2012**
	ThCh$	**ThCh$**
Real estate lease	135,751	131,866
Other leases	104,086	142,381
Total operating leases	**239,837**	**274,247**

NOTE 9 - FINANCIAL LEASES (continued)

9.2 Operating leases payable (continued)

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

	Up to 1 year	1 to 5 years	More than 5 Years
	ThCh$	ThCh$	ThCh$
Real estate lease	543,004	2,172,016	-
Other leases	416,344	1,665,376	-
Total operating leases	**959,348**	**3,837,392**	**-**

NOTE 10 - INTANGIBLE ASSETS

The following tables detail the balances within this account as of March 31, 2013 and December 31, 2012:

Intangible assets, net	March 31, 2013	December 31, 2012
	ThCh$	ThCh$
Rights of way	153,191,867	152,969,673
Software	884,372	849,982
Goodwill	348,214,679	348,371,203
Total intangible assets, net	**502,290,918**	**502,190,858**

Intangible assets, gross	March 31, 2013	December 31, 2012
	ThCh$	ThCh$
Rights of way	153,191,867	152,969,673
Software	4,247,750	4,127,431
Goodwill	348,214,679	348,371,203
Total intangible assets	**505,654,296**	**505,468,307**

Accumulated amortization and impairment	March 31, 2013	December 31, 2012
	ThCh$	ThCh$
Software	(3,363,378)	(3,277,449)
Total accumulated amortization	**(3,363,378)**	**(3,277,449)**

NOTE 10 - INTANGIBLE ASSETS (continued)

The composition and movements of intangible assets during the period 2013 and 2012 are the following:

Period 2013

Movements in intangible assets	Rights of way	Software	Goodwill	Net intangible assets
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Opening balance as of January 1, 2013	**152,969,673**	**849,982**	**348,371,203**	**502,190,858**
Movements in intangible assets				
Additions	227,800	121,682	-	349,482
Amortization	-	(87,292)	-	(87,292)
Translation difference	(5,606)	-	(156,524)	(162,130)
Ending balance of intangible assets as of March 31 , 2013	**153,191,867**	**884,372**	**348,214,679**	**502,290,918**

Year 2012

Movements in intangible assets	Rights of way	Software	Goodwill	Net intangible assets
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Opening balance as of January 1, 2012	**148,448,704**	**815,158**	**338,897,614**	**488,161,476**
Movements in intangible assets				
Additions	4,897,068	352,349	9,473,589	14,723,006
Amortization	-	(309,913)	-	(309,913)
Translation difference	(376,099)	(7,612)	-	(383,711)
Ending balance of intangible assets as of December 31 , 2012	**152,969,673**	**849,982**	**348,371,203**	**502,190,858**

Based on estimates made by Management, projections of cash flows attributable to intangible assets allow the carrying value of these assets recorded as of March 31, 2013 and December 31, 2012, to be recovered.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

11.1 Detail of accounts

This account is detailed as follows:

Property, plant and equipment, net	March 31, 2013	December 31, 2012
	ThCh$	ThCh$
Land	20,977,219	20,983,480
Buildings and infrastructure	781,299,061	782,651,737
Machinery and equipment	350,620,661	351,440,492
Other property, plant and equipment	4,680,233	4,468,080
Property, plant and equipment, net	**1,157,577,174**	**1,159,543,789**

Property, plant and equipment, gross	March 31, 2013	December 31, 2012
	ThCh$	ThCh$
Land	20,997,219	20,983,480
Buildings and infrastructure	935,378,116	930,526,162
Machinery and equipment	462,525,567	458,330,044
Other property, plant and equipment	4,680,233	4,468,080
Total property, plant and equipment, gross/	**1,423,561,135**	**1,414,307,766**

Total accumulated depreciation and impairment, property, plant and equipment, net	March 31, 2013 ThCh$	December 31, 2012 ThCh$
Buildings and infrastructure	(154,079,055)	(147,874,425)
Machinery and equipment	(111,904,906)	(106,889,552)
Total accumulated depreciation and impairment, property, plant and equipment	**(265,983,961)**	**(254,763,977)**

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (continued)

11.2 Reconciliation of changes in property, plant and equipment

Period 2013		Land	Buildings and infrastructure	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment, net
Opening balance January 1, 2013		**20,983,480**	**782,651,737**	**351,440,492**	**4,468,080**	**1,159,543,789**
Movement	Additions	17,188	3,208,927	4,458,337	216,286	**7,900,738**
	Retirements	-	-	-	-	**-**
	Depreciation expense	-	(6,383,210)	(5,148,004)	-	**(11,531,214)**
	Translation adjustment	(23,449)	(825,109)	(130,163)	(4,133)	**(982,854)**
	Other increases (decreases)	-	2,646,715	-	-	**2,646,715**
Ending balance as of March 31, 2013		**20,977,219**	**781,299,060**	**350,620,662**	**4,680,233**	**1,157,577,174**

Year 2012		Land	Buildings and infrastructure	Machinery and equipment	Other property, plant and equipment	Property, plant and equipment, net
Opening balance January 1, 2012		**20,668,591**	**780,897,957**	**349,626,007**	**1,852,680**	**1,153,045,235**
Movement	Additions	430,904	100,863,139	25,411,530	263,705	**126,969,278**
	Retirements	-	(84,445,437)	(1,868,540)	-	**(86,313,977)**
	Depreciation expense	-	(24,869,011)	(21,026,175)	-	**(45,895,186)**
	Translation adjustment	(116,015)	(4,104,258)	(702,330)	(517)	**(4,923,120)**
	Other increases (decreases)	-	14,309,347	-	2,352,212	**16,661,559**
Ending balance as of December 31, 2012		**20,983,480**	**782,651,737**	**351,440,492**	**4,468,080**	**1,159,543,789**

11.3 Additional information on property, plant and equipment

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

As of March 31, 2013 and December 31, 2012, the Company maintained commitments to acquire tangible assets related to EPC construction contracts totaling ThUS$ 115,414,337 and ThUS$ 117,294,073, respectively.

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

	March 31, 2013	**March 31, 2012**
Capitalization rate (Annual basis)	4.71%	8.35%
Capitalized interest costs (ThCh$)	168,383	826,165

Work in progress balances amounts to ThCh$ 45,816,969 and ThCh$ 91,257,186 and as of March 31, 2013, and 2012, respectively.

NOTE 12 - DEFERRED TAXES

12.1 Detail of deferred tax assets and liabilities

The origin of the deferred taxes recorded as of March 31, 2013 and December 31, 2012, is detailed as follows:

	Deferred tax assets		Deferred tax liabilities	
Temporal differences	**March 31, 2013**	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Depreciable fixed assets	4,563,051	10,424,675	3,523,021	3,581,924
Prepaid bond expenses	(1,174,505)	(1,216,263)	-	-
Leased assets	(61,171)	(55,919)	4,956,198	4,216,580
Materials and spare parts	415,528	411,803	-	-
Tax losses	16,009,755	15,694,484	(1,218,794)	(1,602,986)
Staff severance indemnities provision	(20,912)	(21,849)	-	-
Deferred income	732,236	690,593	-	-
Investment value provision	9,596	9,596	-	-
Lawsuit provision	45,471	45,345	-	-
Obsolescence provision	20	20	-	-
Assets under construction	499,534	497,907	-	-
Vacation provisions	208,982	255,443	-	-
Intangible assets	(10,336,542)	(10,267,471)	(1,118,014)	(236,175)
Adjustment of effective interest rate of bonds	(1,485,921)	(1,508,789)	-	-
Land	412,210	369,319	149,301	150,924
Allowance for Doubtful Receivables	279,297	279,297	-	-
Total	**10,096,629**	**15,608,137**	**6,291,712**	**6,110,267**

NOTE 12 - DEFERRED TAXES (continued)

12.2 Deferred tax movements in statement of financial position

The movements of balances of deferred taxes in the consolidated statement of financial position for the periods 2013 and 2012 are as follows:

Deferred tax movements	Asset	Liability
	ThCh$	ThCh$
Balance as of January 1, 2012	**23,689,884**	**3,502,644**
Increase (decrease)	(8,081,747)	2,745,067
Translation adjustment	-	(137,444)
Balance as of December 31, 2012	**15,608,137**	**6,110,267**
Increase (decrease)	(5,511,508)	282,497
Translation adjustment	-	(101,052)
Balance as of March 31, 2013	**10,096,629**	**6,291,712**

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

NOTE 13 - FINANCIAL LIABILITIES

13.1 Other financial liabilities

The current and non-current portion of this account as of March 31, 2013 and December 31, 2012 is as follows:

Interest bearing loans	March 31, 2013		December 31, 2012	
	Current	Non- current	Current	Non- current
	ThCh$	ThCh$	ThCh$	ThCh$
Bonds payable	9,165,472	884,572,608	7,917,374	883,196,168
Total bonds payable	**9,165,472**	**884,572,608**	**7,917,374**	**883,196,168**
Bank loans payable	173,966,735	9,270,775	58,530,647	9,426,521
Forward contract	-	-	334,766	-
Total obligations with banks	**173,966,735**	**9,270,775**	**58,865,413**	**9,426,521**
Total	**183,132,207**	**893,843,383**	**66,782,786**	**892,622,689**

NOTE 13 - FINANCIAL LIABILITIES (continued)

13.2 Detail of other financial liabilities

The detail of other financial liabilities is as follows:

Instrument registration number	Series	Nominal amount placed outstanding	Indexation unit	Nominal interest are	Effective interest rate	Final maturity	Periodicity		Par value		Placement in Chile or abroad
							Interest payments	Principal payments	March 31, 2013	December 31, 2012	
									ThCh$	ThCh$	
481	C	6,000,000	UF	3.50%	4.03%	09.01.2013	Semiannually	At the end	459,628	1,781,859	Chile
480	D	13,500,000	UF	4.25%	4.37%	06.15.2013	Semiannually	At the end	4,415,933	1,131,935	Chile
598	E	3,300,000	UF	3.90%	3.82%	08.01.2013	Semiannually	At the end	473,363	1,187,926	Chile
598	F	33,600,000,000	CLP	5.70%	5.79%	08.01.2013	Semiannually	At the end	316,070	795,468	Chile
599	H	3,000,000	UF	4.80%	4.79%	08.01.2013	Semiannually	At the end	538,027	1,351,300	Chile
598	I	1,500,000	UF	3.50%	3.79%	09.01.2013	Semiannually	At the end	109,672	425,437	Chile
599	K	1,600,000	UF	4.60%	4.61%	09.01.2013	Semiannually	At the end	142,075	552,413	Chile
598	L	2,500,000	UF	3.65%	3.92%	06.15.2013	Semiannually	At the end	728,234	186,671	Chile
599	M	1,500,000	UF	4.05%	4.26%	06.15.2013	Semiannually	At the end	464,770	119,189	Chile
599	M-1	1,900,000	UF	4.05%	4.23%	06.15.2013	Semiannually	At the end	589,876	151,273	Chile
599	N	3,000,000	UF	3.95%	4.29%	06.15.2013	Semiannually	At the end	927,824	233,903	Chile
Total bonds payable – short – term portion									**9,165,472**	**7,917,374**	
Bank loans payable									173,966,735	58,530,647	
Forward contracts									-	334,766	
Total current									**183,966,735**	**66,782,786**	

NOTE 13 - FINANCIAL LIABILITIES (continued)

13.2 Detail of other financial liabilities (continued)

Instrument registration number	Series	Nominal amount placed outstanding	Indexation unit	Nominal interest are	Effective interest rate	Final maturity	Periodicity		Par value		Placement in Chile or abroad
							Interest payments	Principal payments	March 31, 2013	December 31, 2012	
									ThCh$	ThCh$	
481	C	6,000,000	UF	3.50%	4.03%	09.01.2016	Semiannually	At the end	134,897,491	134,439,685	Chile
480	D	13,500,000	UF	4.25%	4.37%	12.15.2027	Semiannually	At the end	304,219,941	303,839,090	Chile
598	E	3,300,000	UF	3.90%	3.82%	08.01.2014	Semiannually	At the end	75,556,162	75,489,536	Chile
598	F	33,600,000,000	CLP	5.70%	5.79%	08.01.2014	Semiannually	At the end	33,560,372	32,963,328	Chile
599	H	3,000,000	UF	4.80%	4.79%	08.01.2031	Semiannually	At the end	68,640,382	67,737,670	Chile
598	I	1,500,000	UF	3.50%	3.79%	09.01.2014	Semiannually	At the end	34,158,279	34,657,920	Chile
599	K	1,600,000	UF	4.60%	4.61%	09.01.2031	Semiannually	At the end	36,552,720	37,328,283	Chile
598	L	2,500,000	UF	3.65%	3.92%	12.15.2015	Semiannually	At the end	56,659,331	56,588,400	Chile
599	M	1,500,000	UF	4.05%	4.26%	06.15.2032	Semiannually	At the end	33,319,772	33,278,059	Chile
599	M-1	1,900,000	UF	4.05%	4.23%	06.15.2032	Semiannually	At the end	42,096,167	42,043,467	Chile
599	N	3,000,000	UF	3.95%	4.29%	12.15.2038	Semiannually	At the end	64,911,991	64,830,730	Chile
Total Bonds payable – non-current portion									**884,572,608**	**883,196,168**	
Bank loans payable									9,270,775	9,426,521	
Total long term									**893,843,383**	**892,622,689**	

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$ 884,494,964 and ThCh$ 954,575,550 as of March 31, 2013 and December 31, 2012, respectively.

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.

NOTE 13 - FINANCIAL LIABILITIES (continued)

13.3 Hedge debt

As of March 31, 2013 and December 31, 2012, this account is detailed as follows:

	March 31, 2013	December 31, 2012
Translation adjustments recorded in equity	(324)	(23,982)
Cash flow hedge	226,834	(107,293)
Net investment hedge	2,093,252	1,954,501
Balance of reserves at the end of the year	**2,319,762**	**1,823,280**

13.4 Other aspects

As of March 31, 2013, Transelec had available credit line of US$ 250 million, which as of that date was fully utilized (drawn). As of December 31, 2012 Transelec had available of US$ 250 million, out of which an amount of US$ 120 million was drawn in December 2012, leaving available credit lines of US$ 130 million, equivalent to ThCh$ 62,394,800.

Many of the Company's debt agreements include an obligation to comply with certain covenants, including certain financial ratios (see Note 18), which is customary for agreements of this nature. This also includes affirmative and negative obligations that require these commitments to be monitored.

NOTE 14 - TRADE AND OTHER PAYABLES

Trade and other payables as of March 31, 2013 and December 31, 2012, are detailed as follows:

	Current		Non- current	
Trade and other payables	**March 31, 2013**	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
	ThCh$	**ThCh$**	**ThCh$**	**ThCh$**
Trade and other payables	54,391,975	89,427,302	-	-
Total	**54,391,975**	**89,427,302**	**-**	**-**

The average payment period for suppliers in 2013 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.
- Non-hedge derivatives: Those that do not meet the requirements established by IFRS and thus do not qualify for hedge accounting.

15.1 Hedge assets and liabilities

	March 31, 2013				December 31, 2012			
	Asset		Liability		Asset		Liability	
	Current	Non - current	Current	Non - current	Current	Non - current	Current	Non – current
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash flow hedge forwards	283,543	-	-	-	-	-	134,116	-
Net investment hedge forward	244,016	-	-	-	6,059,980	-	-	-
Non-hedge forwards	67,704	-	-	-	-	-	200,650	-
Total	**595,263**	**-**	**-**	**-**	**6,059,980**	**-**	**334,766**	**-**

15.2 Other Information

The following table details Transelec's derivatives as of March 31, 2013 and December 31, 2012, including their fair values as well as their notional and contractual values by maturity:

Financial derivatives		Maturity							March 31, 2013
	Fair value	Before 1 year	2013	2014	2015	2016	2017	Subsequent years	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash flow hedge forwards	283,543	283,543	-	-	-	-	-	-	283,543
Net investment hedge forward	244,016	244,016	-	-	-	-	-	-	244,016
Non-hedge forwards	67,704	67,704	-	-	-	-	-	-	67,704

Financial derivatives		Maturity							December 31, 2012
	Fair value	Before 1 year	2012	2013	2014	2015	2016	Subsequent years	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Cash flow hedge forwards	134,116	134,116	-	-	-	-	-	-	134,116
Net investment hedge forward	6,059,980	6,059,980	-	-	-	-	-	-	6,059,980
Non-hedge forwards	200,650	200,650	-	-	-	-	-	-	200,650

NOTE 15 - DERIVATIVE INSTRUMENTS (continued)

15.2 Other Information (continued)

The contractual notional amount of these contracts does not represent the risk assumed by Transelec as it is only in response to the basis with which derivative settlements are calculated. In the periods presented, March 31, 2013 and December 31, 2012, Transelec had not recognized any gains or losses for ineffectiveness of cash flow hedges.

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

15.3 Fair value hierarchies

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

The following table details financial assets and liabilities measured at fair value as of March 31, 2013.

Financial instrumental measured at fair value	**Fair value measured at the end of the reporting period using**			
	March 31, 2013	**Level 1 ThCh**	**Level 2 ThCh$**	**Level 3 ThCh$**
Financial asset (liability)				
Cash flow hedge	283,543	-	283,543	-
Net investment hedge	244,016	-	244,016	-
Non-hedge forwards	67,704	-	67,704	-
Total, net	**595,263**	**-**	**595,263**	**-**

NOTE 15 - DERIVATIVE INSTRUMENTS (continued)

15.3 Fair value hierarchies (continued)

The following table details financial assets and liabilities measured at fair value as of December 31, 2012.

Financial instruments measured at fair value	Fair value measured at the end of the reporting period using			
	December 31, 2012	Level 1 ThCh$	Level 2 ThCh$	Level 3 ThCh$
Financial asset (liability)				
Cash flow hedge forwards	(134,116)	-	(134,116)	-
Net investment hedge forward	6,059,980	-	6,059,980	-
Non-hedge forwards	(200,650)	-	(200,650)	-
Total, net	**5,725,214**	**-**	**5,725,214**	**-**

NOTE 16 - PROVISIONS

16.1 Detail of provisions

As of March 31, 2013 and December 31, 2012, this account is detailed as follows:

Detail	Current		Non-current	
	March 31, 2013 ThCh$	December 31, 2012 ThCh$	March 31, 2013 ThCh$	December 31, 2012 ThCh$
Staff severance indemnities (Note 17)	268,769	690,072	3,481,743	3,228,405
Accrued vacations	1,044,911	1,277,215	-	-
Profit sharing benefits	2,489,788	4,351,884	9,530	9,530
Other provisions	534,753	514,752	-	-
Total	**4,338,922**	**6,833,923**	**3,491,273**	**3,237,935**

NOTE 16 - PROVISIONS (continued)

16.2 Provision movements

In 2013 and 2012, provision movements were the following:

Movements in provisions	Staff severance indemnities	Profit sharing benefits	Accrued vacations	Other provisions	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of January 1, 2013	**3,981,477**	**4,361,414**	**1,277,215**	**514,752**	**10,071,858**
Movements in provisions:					
Provisions during the year	114,963	1,341,231	298,875	20,000	1,775,069
Payments	(282,928)	(3,203,326)	(531,179)	-	(4,017,433)
Ending balance as of March 31, 2013	**3,750,512**	**2,499,319**	**1,044,911**	**534,752**	**7,829,494**

Movements in provisions	Staff severance indemnities	Profit sharing benefits	Accrued vacations	Other provisions	Total
	ThCh$	ThCh$	ThCh$	ThCh$	ThCh$
Beginning balance as of January 1, 2012	**3,856,383**	**3,014,310**	**1,300,932**	**439,330**	**8,610,955**
Movements in provisions:					
Provisions during the year	460,810	4,575,494	1,152,116	107,973	6,296,393
Payments	(398,716)	(3,228,390)	(1,175,833)	(32,551)	(4,835,490)
Ending balance as of December 31, 2012	**3,981,477**	**4,361,414**	**1,277,215**	**514,752**	**10,071,858**

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

As of March 31, 2013

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	268,769	642,001	582,997	2,256,745
Accrued vacations	1,044,911	-	-	-
Profit sharing benefits	2,489,788	9,530	-	-
Other provisions	534,753	-	-	-
Total	**4,338,221**	**651,531**	**582,997**	**2,256,745**

NOTE 16 - PROVISIONS (continued)

16.2 Provision movements (continued)

As of December 31, 2012

Detail	Less than 1 year	More than 1 year and up to 3 years	More than 3 years and up to 3 years	More than 5 years
Staff severance indemnities	690,072	388,664	582,997	2,256,744
Accrued vacations	1,277,215	-	-	-
Profit sharing benefits	4,351,884	9,530	-	-
Other provisions	514,752	-	-	-
Total	**6,833,923**	**398,194**	**582,997**	**2,256,744**

16.3 Lawsuits and arbitration proceedings

Transelec S.A.

1. - Charges presented by the Superintendency of Electricity and Fuels (SEC), for failure on March 14, 2010. Fine applied: UTA 1,645 (one thousand six hundred forty-five units per year tax) equal to ThCh$ 791,278 as of March 31, 2013. Current status: As the motion for reconsideration filed with the SEC was rejected, Transelec filed an appeal before the Santiago Court of Appeals (Rol 3385-12). By decision dated January 18, 2013, the judicial claim was rejected. Additional Company's appeal has not been resolved on March 31, 2013. Probable outcome: Given the Court´s historical behavior in similar cases the most likely scenario is that the fine will be upheld.

2. - 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.

3. - Charges presented by the Superintendency of Electricity and Fuels (SEC), for failure on July 28, 2010 (S/E Polpaico). Fine applied: UTA 400 (four hundred tax units) equal to ThCh$ 192,408 as of March 31, 2013. Current status: As the motion for reconsideration filed with the SEC was rejected, Transelec filed an appeal before the Santiago Court of Appeals (Rol 5824-12). On January 3, 2013, the Court of Appeals rejected the claim and additional Company's appeal has not been resolved on March 31, 2013. Probable outcome: Given the Court´s historical behavior in similar cases the most likely scenario is that the fine will be upheld.

4. - Charges presented by the Superintendency of Electricity and Fuels (SEC), for failure on July 27, 2010 (S/E Polpaico). Fine applied: UTA 560 (five hundred sixty tax units) equal ThCh$ 269,371 as of March 31, 2013. Current status: As the motion for reconsideration filed with the SEC was rejected, Transelec filed an appeal before the Court of Appeals of Santiago (Rol 5949-12), which by judgment dated January 28, 2013, upheld the claim and released Transelec from obligation to pay the fine. The SEC filed an appeal, which at March 31, 2013 has not been resolved by the Supreme Court. Probable outcome: It is expected that the Supreme Court will confirm the previous instance decision.

NOTE 16 - PROVISIONS (continued)

16.3 Lawsuits and arbitration proceedings (continued)

As of March 31, 2013 the Company has established a provision for these contingent liabilities totaling to ThCh$ 1,368,011, 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.

5. - As of March 31, 2013, 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 June, July, August and September 2011. On August 3, 2011, Transelec notified the SEC of this company's failure to comply with its obligation so it could adopt legally appropriate measures.

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

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

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

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

In the bankruptcy proceedings the assets of Campanario Generación S.A. were liquidated and an amount of US$ 86.6 million was recovered. 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, out of which amount of ThCh$ 1,766,780 has been already recovered.

NOTE 16 - PROVISIONS (continued)

16.3 Lawsuits and arbitration proceedings (continued)

In connection with this case, the SEC presented charges against Transelec S.A., accusing it of having broken the chain of payments in the system. Transelec S.A. responded the charges and after obtaining a favorable opinion from the Panel of Experts, made a presentation to the SEC requesting to set aside the punitive process.

In relation with this case (Campanario Generación S.A.), on May 29, 2012, Transelec was notified of the lawsuit filed by a group of generators, led by Colbún SA, seeking the recovery of ThCh$ 1,374,898 from Transelec S.A. which corresponds to a debt of Campanario Generación S.A. consequence of its default. Transelec S.A. defense is to show that, as stated by the Panel of Experts in its Opinion No. 2-2012 cited above, it does not assume the payment of an obligation to a third party, in this case Campanario Generación S.A., as Transelec S.A. did not participate as a debtor in the "Balance of Injections and Withdrawals of Energy and Power" prepared by the CDEC-SIC, and only acts as collector of such settlements. To date, the procedure has been suspended by mutual agreement of the parties.

Transelec Norte S.A. and subsidiaries

1. - Violation investigated: Charges presented by SEC against Transelec Norte S.A. for failure on November 20, 2010 (line Condors - Parinacota). Fine applied: UTA 300 (three hundred annual tax units). Current status: On January 16, 2012, through Exempt Resolution No. 85, the SEC imposed a fine of UTA 300 on Transelec Norte S.A., against which the recourse for administrative reconsideration was presented. This recourse was denied by Exempt Resolution No. 247 dated February 4, 2013. Judicial claim was presented to the Court of Appeals of Santiago (Rol 1090-2013), which until March 31, 2013, has not been resolved. Probable outcome: Given the Court´s historical behavior in similar cases the most likely scenario is that the fine will be upheld.

NOTE 17 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS

17.1 Detail of account

Post-employment and other benefit obligations	March 31, 2013 ThCh$	December 31, 2012 ThCh$
Staff severance indemnity provision – current	268,769	690,072
Staff severance indemnity provision non – current	3,481,743	3,228,405
Total current and non-current obligations for post-employment benefits	**3,750,512**	**3,918,477**

NOTE 17 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS (continued)

17.2 Detail of post-employment and other similar obligations

As of March 31, 2013 and December 31, 2012, this account is detailed as follows:

Post-employment and other benefits obligations	Staff severance indemnity	
	March 31, 2013 ThCh$	December 31, 2012 ThCh$
Present value of defined benefit plan obligations opening balance	3,918,477	3,856,893
Current service cost of defined benefit plan obligations	45,985	200,047
Interest cost of defined benefit plan obligations	68,978	260,253
Payments	(282,928)	(398,716)
Present value of defined benefit obligations ending balance	**3,750,512**	**3,981,477**

17.3 Balance of post-employment and other similar obligations

	Staff severance indemnity	
	March 31, 2012 ThCh$	December 31, 2012 ThCh$
Present value of defined benefit obligations, ending balance	**3,750,512**	**3,981,477**
Present obligation with defined benefit plan funds	3,750,512	3,981,477
Fair value of defined benefit plan assets, ending balance	**-**	**-**
Balance of defined benefit obligations, ending balance	**3,750,512**	**3,981,477**

17.4 Expenses recognized in income statement

	Staff severance indemnity		Income statement line item where recognized
	January 1, 2013 to March 31, 2013 ThCh$	January 1, 2012 to March 31, 2012 ThCh$	
Current service cost of defined benefit plan	45,985	50,130	Cost of sales Administrative and sales expenses
Interest cost of defined benefit plan	68,978	65,052	Cost of sales Administrative and sales expenses
Total expense recognized in income statement	**114,963**	**115,182**	

NOTE 17 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS (continued)

17.5 Actuarial hypothesis

Detail	March 31, 2013 ThCh$	December 31, 2012 ThCh$
Discount rate used	3.2%	3.2%
Inflation rate	4%	4%
Future salary increase	2.0%	2.0%
Mortality table	B-2006	B-2006
Disability table	PDT1985-Category II	
Rotation table	ESA-77	

Assumptions for future mortality rates are based on actuarial data obtained using published statistics and historical experience.

NOTE 18 - EQUITY

18.1 Subscribed and paid capital

As of March 31, 2013 and December 31, 2012, authorized, subscribed and paid share capital amounts to ThCh$857,944,548.

18.2 Number of subscribed and paid shares

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

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

18.3 Dividends

On April 27, 2012, the Company held its regular meeting of shareholders, in which it was agreed to unanimously approve a final dividend for the year 2011 for the sum of Ch$ 20,789,620,729. It was also agreed to distribute a dividend corresponding to retained earnings for 2008 for Ch$ 41,148,907,284. As of March 31, 2013 this dividend is fully paid.

On the Board of Directors meeting held on November 21, 2012, it was agreed to distribute an interim dividend for the financial year 2012, amounting to the sum of Ch$ 44,867,250,000. As of March 31, 2013 this dividend is fully paid.

NOTE 18 - EQUITY (Continued)

18.4 Other reserves

Other reserves as of March 31, 2013 and December 31, 2012 are detailed as follows:

Description	March 31, 2013 ThCh$	December 31, 2012 ThCh$
Translation adjustment	(405)	(29,911)
Net investment hedge	2,616,565	2,443,127
Cash flow hedge	283,543	(134,116)
Deferred taxes	(579,941)	(455,820)
Total	**2,319,762**	**1,823,280**

18.5 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 sound financial position.

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

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

- Maintain individual and consolidated indebtedness levels (Total debt / Total capitalization ratio) no greater than 0.7 based on the definitions of these terms in the respective prospectuses.
- Maintain minimum individual and consolidated equity of fifteen million UF equivalents to ThCh$ 343,040,070 as of March 31, 2013.

NOTE 18 - EQUITY (Continued)

18.5 Capital management (continued)

The following tables present – as of March 31, 2013 and December 31, 2012 - 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**	**March 31, 2013**	**December 31, 2012**
	Lower or equal to 0.70	**ThCh$**	**ThCh$**
A	Other financial liabilities, current	183,132	66,783
B	Payables to related parties, current	-	-
C	Other financial liabilities, non-current	893,843	892,623
D	Payables to related parties, non-current	36,343	36,947
E=A+B+C+D	**Covenants debt**	**1,113,318**	**996,353**
G	Debt with guarantees (1)	19,640	19,621
DT=E+G	**Total debt**	**1,132,958**	**1,015,974**
H	Non-controlling interest	3	4
P	Equity attributable to owners of the parent	898,344	876,968
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
CT=DT+H+I+P	**Total capitalization**	**2,056,275**	**1,917,916**
DT/CT	**Total debt / Total capitalization ratio**	**0.55**	**0.53**

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

Covenant 2	**Minimum equity**	**March 31, 2013**	**December 31, 2012**
	Greater than or equal to UF 15 million	**ThCh$**	**ThCh$**
P	Equity attributable to owners of the parent	898,344	876,968
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
P+I	**Equity (in MCh$)**	**923,314**	**901,938**
UF	UF value	22,869.38	22,840.75
(I+P)/UF	**Equity (in UF millions)**	**40.37**	**39.49**

Covenant 3	**Restricted payments test**	**March 31, 2013**	**December 31, 2012**
	Funds from operations (FNO) / Financial costs > 1,5	**ThCh$**	**ThCh$**
FO	Cash flow from operations	151,729	151,603
CF	Financial costs	38,894	37,253
IG	Income tax expense	12,802	8,508
FNO=FO+CF+IG	**Funds from operations**	**203,425**	**197,364**
FNO/CF	**Funds from operations / Financial costs**	**5.23**	**5.30**

NOTE 18 - EQUITY (Continued)

18.5 Capital management (continued)

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

NOTE 19 - INCOME

19.1 Revenue

The following table details revenue for the three month periods ended March 31, 2013 and 2012:

Revenue	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Revenues from regulated transmission services	25,117,611	23,388,644
Revenues from contractual transmission services	29,141,082	30,626,727
Total revenues	**54,258,693**	**54,015,391**

19.2 Other operating income

The following table details operating income for the three month periods ended March 31, 2013 and 2012:

Other operating income	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Financial income (Note 20.4)	2,289,059	1,245,010
Other gains (losses), net	2,021,510	377,640
Total other operating income	**4,310,569**	**1,622,650**

NOTE 20 - RELEVANT INCOME STATEMENT ACCOUNTS

20.1 Expenses by nature

Detail	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Personnel expenses	4,134,644	3,552,888
Operating expenses	3,227,218	7,004,840
Maintenance expenses	923,373	927,956
Depreciation and write-offs	11,668,132	11,322,669
Other	410,014	952,496
Total	**20,363,381**	**23,760,849**

NOTE 20 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)

20.2 Personnel expenses

As of March 31, 2013 and 2012, this account is detailed as follows:

Detail	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Salaries and wages	3,744,473	3,841,340
Short-term employee benefits	164,014	206,545
Staff severance indemnity	232,891	123,555
Other long-term benefits	305,723	211,170
Other personnel expenses	995,618	1,034,876
Expenses capitalized on construction in progress	(1,308,075)	(1,864,598)
Total	**4,134,644**	**3,552,888**

20.3 Depreciation and amortization

The following table details depreciation and amortization for the three month periods ended March 31, 2013 and 2012:

Detail	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Depreciation	11,531,214	11,204,430
Amortization	87,292	71,001
Losses from damages	49,626	47,238
Total	**11,668,132**	**11,322,669**

NOTE 20 - RELEVANT INCOME STATEMENT ACCOUNTS (continued)

20.4 Financial results

The Company's financial result for the three month periods ended March 31, 2013 and 2012, is detailed as follows:

Detail	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Financial income:	**2,289,059**	**1,245,010**
Commercial interest earned	131,604	640,922
Bank interest earned	334,300	604,088
Other income	1,823,155	-
Financial expenses:	**(10,548,713)**	**(8,906,823)**
Interest and bond expenses	(10,329,995)	(8,792,832)
Other expenses	(218,718)	(113,991)
Gain (loss) from indexation of UF	**(1,075,339)**	**(8,221,504)**
Foreign exchange gains (losses), net	**(160,903)**	**618,084**
Positive	1,966,252	782,741
Negative	(2,127,155)	(164,657)
Total financial result, net	**(10,665,255)**	**(15,265,233)**

NOTE 21 - INCOME TAX RESULT

Income tax expense (income)	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Current tax expense	310,262	252,003
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	**310,262**	**252,003**
Deferred tax expense relating to origination and reversal of temporary differences	5,370,152	1,134,144
Other deferred tax expense	-	-
Deferred tax expense, net, total	**5,370,152**	**1,134,144**
Effect of change in tax situation of the entity or its shareholders	**-**	**-**
Income tax expense	**5,680,414**	**1,386,147**

NOTE 21 - INCOME TAX RESULT (continued)

Reconciliation of Tax Expense Using Statutory Rate with Tax Expense

The following table reconciles income taxes resulting from applying statutory tax rate to the "Profit Before Taxes" to the income tax expense recorded in the consolidated income statement for the periods 2013 and 2012:

Using Effective Rate	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Tax expense at statutory rate	(5,284,185)	(2,842,852)
Price level restatement of equity	328,101	1,360,864
Prior year adjustments	(471,428)	-
Other differences	(252,902)	95,841
Total adjustments to tax expense using statutory rate	**(396,229)**	**1,456,705**
Tax Expense at effective Rate	**(5,680,414)**	**(1,386,147)**

	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Statutory Tax Rate	20.00%	18.50%
Price level restatement of equity	(1.2)%	(8.1)%
Prior year adjustments	1,8%	-
Other differences	0.9%	(1.38.)%
Adjustments to Statutory Tax Rate, Total	**1.5%**	**(9.48)%**
Effective Tax Rate	**21.5%**	**9.02%**

The tax rate used for the period 2013 and 2012 reconciliations corresponds to 20%, and 18,5% a corporate tax rate that entities should pay on taxable profits based on current tax regulations.

NOTE 22 - EARNINGS PER SHARE

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

Basic Earnings per Share	March 31, 2013	March 31, 2012
Profit attributable to equity holders of parent (ThCh$)	20,740,512	13,980,622
Earnings available to common shareholders, basic (ThCh$)	20,740,512	13,980,622
Total basic shares	1,000,000	1,000,000
Basic earnings per share (Ch$)	20,741	13,981

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

NOTE 23 - SEGMENT REPORTING

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

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

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

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

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

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

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

NOTE 23 - SEGMENT REPORTING (continued)

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

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

Information about products and services

	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Revenues from regulated transmission services	25,117,611	23,388,664
Revenues from contractual transmission services	29,141,082	30,626,727
Total revenues	**54,258,693**	**54,015,391**

Information about sales and principal customers

The Company has three customers that individually represent more than 10% of total revenues for the period ended on March 31, 2013. The amounts of revenues recognized from these customers were: ThCh$ 26,141,532, ThCh$ 6,193,373 and ThCh$ 5,488,253, respectively. For the period ended March 31, 2012 the Company had three customers that individually exceeded 10% of total revenues. The amounts of revenues recognized from these customers were: ThCh$ 22,807,293, ThCh$8,808,168 and ThCh$7,396,835, respectively.

NOTE 24 - THIRD-PARTY GUARANTEES, OTHER CONTINGENT ASSETS AND LIABILITIES AND OTHER COMMITMENTS

As of March 31, 2013, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$ 36,472,020 (ThCh$ 49,384,478 as of March 31, 2012), 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$ 19,191.

NOTE 25 - DISTRIBUTION OF PERSONNEL

As of March 31, 2013 and December 31, 2012, personnel employed by Transelec S.A. are detailed as follows:

	March 31, 2013				Average of the year
	Manager and executives	Professionals and technical personnel	Other employees	Total	
Total	**16**	**336**	**159**	**511**	**507.0**

	December 31, 2012				Average of the year
	Manager and executives	Professionals and technical personnel	Other employees	Total	
Total	**14**	**328**	**168**	**510**	**491.1**

NOTE 26 - ENVIRONMENT

Transelec and its subsidiaries, in compliance with current environmental regulations and in line with its sustainability policy have undergone environmental assessment projects or amendments thereto to the environmental authority through the Environmental Evaluation System (SEIA). To this end, several studies were conducted to substantiate the presentations have allowed environmental documents. These documents are an Environmental Impact Statement (EIS for Spanish acronym) or an environmental impact study concerned, met the requirements of Law No. 19,300 on General Environment, amended by Law No. 20.417, and its regulations of SEIA. For projects that have started their implementation the Company has been following the conditions and measures imposed by environmental authority in the respective resolutions of environmental qualification.

During for the three month periods ended March 31, 2013 and 2012, the Company has not made the following environmental disbursements:

Company making disbursement	Project	March 31, 2013 ThCh$	March 31, 2012 ThCh$
Transelec S.A.	Environmental impact studies	138,477	105,029
Total		**138,477**	**105,029**

NOTE 27 - SUBSEQUENT EVENTS

On April 26, 2013, the ordinary shareholders meeting of the Company was celebrated, which agreed the following:

1) To approve the Annual Report, Balance Sheet, Financial Statements and Report of the External Auditors for the period ended December 31, 2012.
2) To approve the distribution of a final dividend for the year 2012, amounting to Ch$ 16,882,000,000, which will be paid starting on May 26, 2013 to shareholders of record at the respective registry on May 18, 2013.
3) To approve the dividend distribution policy for 2013.
4) To renew members of the Board of Directors.
5) To set the remuneration of the Board and the Audit Committee.
6) To approve the appointment of Ernst & Young as the external auditors of the Company for the year 2013.
7) To designate “Diario Financiero” to publish notices of shareholder meetings.
8) Resolutions adopted by the Board on matters contained in Articles 146 and following of the Corporations Act were informed.

On May 3, 2013, Transelec S.A. placed Series Q, code BNTRA-Q bonds on the local market, under the 30-year bonds line registered in the Securities Registry under No. 744, in the amount of UF 3,100,000. These bonds were placed for 29.5 years term, with a nominal compound rate of 3.9500% per annum, i.e. 1.9559% semiannually, with an IRR of 3.99% and spread of 127 basis points. Banchile Corredores de Bolsa S.A. and Larraín Vial S.A. Corredora de Bolsa acted as placement agents.

On May 7, 2013 was held an extraordinary meeting of shareholders of the Company, which agreed to ratify the resolutions adopted by the Board of Directors in Session No. 92, held on March 20, 2013, in the sense of allowing the completion of all formalities necessary for the preparation of the documents required to issue debt on international markets for a total of at least US$ 200,000,000, with minimum maturity of 10 years from the date of the respective issuance. Also, the shareholders meeting unanimously ratified the special powers granted by the Board of Directors for the preparation and execution of acts and contracts necessary for this purpose.

NOTE 27 - SUBSEQUENT EVENTS (continued)

Transelec Norte S.A. and subsidiaries

On April 26, 2013, the ordinary shareholders meeting of the company was celebrated, which agreed the following:

1) To approve the Annual Report, Balance Sheet, Financial Statements and Report of the External Auditors for the period ended December 31, 2012.
2) To approve the distribution of a final dividend for the year 2012, amounting to US$ 4,570,608.39, which will be paid starting on May 26, 2013 to shareholders of record at the respective registry on May 18, 2013.
3) To approve the dividend distribution policy for 2013.
4) To renew members of the Board of Directors.
5) To approve the appointment of Ernst & Young as the external auditors of the Company for the year 2013.
6) To designate “Diario Financiero” to publish notices of shareholder meetings.

Between March 31, 2013, closing date of these consolidated financial statements and the date of issuance, there have been no significant financial and accounting events that may affect the equity of the Company or the interpretation of these financial statements.

TRANSELEC S.A. AND SUBSIDIARIES

REASONED ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2013

INTRODUCTION

During the first quarter of 2013, Transelec S.A. and subsidiaries recorded net income of MCh$20,741, which is 48.4% higher than the first quarter of 2012 (MCh$13,980). Operating revenues totaled MCh$54,259, which represents an increase of 0.5% compared to first quarter of year 2012 (MCh$54.015). EBITDA for this period was MCh$48,238, with an EBITDA over revenues of 89.8% (77.8% in 2012). The company´s non-operating income and taxes for the period correspond to MCh$7,474 (MCh$14,888 in the first quarter of year 2012) and MCh$5,680 (MCh$1,387 in the first quarter of 2012), respectively. The decrease in non-operating losses is mainly due to the loss from indexed assets and liabilities for this period for MCh$1,075, which during the comparison period represented a loss of MCh$8,222.

Transelec S.A. and its subsidiary Transelec Norte S.A. have prepared their financial statements as of March 31, 2013 in conformity with International Financial Reporting Standards (IFRS) and correspond to the comprehensive, explicit and non-reserved adoption of the abovementioned international standard. The figures of this ratio analysis are expressed in million of Chilean pesos (MCh$) as the Chilean peso is the functional currency of Transelec S.A.

1. INCOME STATEMENT ANALYSIS

Items	March 2013 MCh$	March 2012 MCh$	Variation 2012/2011 %
Operating Revenues	54,259	54,015	0.5%
Toll sales	52,490	49,526	6.0%
Work and services	1,769	4,490	-60.6%
Operating costs	-17,653	-21,385	-17.5%
Fixed costs	-6,116	-10,182	-39.9%
Depreciation	-11,537	-11,203	3.0%
Administraton and sales expenses	-2,710	-2,376	14.1%
Operating Income	**33,895**	**30,254**	**12.0%**
Interest from Leasing	654	62	954.5%
Other Financial Income	1,635	1,183	38.2%
Financial Costs	-10,548	-8,907	18.4%
Foreign exchange differences, net	-161	618	-126.0%
Gain (loss) for indexed assets and liabilities	-1,075	-8,222	-86.9%
Other income	2,022	377	435.6%
Non-Operating Income	**-7,474**	**-14,888**	**-49.8%**
Income before Income Taxes	**26,421**	**15,367**	**71.9%**
Income tax	-5,680	-1,387	309.6%
Net Income	**20,741**	**13,980**	**48.4%**
EBITDA	**48,239**	**42,017**	**14.8%**

EBITDA= Net income +abs(Income tax)+abs(Depreciation)+abs(Non-operating income)+abs(Other gains)+Lease financial income.

a) Operating income

During the first quarter of 2013 revenues reached MCh$54,259 (MCh$54,015 in the first quarter of 2012), which is an increase of 0.5%. It is worth to mention that revenues are mainly obtained from sales of the transmission capacity of the Company´s facilities, but also include sales of services related to its principal activity. During first quarter of 2013, the company provided engineering and other services that reached a 3.3% of the total revenues; during the same period of 2013, these services increased to 8.3% of the total revenues.

During this period the operating costs reached MCh$17,654 (MCh$21,385 in the first quarter of 2012). These costs are primarily related the maintenance and operation of the Company´s facilities. In percentage terms, 65.4% of the company´s cost correspond to depreciation of property, plant and equipment (52.4% in the first quarter of 2012), while the remaining 34.6% (47.6% in the comparison period) correspond to personnel, supplies and service contracted.

Administrative and selling expenses amounted to MCh$2,710 (MCh$2,376 during the first quarter of 2012) and consist primarily of personnel expenses and expenses for contracted work, supplies and services.

b) Non-operating income

Net income was negatively impacted by the non-operating loss of MCh$7,474 (MCh$14,888 in the first quarter of 2012), which was generated mainly due to financial cost that reached MCh$10,548 (MCh$8,907 for the first quarter of 2012) due to the withdrawal of Revolving Credit Facility and uncommitted Facility Loans
Loss for indexed asset and liabilities reached the amount of MCh$1,075, which is 86.9% lower than comparison period (MCh$8,222), due to lower UF variation. Other income reached the amount of MCh$2,022 mainly due to the payment of the insurance related to the earthquake and the reverse of a provision to a fine of 2003.

2. BALANCE SHEET ANALYSIS

The increase in current assets between March 2013 and December 2012 is due to an increase in accounts receivable to related companies, mainly Transelec Holdings Rentas Ltda.

The increase in current liabilities is mainly due to the increase in bank loans payable to finance the loan to Transelec Holdings Rentas Ltda

Items	March 2013 MCh$	December 2012 MCh$	Variation 2012/2011 %
Current assets	197,905	189,399	4.5%
Non-current assets	1,889,461	1,808,124	4.5%
Total Assets	**2,087,366**	**1,997,524**	**4.5%**
Current liabilities	245,268	178,059	37.7%
Non current liabilities	943,750	942,493	0.1%
Equity	898,348	876,971	2.4%
Total liabilities & Equity	**2,087,366**	**1,997,524**	**4.5%**

VALUE OF THE MAIN PP&E IN OPERATION

Assets	March 2013 MCh$	December 2012 MCh$	Variation 2012/2011 %
Land	20,977	20,983	0.0%
Building, Infraestucture, works in progress	935,378	930,526	0.5%
Machinery and equipment	462,526	458,330	0.9%
Other fixed assets	4,680	4,468	4.7%
Depreciation (less)	-265,984	-254,764	4.4%
Total	**1,157,577**	**1,159,544**	**-0.2%**

CURRENT DEBT

					Amount in original currency (million) Unpaid capital	
Debt	Currency or index	Interest rate	Type of rate	Maturity Date	March 2013	December 2012
Series C bond	UF	3.50%	Fixed	Sep 1st, 2016	6.0	6.0
Series D bond	UF	4.25%	Fixed	Dec 15 th, 2027	13.5	13.5
Series E bond	UF	3.90%	Fixed	Aug 1st, 2014	3.3	3.3
Series F bond	CLP	5.70%	Fixed	Aug 1st, 2014	33,600.0	33,600.0
Series H bond	UF	4.80%	Fixed	Aug 1st, 2031	3.0	3.0
Series I bond	UF	3.50%	Fixed	Sep 1st, 2014	1.5	1.5
Series K bond	UF	4.60%	Fixed	Sep 1st, 2031	1.6	1.6
Series L bond	UF	3.65%	Fixed	Dec 15 th, 2015	2.5	2.5
Series M bond	UF	4.05%	Fixed	Jun 15 th, 2032	3.4	3.4
Series N bond	UF	4.60%	Fixed	Dec 15 th, 2038	1.6	1.6
Revolving Credit Facility	USD	2.53%	Variable		250.0	120.0
Uncommitted Facility Loans	CLP	5.89%	Fixed		54,840.0	0.0
Westlb	USD	1.80%	Variable	Oct 10 th, 2023	23.1	23.1

3. MAIN CASH FLOWS DURING THE YEAR

Items	March 2013 MCh$	March 2012 MCh$	Variation 2012/2011 %
Cash flows provided by (used in) operating activities	17,112	16,986	0.7%
Cash flows provided by (used in) investing activities	-39,318	-15,366	155.9%
Cash flows provided by (used in) financing activities	21,761	-2,870	-858.2%
Net increase (decrease) of cash and cash equivalent	**-446**	**-1,250**	**-64.3%**
Cash and cash equivalent at the begining of the period	37,956	64,212	-40.9%
Cash and cash equivalent at the end of the period	**37,510**	**62,962**	**-40.4%**

Cash flows from operating activities reached MCh$ 17,112 in the first quarter of 2013 (MCh$ 16,989 in the same period of 2012).

During this period, financing activities generated negative net cash flows of MCh$ 21,761, mainly due to short terms loans as the Revolving Credit Facility and Uncommitted Facility Loans. A portion of these resources were used for a loan to Transelec Holdings Rentas Ltda and a portion for financing CAPEX. During the first quarter of 2012, financing activities generated negative cash flows of MCh$ 2,870.

During 2012, investing activities generated cash outflows amounting to MCh$39,318, where MCh$17,047 are due to Caserones' VAT payment. The rest of the cash flow is mainly generated by investments in property, plant and equipment. During the first quarter of 2012, cash flows from investing activities were negative by MCh$15,366, as a result of net additions of property, plant and equipment.

The closing balance of cash and cash equivalents as of March 31, 2013 amounted to MCh$37,510 considering an initial balance of MCh$37,956.

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

Bank	Amount (up to)	Maturity	Type of Credit
Scotiabank, Bannk of Tokyo-Mitsubishi y DnB NOR	US$250,000,000	Sep 5th, 2015	Working Capital

4. INDICATORS

Bonds	Covenant	Limit	March 2013	December 2012	Status
All local Series	Distribution Test (**)	FNO/Financial Expenses > 1,5	5.23	5.14	OK
	Capitalization Ratio (***)	< 0,7	0.55	0.49	OK
	Shareholder's Equity (in UF)	> ThUF15.000	40.31	42.64	OK

(*) FNO = Cash flow from operating activities plus the absolute value of finance costs, plus the absolute value of the expenditure for Income Taxes.
(**) This is only a test to distribute restricted payments such as dividends.
(***) Equity = Total equity attributable to owners of the parent plus accumulated amortization of Goodwill. The accumulated amortization of Goodwill between June 30, 2006 and March 31, 2013 amounted to MCh$24.970.

Ratios *Figures as of March are annualized	March 2013	December 2012	Variation 2012/2011
Profitability			
Shareholders' Equity profitability *	9.24%	7.04%	31.2%
Assets profitability *	3.97%	3.09%	28.5%
Operating assets profitability *	7.17%	5.33%	34.5%
Earnings per share ($) *	82,964.12	61,749.31	34.4%
Liquidity & Indebtedness			
Current Ratio	0.81	1.06	-23.6%
Acid-Test Ratio	0.81	1.06	-24.1%
Debt to Equity	1.32	1.28	3.1%
% Short term debt	20.63	15.89	29.8%
% Log term debt	79.37	84.11	-5.6%
Financial expenses coverage	4.57	4.72	-3.1%

5. THE MARKET

Transelec S.A. carries out 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 generating 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 the electricity. Lastly, the primary goal of the transmission sector is to transport the generated electricity from where it is produced (electrical power plants) to the “points of entry” of the distribution company networks or those of large end users.

Transelec’s business mainly centers on commercializing the capacity of its facilities to transport and transform electricity, in accordance with established quality standards. The transmission system of Transelec S.A. and its subsidiary, which stretches between Arica in Chile’s 1st Region to the Island of Chiloé in the 10th 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 99% of Chile’s population. The Company owns all of the 500 kV electricity transport lines, approximately 51% of the 220 kV lines and 86% of the 154 kV 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 (Short Law I) published on March 13, 2004, Law 20,018 (Short Law II) published on May 19, 2005 and Law 20,257 (Generation with Non-Conventional Renewable Energy Resources) published April 1, 2008. These standards are complemented by the Regulations of the General Electricity Services Law of 1997 (Supreme Decree No. 327/97 from the Ministry of Mining) and its respective modifications; the Regulations to 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 Short Law I, modified the General Electricity Services Law of 1982 in matters relating to electricity transmission activity, subdividing the transmission network into three types of systems: trunk transmission, sub-transmission and additional transmission. It also establishes that electricity transmission – both by trunk transmission as well as subtransmission systems – is considered a public service and is subject to regulated tariffs.

Finally, Law 19,940 established that the new payment regime for the use of trunk facilities would become effective as of March 13, 2004 and determined a transitory period that was in effect until the first trunk transmission decree was issued. Thus, from 2004 to 2007, collection and payment for use of transmission facilities was carried out provisionally using subsequent recalculations in accordance with legal and regulatory standards in effect until Short Law I was published. On January 15, 2008, a decree from the Ministry of Economy, Development and Reconstruction was published that set the new Investment Value (VI), 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 14, 2004 to December 31, 2010, as well as the indexation formulas applicable during that period. New rates for the trunk transmission system began being applied in April 2008 and during 2008 trunk income was recalculated for the period from March 13, 2004 to December 31, 2007. The 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 will allow setting the tariffs and the corresponding indexation formulas for the period 2011-2014. Decree 61, published on November 17, 2011 contains the tariffs that will be retroactively applicable from January 1, 2011. During 2012 the new tariffs have been applied and particularly the assessment process form 2011 was published on March and April for SING and SIC respectively. The SIC assessment for 2011 was modified on September 2012 according to the Expert Panel Report N°2-2012.

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 and the new tariffs begin to be applied on January 14, 2009 and will be in effect until October 31, 2010. The new subtransmission tariffs that will be in effect from November 2010 to October 2014 shall be set by the Ministry of Energy based on valuation studies on subtransmission facilities that began during 2010. On April 9, the Supreme Decree N°14 was published by the Ministry of Energy, setting subtransmission tariffs from November 2010 to October 2014 has been issued. The difference between amounts invoiced using these provisional tariffs since November 2010 to the decree publish date will be reassessment by the CDEC based on the difference between the provisional tariff and the definitive values on decree N°14. No significant differences that will affect the financial statement are expected.

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 Studies could place the Company at risk of new tariffs that are detrimental or less attractive given the investments it has made.

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 environment ("Environmental Law"), enacted in 1994. According to its recent modification, through Law N° 20.417 which was published in the official journal on January 26, 2010, created, among others, new institutions consisting of: (i) the Ministry of Environmental Affairs; (ii) the Minister Council for Sustainability; (iii) the Environmental Evaluation Service; and (iv) the Superintendence of Environmental Affairs; these institutions are in charge of the regulation, evaluation and inspection of the activities involving environmental impacts. These new institutions replaced the National Commission of Environmental Affairs ("CONAMA") and the Regional Commissions of Environmental Affairs and are fully operative through the enactment of an updated regulation, that is under review by the Comptroller General of the Republic.

Law No. 20.600 of the official journal was published on June 28, 2012 that creates the environmental courts, last step so the Superintendence of Environmental Affairs (SMA) can begin to implement in full its powers of control and sanction. On December 28 with the implementation of the Environmental Court (Second Environmental Court in Santiago) the SMA assumes the full monitoring and control of the Environmental Qualification Resolution (RCA) among other matters.

Notwithstanding that Transelec meets the environmental requirements of the environmental law, it is not possible to assure that these filings (EIA o DIA) before the environmental authority will be approved by government authorities or that the laws and regulations will not change or will be interpreted in a way that may adversely affect the company's operations and plans, as the new institutional structure is just in progress.

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 financing cost and availability. Although Transelec has experience with large-scale construction projects, construction of new facilities could be negatively affected by factors commonly associated with 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 it 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 important technological changes in the equipment at its facilities could lower this valuation, which could in turn prevent recovery of part of the investments made.

6.6 Foreign Exchange Risk

The following factors expose Transelec to foreign exchange risk:

- The functional currency of its subsidiaries is the US dollar.
- Transelec carries out diverse transactions in US dollars (awarding construction contracts, importing, etc.).
- Transelec has a foreign exchange forward to sell dollars in order to cover the risk of future dollar-denominated income. In addition, in order to maintain the balance regarding the foreign currency, Transelec has a forward with a related company and other forwards in the market.

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

The following table details the amounts of monetary assets and liabilities as of March 31, 2013 and December 31, 2012:

	March 2013		December 2012	
In million pesos	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Dollar (amounts associated with balance sheet items)	142,660	185,508	75,916	102,918
Dollar (amounts associated with income statement items)	0	15,435	0	31,389
Chilean peso	1,936,645	1,000,847	1,878,852	974,211

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

EXCHANGE RATES (Observed exchange rates)

Month	Average 2013 ($)	Last Day 2012 ($)	Average 2012 ($)	Average 2012 ($)
Enero	472.67	471.4	501.34	488.75
Febrero	472.34	473.3	481.49	476.27
Marzo	472.48	472.54	485.40	487.44
Promedio del periodo	**472.50**	**472.41**	**489.41**	**484.15**

The indexation formulas, updated semiannually for toll contracts and subtransmission 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

With respect to credit risk related to accounts receivable from the electricity transmission activity, this risk has been historically very low in the industry given the limited number of customers, their risk ratings and the short collections term (less than 30 days).

As of March 31, 2013, the company has three main clients which represent more than 10% of the total revenues. The total revenues recognized for these three clients for this period was MCh$25,729, MCh$ 5.936 y MCh$5,460 respectively. For the comparison period in 2012 the company had three clients which more than 10% of the total revenues. The total amount recognized for these clients were MCh$22,807, MCh$8,808 and MCh$7,397.

Income from these companies 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 from Company's Management Processes

In order to guarantee that Transelec is able to quickly react to investment opportunities and pay its obligations by their maturity dates, in addition to its cash balances and short-term receivables, the Company has committed line of credit for working capital of US$ 250 million, equivalent to ThCh$ 118,007). Until now this line is fully utilized and it is expected that this line of credit will be renewed on maturity. 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.

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

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

The following table presents the capital amortizations corresponding to the Company's financial liabilities, according to their maturity date, as of March 31, 2013 and December 31, 2012.

In million pesos	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
March 31, 2013	173,748	202,591	139,690	4,928	560,617	1,081,574
December 31, 2012	57,640	200,292	137,045	0	559,598	954,575

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

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

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

6.9 Interest Rate Risks

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

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

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

The majority of the debt as of March 31, 2013, and all debt as of December 31, 2012, were at fixed rate. However, in the case of UF-indexed debt, variations in inflation rates could potentially impact the Company's financial expenses.

CONSOLIDATED RELEVANT FACTS

TRANSELEC S.A.

1) On January 23, 2013, and according to Article 9 and subsection 2 of Article 10 of Law Nº 18,045 on Securities Markets, the following relevant fact was reported:

That Transelec S.A's. shareholders agreed to convene a special shareholders meeting to be held on January 25, 2013. This meeting was convened in order to bring the following points to the knowledge of the shareholders and submit them for approval:

1. Contracting of one or more lines of credit for up to US$ 150 million, and
2. Authorizing and granting of the necessary powers in order to draw funds from such uncommitted credit lines.

2) On January 28, 2013, and according to Article 9 and subsection 2 of Article 10 of Law Nº 18,045 on Securities Markets, the following relevant fact was reported:

That a special shareholders meeting of the corporation was held on January 25, 2013, and the following points were agreed:

1. Approving the execution of one or more credit line facilities with one or more banks operating in the country, for up to US$ 150.000.000 or its equivalent in national currency, for a maximum term of 180 days, and
2. Granting the necessary powers of attorney to proceed with the execution of the contracts and all other ancilliary documents.

3) On March 21, 2013, and according to Article 9 and subsection 2 of Article 10 of Law Nº 18,045 on Securities Markets, the following relevant fact was reported:

That Transelec S.A.'s Board of Directors, at its session held on March 20, 2013, agreed to summon a shareholders meeting for April 26, 2013. The purpose was to bring the following issues to the knowledge of the shareholders and submit them for approval:

1. The Annual Report, Balance Sheet, Financial Statements and External Auditors Report corresponding to the period finishing on December 31st 2012.
2. Final distribution of dividends.
3. Dividends Policy and information about the procedures to be used for payment.
4. Board of Directors and Audit Committee remuneration.
5. Appointment of External Auditors.
6. The newspaper to be used for publishing the shareholders meetings notice.

7. Resolutions adopted by the Board of Directors regarding matters contained in Article 146 et seq. on Stock Corporations.
8. Other issues of interest for the corporation and authority of the shareholders meeting.

4) On March 22, 2013, and according to Article 9 and subsection 2 of Article 10 of Law Nº 18,045 on Securities Markets, the following supplementary relevant fact was reported in connection with the annual shareholders meeting:

1. That the company would publish in its website, at the disposal of the shareholders, a complete copy of the Balance Sheet, the Financial Statements and the Annual Report 2012, as well as the external auditors' report, as of April 2, 2013.
2. That the grounds for the external auditors' options to be proposed to the shareholders' meeting will also be published in the website of the company as of the same date.
3. That the shareholders entitled to participate and vote at the meeting will be those registered at the Shareholders Registry at least 5 business days prior to the meeting, that is, on April 19, 2013 at midnight.
4. That the proxies' qualification, if applicable, will be performed on the same day of the meeting, until its beginning.

5) On April 30, 2013 and according to Article 9 and subsection 2 of Article 10 of Law Nº 18,045 on the Securities Markets, the following relevant fact was reported:

That the annual shareholders' meeting of the corporation was held on April 26, 2013, and the following matters were agreed:

1. To approve the Annual Report, Balance Sheet, Financial Statements and the External Auditors Report corresponding to the period ending December 31st 2013.
2. To approve the distribution of a final dividend corresponding to 2012 amounting to 16,882,000,000 Chilean pesos, to be paid as of May 26, 2013 to shareholders registered in the respective shareholders' registry as of May 18 2013.
3. The Dividends Policy for 2013 was approved.
4. It was agreed that members of the Board of Directors were to be replaced and therefore the Board is now comprised as follows: Mr. Richard Legault as director and Mr. Felipe Pinel as his respective deputy director; Mr. Bruce Hogg as director and Mr. Etienne Middleton as his respective deputy director; Mr. Patrick Charbonneau as director and Mr. Paul Dufresne as his respective deputy director; Ms. Brenda Eaton as director and Mr. Jerry Divoky as her respective deputy director; Mr. Bruno Philippi Irarrázabal as director and Mr. Enrique Munita Luco as his respective deputy director; Mr. Mario Valcarce Durán as director and Mr. Juan José Eyzaguirre Lira as his respective deputy director; Mr. Blas Tomic Errázuriz as director and Mr. Federico Grebe Lira as his respective deputy director; Mr. José Ramón Valente Vias as director and Mr. Juan Paulo Bambach Salvatore as his

respective deputy director, and Mr. Alejandro Jadresic Marinovic as director and Mr. Juan Irarrázabal Covarrubias as his respective deputy director.

5. Board of Directors' and Audit Committee's remunerations were set.

6. Approval of the appointment of Ernst & Young as the company's external auditors for the 2013 fiscal year.

7. Diario Financiero was approved as the newspaper to be used for publishing notices of general shareholders' meetings.

8. The resolutions adopted by the Board of Directors on matters contained in articles 146 et seq. were informed.

6) The following relevant fact was reported on May 3, 2013 in accordance with the provisions of Article 9 and subsection 2 of Article 10 of Law 18,045 on the Securities Market:

That Transelec S.A's. shareholders agreed to convene a special shareholders meeting to be held on May 7, 2013. This meeting was convened in order to bring the following points to the knowledge of the shareholders and submit them for approval:

- Ratifying the resolutions adopted by the Board of Directors in its session No. 92, according to Article 28 of the corporate by-laws.

7) The following relevant fact was reported on May 3, 2013, in accordance with the provisions of Article 9 and subsection 2 of Article 10 of Law 18,045 on the Securities Market:

That on that same date, the company placed bonds in the local market, of the Q series, against the line of bonds of 30 years term registered with the SVS, for an amount of 3.100.000 Unidades de Fomento.

TRANSELEC NORTE S.A.

1) The following relevant fact was reported on March 21, 2013 in accordance with the provisions of Article 9 and subsection 2 of Article 10 of Law 18,045 on the Securities Market:

That Transelec Norte S.A.'s Board of Directors, at a session held on March 20, 2013, agreed to summon a shareholders meeting for April 26, 2013. The purpose was to bring the following issues to the knowledge of the shareholders and submit them for approval:

1. The Annual Report, Balance Sheet, Financial Statements and External Auditors Report corresponding to the period finishing on December 31, 2012.

2. Final dividends distribution.

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

4. Appointment of External Auditors.
5. The newspaper to be used for publishing the shareholders meeting notice.
6. Other issues of interest for the corporation and authority of the shareholders meeting.

2) On March 22, 2013, and according to Article 9 and subsection 2 of Article 10 of Law Nº 18,045 on Securities Markets, the following supplementary relevant fact was reported in connection with the annual shareholders meeting:

1. That the company would publish in its website, at the disposal of the shareholders, a complete copy of the Balance Sheet, the Financial Statements and the Annual Report 2012, as well as the external auditors' report, as of April 2, 2013.
2. That the grounds for the external auditors' options to be proposed to the shareholders' meeting will also be published in the website of the company as of the same date.
3. That the shareholders entitled to participate and vote at the meeting will be those registered at the Shareholders Registry at least 5 business days prior to the meeting, that is, on April 19, 2013 at midnight.
4. That the proxies' qualification, if applicable, will be performed on the same day of the meeting, until its beginning.

3) The following relevant fact was reported on April 30, 2013 in accordance with the provisions of Article 9 and subsection 2 of Article 10 of Law 18,045 on the Securities Market:

The annual shareholders meeting was held on April 26, 2013 and the following matters were agreed:

1. To approve the Annual Report, Balance Sheet, Financial Statements and the External Auditors Report corresponding to the period ending December 31, 2012.
2. To approve the distribution of a final dividend corresponding to 2012, amounting to USD 4,570,608,39 to be paid as of May 26, 2013 to shareholders registered in the respective shareholders' registry as of May 18, 2013.
3. The Dividends Policy for 2013 was approved.
4. It was agreed that members of the Board of Directors were to be replaced and therefore the Board is now comprised as follows: Mr. Richard Legault as director and Mr. Felipe Pinel as his respective deputy director; Mr. Bruce Hogg as director and Mr. Etienne Middleton as his respective deputy director; Mr. Patrick Charbonneau as director and Mr. Paul Dufresne as his respective deputy director; Ms. Brenda Eaton as director and Mr. Jerry Divoky as her respective deputy director; Mr. Bruno Philippi Irarrázabal as director and Mr. Enrique Munita Luco as his respective deputy director; Mr. Mario Valcarce Durán as director and Mr. Juan José Eyzaguirre Lira as his respective deputy director; Mr. Blas Tomic Errázuriz as director and Mr. Federico Grebe Lira as his respective deputy director; Mr. José Ramón Valente Vias as director and Mr. Juan Paulo Bambach Salvatore as his

respective deputy director, and Mr. Alejandro Jadresic Marinovic as director and Mr. Juan Irarrázabal Covarrubias as his respective deputy director.

5. Approval of the appointment of Ernst & Young as the company's external auditors for the 2013 fiscal year.

6. Diario Financiero was approved as the newspaper to be used for publishing notices of general shareholders meetings.