ANNUAL REPORT 2014

transelec

Uniendo a Chile con Energía®

INDEX

IDENTITY

IDENTITY

Name: Transelec S.A.
National Securities Registration: Number 974
Legal Domicile: Santiago, without prejudice of agencies, branches or offices it may establish in the country or overseas.
Tax List Number: 76,555,400-4
Address: Orinoco Nº 90, 14th floor, Las Condes
Phone: (56-2) 2467 7000
E-mail: transelec@transelec.cl
Webpage: www.transelec.cl

Share Ownership

Transelec's capital is divided into 1,000,000 ordinary, nominative and with no nominal value shares. Transelec Holding Rentas Limitada owns 999,900 shares, while Rentas Eléctricas I Limitada owns 100 shares.

The Company

Transelec is the leading supplier of high voltage power transmission systems in Chile and is the largest transmission company that operates 500 kV and 220 kV power lines and substations throughout Chile. Likewise, Transelec's facilities shape the two main national interconnected power grids, in the Far North (SING) and in the area ranging from Tal Tal as far as Chiloé Island (SIC). Transelec's power transmission system features a total of 9,555 kilometers of single and double circuit power lines as well as 56 substations. In the SIC power grid the Company owns 91.3% of all the power lines belonging to the trunk system, whereas in the SING power grid it owns 100%.

Throughout its history, Transelec has gained extensive experience in each one of the links that make up the value chain of the electricity transmission industry from project evaluation, basic and conceptual engineering, systemic studies execution and the design of power transmission and connection solutions to project management and construction, commissioning consultancy, up to the operation, maintenance and administration of new facilities.

Currently, Transelec contributes its extensive experience and knowledge to the development of power projects for a wide range of customers from the electricity, mining, and industrial sectors throughout Chile, which have trusted in the support and excellence of the integral transmission solutions provided by the Company.

Letter from the Chairman of **the Board of Directors**

Dear Shareholders,

On behalf of Transelec S.A.´s Board of Directors, it is with great pleasure that we present the Company's Annual Report corresponding to the 2014 fiscal year for the consideration of Transelec´s shareholders. During the year, the Company focused on providing high quality and efficient service through the adoption of world class service standards, as well as actively growing the asset base in order to enhance, expand and improve the reliability of the country's transmission system. Transelec also further reinforced its financial position by extending the maturity profile of its existing debt and strengthening its domestic and international credit ratings. Overall, Transelec values its role as steward of the Chile's transmission backbone and continuously strives to excel as a responsible corporate citizen.

Transelec strives for continuous improvement in regards to the quality of service offered to its customers. In the current year, the Company further implemented maintenance programs which aim to maximize the reliability of its systems, and recorded its lowest level of outages in the last 6 years in the Norte Grande Interconnected System (SING).

The Company also inaugurated a state of the art National Center for Transmission Operations (CNOT), located at our Cerro Navia Substation. The CNOT unifies Transelec's regional control centers and allows for 24-hour surveillance of our operations. Additionally, it has high levels of security and sophisticated analytical tools which assist in the prevention of service disruptions and operational hazards.

In 2014, Transelec was also successful in expanding its asset base. During the year, the Company commissioned six projects and acquired the "Maintencillo-Cardones Transmission Line", for a cumulative value of US$100 million. In addition, Transelec was also awarded with two projects by the Ministry of Energy that will enhance the security and reliability of transmission system, and are expected to be in service in 2018.

The Company also continued to exercise its access to the capital markets by successfully completing the issuance of US$375 million of corporate bonds that will mature in 2025. This bond issuance was rated by Moody's, S&P and Fitch, and the proceeds were used to repay 2014 and 2015 maturities, and extend the maturity profile of our existing debt. Since this issuance, Humphreys has improved the Company's domestic rating to AA- and Fitch improved its international rating to BBB, a reflection of the low business risk and high degree of cash flow predictability within our operations. Transelec also extended the maturity of its US$250 million revolving credit facility by 3 years, while also improving the cost of this facility.

The successes above were a result of the hard work, dedication and professionalism of our employees. This commitment did not go unnoticed as Transelec was awarded the Carlos Vial Espantoso award, a prize given to companies who build working relationships of trust and appreciate the contribution of people to their results.

The Company was also awarded the Chilean Safety Association Preventive Risk Management Distinction, which highlights our commitment to excellence in safety, security and environmental performance and commitment to protecting employees, contractors, the general public and the natural environment.

Transelec actively engages in activities aimed to contribute to the social, economic and environmental development of our neighboring communities. This year these included the "Creciendo Juntos" program, as well as hosting a seminar entitled "Companies and Original Peoples: Canadian and Chilean Experience". This seminar aimed to contribute with different experiences and to provide attendees an opportunity to discuss avenues to further strengthen the relationship between our countries and their indigenous communities. The activity was attended by Government authorities, indigenous and industry representatives, in addition to important stakeholders.

As we look forward, I believe that the energy sector remains a key priority for the country as a result of the growing demand for energy and the corresponding need for power infrastructure. We believe that Transelec, as one of the largest players in the industry, has and will continue to play a constructive and key role to support Chile's ongoing energy needs and improve the quality of service for all customers.

I look forward to reporting on our continued progress in the coming year and want to take the opportunity to thank all of our employees and business partners for their efforts and ongoing support.

Richard Legault.
Chairman of the Board of Directors

OUR HISTORY, TRANSELEC: UNIT ING CHILE WITH ENERGY

1943

CORFO creates Endesa (National Electricity Company) in order to execute a national electrification plan consisting on the construction of new power generation units and, specially, a net of regional power transmission lines in order to connect these units.

1954

There were already four independent regional systems in Chile: La Serena-Punitaqui, La Ligua-Talca, Chillán-Victoria and Valdivia-Puerto Montt. In the rest of the country only a few isolated cities had their own power plants.

1955

The SIC (Central Interconnected System) is created by connecting the recently built Cipreses Power Plant using the 154kV Cipreses-Santiago and Charrúa-Itahue power lines that connect Santiago and Concepción consumption centers.

1965

A submarine cable (currently overhead) crossed the Chacao Channel and supplied electricity to Isla Grande Chiloé. Another milestone was the construction of the first 220 kV power line, Rapel-Cerro Navia, in 1966, which connected Rapel power plant to the growing electrical demand of the central zone.

1974

The 220 kV system was extended westwards, feeding Concepción, and northwards to transport power to Santiago. Likewise, the SIC grew northwards with the construction of 110 kV systems and the Maitencillo-Cardones and Pan de Azúcar-Maitencillo power lines.

1978

Connection with Chile's Near North was intensified by means of the power lines that connected San Isidro (today Quillota) and Cardones. In the early 80s, due to the connection of El Salvador mine, the SIC reached Diego de Almagro, whereas in the South, the development of 220 kV power lines reached as far as Puerto Montt.

1986

The extra high-voltage era started with the commissioning of the first 500 kV power lines (Ancoa-Alto Jahuel 1 and 2) required to inject power generated by the Colbún-Machicura complex into the SIC power grid.

1993

Endesa transformed its power transmission division into the subsidiary Compañía Nacional de Transmisión Eléctrica S.A. Afterwards Transelec S.A. was established in order to plan, operate and maintain the system as well as to provide services to the different power generating companies that used the SIC. Additionally, the overhead crossing of Chacao, consisting of two 179-meter towers, and a 2,680 mts. power line, was commissioned.

1996

Transelec laid its first 220 kV power line between Charrúa and Ancoa to connect the Pangue power plant (460 MW), which was later expanded in order to connect the Ralco power plant.

2000

The Canadian company Hydro-Québec purchased all Transelec's shares.

2003

Transelec entered the SING power grid after purchasing 924 kilometers of 220 kV power lines.

2004

The largest power transmission development in history was completed: powering up the system between Charrúa and Alto Jahuel to 500 kV, which allowed connecting the Ralco power plant (690 MW).

2006

The Canadian consortium led by Brookfield Asset

Management purchased 100% Transelec's shareholdings, contributing with its solid financial strength to the service of Chile's growth requirements.

2008

The 500 kV energization of the Alto Jahuel-Polpaico double-circuit power line allowed to end northbound network saturation and was largely responsible for creation of a 500 kV ring surrounding Santiago, one of the key developments for the system's future.

2009

Nogales substation was commissioned. This will allow to expand efficiently the system from Chile's V region towards the North of the country.

2010

Transelec purchased Barrick Gold's Punta Colorada substation in order to consolidate service provision to the mining sector, as well as Tinguiririca Substation from Hidroelétrica La Higuera. The Company also commissioned Las Palmas substation, which is the core wind power contribution to the SIC power grid.

2011

Transelec signs a contract with Minera Lumina Copper Chile for the execution of the Caserones project, one of the most important in the mining industry. The Company also commissioned the Nogales-Polpaico project (Nogales substation, Nogales power line diagonal, bays at the Polpaico station and the Nogales-Polpaico power line). In addition, sixteen new projects were undertaken, including the Maitencillo-Caserones power line (including GIS enlargement of the Maintencillo substation), as well as Neptuno substation and its connection to the SIC.

2012

Transelec finished the transmission system construction for the "Mina Caserones" project, located in Chile's Third Region, positioning the Company as a successful agent in the development and execution of highly complex transmission solutions for customers from the mining industry. The Company also purchased 100% of Transam Chile, which includes Abenor, Araucana and Huepil transmission lines; and purchased the 173-km Crucero Lagunas power line located in the SING by means of a private tender conducted by the E-CL.

The Company was awarded new trunk transmission works for Lo Aguirre Substation and the installation of a Static Reactive Compensation (SRC) at the Cardones Substation. Likewise, 350 MVA flow control equipments were commissioned, independently for each circuit of the 220kV Polpaico-Cerro Navia power line, which enables more flexibility for transporting electricity to the Region Metropolitana.

Lastly, the Company was awarded with the 2012 SOFOFA and Capital Magazine Corporate Social Responsibility Award in the big companies category.

2013

During this period S.V.C Plus equipments were commissioned at Diego de Almagro Substation and Static Reactive Compensation (SRC) equipment was commissioned at Cardones substation. Additionally, the third autotransformer bank was inaugurated at the Charrúa Substation, event attended by the Minister of Energy, Jorge Bunster. In financial terms, the Company issued corporate bonds in the local market for a total of UF 3,100,000 in the Santiago Stock Exchange and in the international markets for an amount of US$ 300,000,000.

In this fiscal year Transelec was distinguished as a finalist for the 2013 Carlos Vial Espantoso award. This recognition is given to companies that build labor relations of trust and value the contribution of people in their results. The Company was also awarded by the Ministry of Social Development, and for the second consecutive year, with the "Sello Más Por Chile 2013" recognition, thanks to its Corporate Social Responsibility Program "Juega + con Transelec" and is presented by the Ministry of Social Development.

2014

During this year the Board of Directors approved the merger of Transelec Norte S.A. with Transelec S.A., and the process was legally finished on December 1st. Additionally, Transelec S.A. commissioned six trunk transmission upgrading projects amounting a total of US$43 million. Futhermore, the Company made acquisitions by a total

Investment Value of US$ 56 million, primarily related to the purchase of “Maitencillo – Cardones Line”.

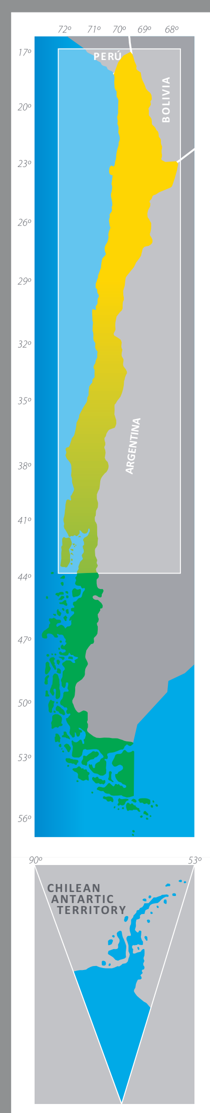
In financial terms, the Company placed bonds in the international markets for an amount of US$ 375,000,000, an historical figure for Transelec and renwed a revolving credit facility for US$ 250 million.

Likewise, during this fiscal year the Company was awarded with the Fundación Carlos Vial Espantoso prize, Chile’s most important recognition given to a company in terms of labor relationships, as well as the Preventive Risk Management Asociacion Chilena de Seguridad distinction that reflects the work that Transelec and its contractors have done in terms of occupational safety and health.

THE SING - SIC POWER TRANSMISSION SYSTEM


Isla San Félix
Isla San Ambrosio
Isla Sala y Gómez
Isla de Pascua
MANTO VERDE
TOTORALILLO
CARRERA PINTO
LA COIPA
CERRO NEGRO NORTE
MINERA MANTOS DE ORO
CHAMONATE
AMANECER SOLAR
CALDERA
HERNAN FUENTES
PAIPOTE
COPIAPO
SAN ANDRÉS
CARDONES (EX TIERRA AMARILLA)
CENIZAS
TERMOPACIFICO
CARDONES
MAGNETITA
PLANTAS
CENTRAL MEDELLIN
LA CANDELARIA
TRAVESIA
CERRILLOS
T. AMARILLA
KAZAN
Río Copiapó
LOS LOROS
CASTILLA
MINA EL REFUGIO
CHUSCHAMPIS
LOS COLORADOS
CASERONES
GUACOLDA
HUASCO
JORQUERA
PELLETS
AGROSUPER
VALLENAR
MAITENCILLO
ALGARROBO
DOS AMIGOS
ALTO DEL CARMEN
PAJONALES
INCAHUASI
PUNTA COLORADA
PASCUA LAMA
ROMERAL
ROMERAL
EL INDIO
LA SERENA
COQUIMBO
LAS COMPAÑIAS
Río Elqui
MARQUESA
GUAYACAN
VICUÑA
DON GOYO
PAN DE AZUCAR
TALINAY
ANDACOLLO
CM. ANDACOLLO
EL PEÑON
LA CEBADA
OVALLE
MONTE PATRIA
LOS MOLLES
Río Limarí
MONTE REDONDO
PUNTA PALMERA
PUNITAQUI
TOTORAL
CANELA
LAS PALMAS
EL SAUCE
COMBARBALA
Río Illapel
ILLAPEL
LOS PELAMBRES
LOS ESPINOS
CHOAPA
LOS VILOS
OLIVOS
Río Petorca
Río de la Ligua
QUINQUIMO
C.VIEJAS
CABILDO
NUEVA VENTANAS
VENTANAS
NOGALES
Río Colorado
COLMITO
CALERA
QUINTERO
NEHUENCO
Río Aconcagua
SAN ISIDRO
SAN LUIS
LOS QUILOS
ACONCAGUA
AGUA SANTA
CHACABUQUITO
SALADILLO
VALPARAISO
QUILLOTA
LAGUNA VERDE
SAN PEDRO
LAS VEGAS
LOS VIENTOS
EL MANZANO
POLPAICO
DISPUTADA
LAMPA
EL SALTO
CASA BLANCA
CERRO NAVIA
ALFALFAL
Archipiélago Juan Fernández
SAN ANTONIO
N. RENCA
CHENA
SANTIAGO
SANTA MARTA
BUIN
LOS ALMENDROS
EL MONTE
LOS MORROS
ALTO MELIPILLA
BUIN
ALTO JAHUEL
PUNTILLA
MELIPILLA
FLORIDA
Río Maipo
I. DE MAIPO
MAIPO
MANDINGA
PAINE
MAITENES
CAENSA
LOS BAJOS
HOSPITAL
QUELTEHUES
QUELENTARO
LAS ARAÑAS
VOLCAN
PORTEZUELO
GRANEROS
CANDELARIA
MINERO
RAPEL
COLON
RANCAGUA
MINERA VALLE CENTRAL
LOS LIRIOS
Embalse Rapel
P. DE CORTES
PANGAL
COYA
Río Cachapoal
TILCOCO
CHACAYES
RENGO
SAUZAL
SAUZALITO
SAN VICENTE DE TAGUA TAGUA
MARCHIHUE
LA RONDA
MALLOA
PELEQUEN
SAN FERNANDO
Río Tinguiririca
PANIAHUE
NANCAGUA
TINGUIRIRICA
LA HIGUERA
CONFLUENCIA
QUINTA

TRANSELEC		OTHER COMPANIES
	LINES -kV	
———	500	
	345	- - - - - -
———	220	- - - - - -
———	154	- - - - - -
———	110	- - - - - -
———	66 or less	- - - - - -
	EOLIC POWER PLANT	★
	HYDRO POWER PLANT	■
	COAL POWER PLANT	▲
	SOLAR POWER PLANT	◆
◉	SUBESTATION	●
◉	NODE	◉
*	BELONG TO CyT, RELATED TO TRANSELEC	



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transelec

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

In accordance with the Company's bylaws, the Board of Directors is composed of nine members elected by the shareholders at the respective Shareholders Meeting. The aforementioned members hold office for a period of two years, without prejudice to the possibility of their reappointment. There is one Alternate Director for each Director. The Chairman is appointed by the directors elected at the Shareholders Meeting.

In compliance with the Law and the Bylaws, the Board of Directors shall meet at least once a month. During 2014 fiscal year, Transelec S.A. held 12 Ordinary Meetings and 4 Extraordinary Board of Directors meetings.

The Board of Directors is currently made up of Messrs. Richard Legault, Patrick Charbonneau, Brenda Eaton, Alfredo Ergas Segal, Bruno Philippi Irarrázabal, Mario Valcarce Durán, Blas Tomic Errázuriz, José Ramón Valente Vias, and Alejandro Jadresic Marinovic, and by their corresponding Alternate Directors, Messrs. Jeffrey Rosenthal, Paul Dufresne, Jerry Divoky, Etienne Middleton, Paulo Montt Rettig, Patricio Leyton Flores, José Ignacio Concha Vial, Stella Muñoz Schiattino, and Valeria Ruz Hernández, all elected at the Transelec's Seventh ordinary Shareholders Meeting, held on April 21st, 2014

Board of Directors Compensation

It was agreed at Transelec´s Seventh Ordinary Shareholders Meeting -held on April 21st, 2014- that the annual director's compensation will remain at US$ 90,000 gross value.

Directors Richard Legault, Alfredo Ergas, Patrick Charbonneau, Brenda Eaton, as well as all Alternate Directors waived compensation corresponding to the 2014 fiscal year. Thus, compensations paid to Directors during 2014 fiscal year were as follows:

Bruno Philippi Irarrázabal	CLP$ 50,123,925
Mario Valcarce Durán	CLP$ 50,123,925
Blas Tomic Errázuriz	CLP$ 50,123,925
José Ramón Valente Vias	CLP$ 50,123,925
Alejandro Jadresic Marinovic	CLP$ 50,123,925

As for Transelec S.A. subsidiary, Transelec Norte S.A., on December 1st, 2014, it was dissolved since Transelec S.A. became the owner of 100% of its shares pursuant the provisions of the article 103 of the Corporations Law N° 18,046.

Board Of Directors Expeneses

During 2014 fiscal year there were payments associated to Directors' expenses by CLP$ 24,330,186.

Audit Committee

In April 2007 the creation of an Audit Committee, different from that established in the Corporations Law, was approved. The Audit Committee's duties include reviewing the auditor's reports, balance sheets, other financial statements of the Company and internal systems, among others. The Audit Committee is composed of four directors appointed by the Board of Directors. These Directors hold office for two years and are eligible for re-election. The Committee appoints a Chairman among its members and a Secretary, which can be one of its members or the Board of Directors' Secretary. During 2014 fiscal year, the Audit Committee held four meetings.

As of December 31st, 2014, the Audit Committee was composed of its Chairman, Mr. Mario Valcarce Durán, the directors Mr. Alfredo Ergas, Mrs. Brenda Eaton and Mr. José Ramón Valente Vías, in addition to the Secretary, Mr. Arturo Le Blanc Cerda.

Members of the Committee are entitled to receive the corresponding remuneration as determined at the Ordinary Shareholders Meeting.

It was agreed at Transelec's Seventh Ordinary Shareholders Meeting of April 2014, that the remuneration of each of the Committee members would continue to be US$10,000 per year.

Directors, Mr. Alfredo Ergas and Mrs. Brenda Eaton waived compensation corresponding to the 2014 fiscal year.

Compensation paid to other members of the Audit Committee during 2014 fiscal year is listed as follows:

Mario Valcarce	CLP$ 5,246,100
José Ramón Valente	CLP$5,246,100

Investment Advisory Committee

The Investment Advisory Committee is composed of Directors and senior executives. The purpose of this Committee is to improve the information submitted to the Board of Directors regarding the Company's different projects and thus facilitate their decision-making.

Regulation And Corporate Reputation Committee

The Regulatory and Corporate Reputation Committee is composed of Directors and executives of the Company that meet on a bimonthly basis to review the Regulatory and Corporate Reputation Strategy against major modificatios of laws and regulations of the electrical and environmental sector. Moreover, this committee leads the tariff processes of trunk transmission and subtransmission systems.

Finance Committee

The Finance Committee is composed of Directors and executives of the Company that meet on a monthly basis to review subjects related to financialmatters. The purpose of this Committee is to review the Financial Strategy of the Company. Moreover, this Committee is responsible providing advice and approve management's proposals over relevant financial activities of the Company.

Human Resources Committee

The Human Resources Committee is composed of Directors and executives of the Company that meet at least once a year to review subjects related to the people of the team of Transelec. Among other topics, the Committee reviews the financial KPI on which the incentive pyramid is based and bonuses are payed to employees, carreer development within employees, personnel training, etc.

A) Coordination Committees: They involve Transelec's Vice-Presidencies and are carried out periodically. These Committees are intended to coordinate the most relevant issues of the Company:

- Executive Committee

- Business Committee

- Project Committee

- Operations Committee

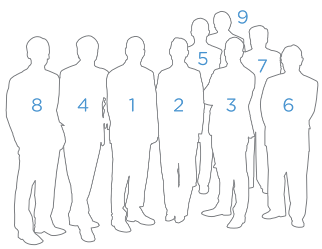
- Human Resources Committee

- Results and Operational Excellence Committee

- Regulatory Agenda

B) Integrated Management System Committee: The task of this committee is to address all the matters regarding safety and risk prevention, maintenance and the Company's compliance with the environmental regulation and occupational health. The Committee is composed of several vice-presidents, the quality, Safety and Occupational Health Assistant Manager and a legal advisor from the Legal Affairs department.

Board of **Directors**



1 Richard Legault

Chairman

Bachelor of Accounting
Universite du Quebec
Canadian

2 Brenda Eaton

Director

Economist, Master`s
Degree in Economics
University of Victoria
Canadian

3 Patrick Charbonneau

Director

Chartered Financial Analyst
Bachelor of Business
Administration,
Bishop`s University
Canadian

4 Alfredo Ergas Segal

Director

Commercial Engineer
Universidad de Chile
MBA Trium Global
Executive
alliance between
NYU, HEC and LSE
Tax ID Number
9.574.296-3

5 Blas Tomic Errázuriz

Director

Civil Industrial Engineer,
Ph. D. in Economic
Development, Sussex
University
Tax ID Number
5.390.891-8

6 Bruno Philippi Irarrázabal

Director

Civil Engineer, M. Sc.
Operation Research
Ph. D. Engineering
Economic System
Stanford University
Tax ID Number
4.818.243-7

7 Mario Valcarce Durán

Director

Commercial Engineer
Pontificia Universidad
Católica de Valparaiso
Tax ID Number
5.850.972-8

8 José Ramón Valente Vías

Director

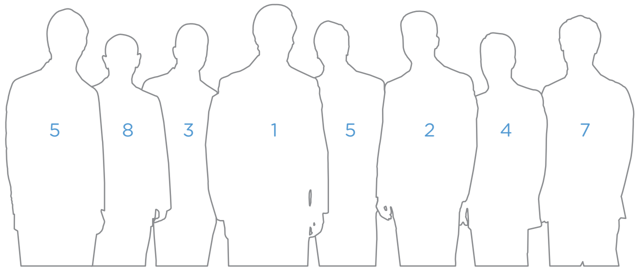
Commercial Engineer
MBA, University of
Chicago
Tax ID Number
8.533.255-4

9 Alejandro Jadresic Marinovic

Director

Civil Industrial Engineer
Ph. D. in Economics
Harvard University
Tax ID Number
7.746.199-K

Management **Team**



1 Andrés Kuhlmann Jahn

CEO

Civil Industrial Engineer
Pontificia Universidad
Católica de Chile
ID Number 6.554.568-3

2 Eric Ahumada Gómez

Commercial and Business Development Vice President

Civil Electrical Engineer
Universidad de Chile
ID Number 9.899.120-4

3 Claudio Aravena Vallejo

Human Resources Vice President

Commercial Engineer
Pontificia Universidad
Católica de Chile
ID Number 9.580.875-1

4 Francisco Castro Crichton

Finance Vice President

Civil Industrial Engineer
Pontificia Universidad
Católica de Chile
ID Number 9.963.957-1

5 Arturo Le Blanc Cerda

Legal Affairs Vice President and General Counsel

Lawyer
Universidad de Chile
LLM Duke University
ID Number 10.601.441-8

6 Rodrigo López Vergara

Operations Vice President

Civil Electrical Engineer
Universidad de Chile
ID Number 7.518.088-8

7 David Noe Scheinwald [1]

Corporate Affairs and Sustainability Vice President

Civil Industrial Engineer,
Pontificia Universidad Católica
de Chile
Master's Degree in Public
Politics, Harvard University
ID Number 10.502.232-8

[1] *Joins on February 1st, 2015*

8 Alexandros Semertzakis Pandolfi

Engineering and Project Development Vice President

Civil Engineer Universidad de Santiago
Post-graduate Diploma in Administration,
Universidad Adolfo Ibáñez
ID Number 7.053.358-8

OUR PEOPLE

HUMAN RESOURCES

The pillars of Transelec's strategic plan are the Company's collaborators. The complexity and high quality standards in the industry, together with the Company's future challenges mean that Transelec seeks to recruit and retain the best professionals the market has to offer in the different performance areas.

In this context, Transelec has benefit policies, compensations and incentive plans that allow it to be competitive in terms of recruitment, motivation and talent retention.

The Company has also implemented training programs in order to keep the existing high standards of professional quality, developing the concept of Knowledge Management, which aims to retain the knowledge within the Company.

Throughout 2014 the emphasis on creating spaces that improve Transelec workers' life quality has continued by means of outreach, culture and recreational programs to support workers' integral development with the conviction of the direct contribution it has on the productivity. In this context, we would like to highlight the change to our new office, which was chosen especially thinking of the welfare and comfort of our people With more light, comfort and common meeting places called coffee corners, and internal stairs that connect four floors, we can make our work interactions easier and encourage further teamwork.

On the other hand, the Pause Gymnastics Program started in 2011 and it has been corried out throughout the entire Company. Also, the financial support to Transelec'Club continued in 2014 by means of the "one-to-one sponsorship" in order to encourage recreational activities and to generate opportunities that favor family and co-workers interaction.

As part of its family integration program the Company hosted its fourth "Open Day", a day dedicated to bring children to meet the working place of their parents, enjoy funny activities and also understand their parents' contribution to the Company.

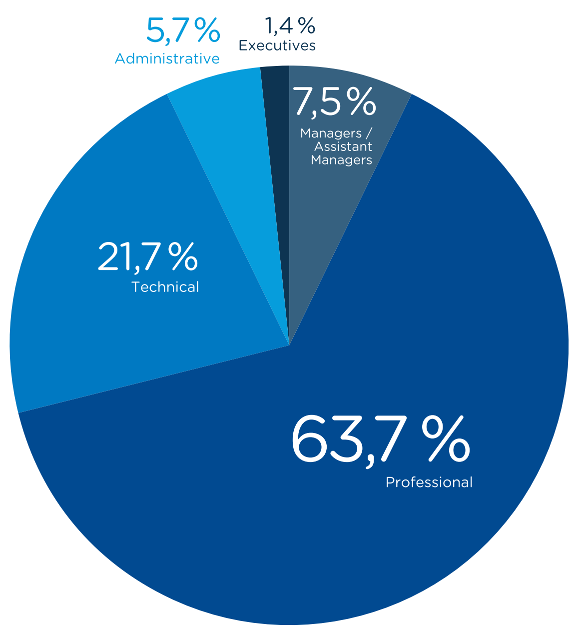
In the same line, during December the Company held its traditional Christmas Party together with the employees' families.

Our Employees

As of December 31st, Transelec employed 493 workers. More than 96% of them have a technical or professional specialization, which means the Company is highly knowledge-intensive and consistent with the requirements needed to provide the quality service the society expects.

76.47% of the Company´s workers are employed in the operations, engineering and projects development divisions.

Employee Distribution



Note: Project personnel are not included

Labor Relations and Organizational Climate

In June, Transelec and the workers' union, SITRAT (Sindicato de Trabajadores de Transelec), concluded successfully a new collective contract agreement. As of December 31, 2014, 52% of the Company's total staffing belonged to SITRAT.

The process was executed within the timeframes established by the Labor Code and it was closed with an agreement for the maximum legal term consisting of 4 years, which satisfied the parties involved.

Also in June the Company was awarded with the Fundación Carlos Vial Espantoso prize, Chile's most important recognition given in terms of labor relationships. The purpose of this award is to highlight the companies that keep excellence labor relationships, based on the dialogue, respect, fair recognition and transparency. This award is doubly meritorious since in this version (# 15) the invitation was only made to finalists or previously awarded companies belonging to different country's productive sectors, such as mining, retail, financial and electrical, among others.

Transelec was also awarded with the Preventive Risk Management distinction, given altogether with the Asociación Chilena de Seguridad (ACHS). . The Company is very proud of this recognition, since it reflects the work that Transelec and its contractors have been doing for years in terms of occupational safety and health.

In November it was carried out the fourth version of the Organizational Health Survey aimed at measuring the working environment along with other key factors to achieve excellence in an organization factors such as leadership. The survey has shown consistent positive progress in each of the factors, placing Transelec this year, in the best quartile in virtually all dimensions measured by the survey and aligned with the financial results of the Company.

All this evidences good labor relations within the Company, an essential condition of Transelec's Human Resources policies.

Knowledge Management

The total Training time during 2014 was 25,519 hours, which represents a monthly average of 4.3 training hours per worker. Thus, 92.1% of Transelec's workers attended training programs related to operating divisions, management support, safety, engineering, innovation, post-graduate, languages and information technology.

During 2014, we continued developing the knowledge management strategic initiative. Several lectures related to the Company's activities were transmitted as videoconferences, thus bringing knowledge closer to workers throughout Chile.

In addition, and in the seventh year since its creation, four "Programa de Maestros" workshops were held. The ultimate goal of this program is to transfer knowledge within the Company from people with extensive experience to younger professionals.

Another highlight of the year was the creation of Leadership Training Center. The initiative aims to develop skills to strengthen the leadership of all employees in charge of staff. The training program lasts three semesters and in 2014 started with its first 56 participants.

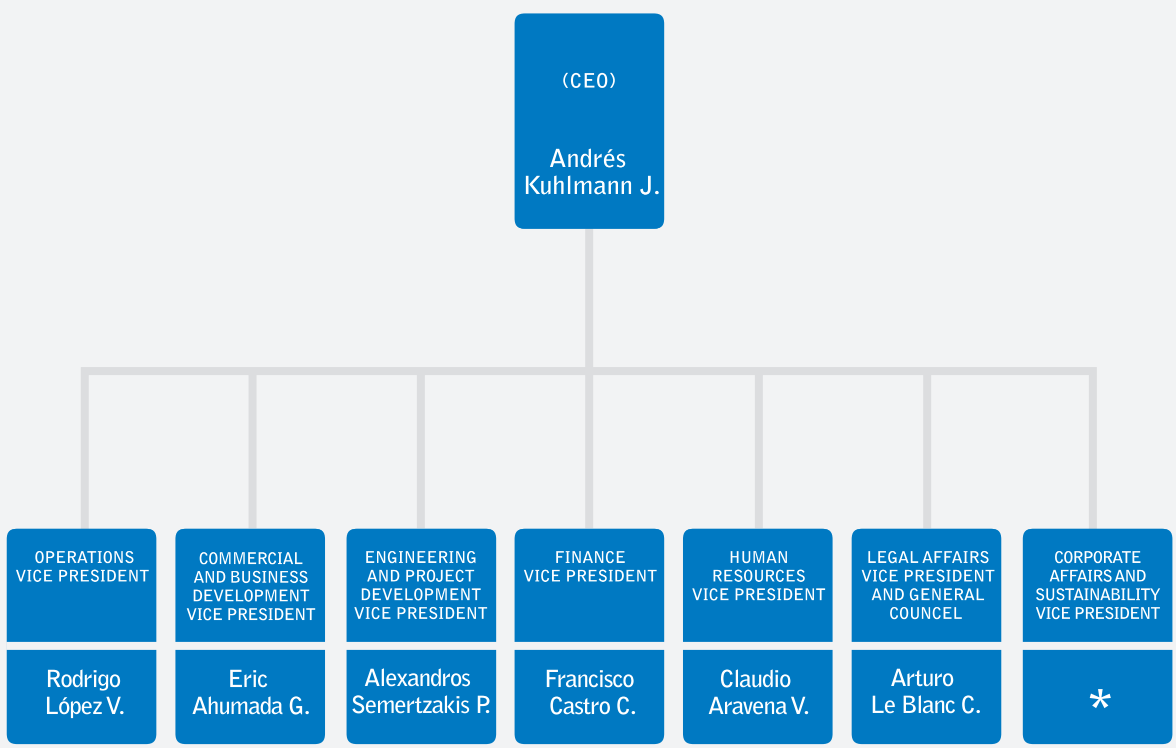
Vice Presidents Salaries

Transelec paid executive salaries amounting to M$2,391,772. This value includes the salaries of corporate executives at December 31 st, 2014.

Bonus Plans

Transelec has an annual bonus plan for all personnel. This plan is related to the accomplishment of goals, which are set based on the Company's strategy and developed according to the level of detail and responsibility in Transelec's corporate hierarchy.

The Company's Organizational Chart



** In February 2015, Mr. David Noé joined as Corporate Affairs and Sustainability Vice President*

THE BUSINESS

Regulatory Scenario

Transelec's business is power transmission. The legal framework regulating the power transmission business in Chile defines power transmission systems, classifying their facilities into three categories (Trunk Transmission Systems, Subtransmission Systems and Additional Systems), and establishes an open access layout for the first two systems as well as for additional power lines making use of rights of way and those that use national public goods for their layout, as long as the corresponding Economic Load Dispatch Center (CDEC) determines there is technical transmission capacity, thereby they can be used by third parties under non-discriminatory technical and economical conditions. In addition, this framework establishes criteria and procedures for determining compensation that power-transmission facility owners are entitled to.

Trunk facilities are defined as the set of economically efficient power lines and substations required in order to supply all demand stemming from different power generation availability scenarios.

Subtransmission systems are made up of facilities interconnected to the electrical system, available for the exclusive supply of groups of free or regulated end consumers located in distribution companies' concession areas.

In turn, additional systems are made up of power lines and transmission equipment mainly designed for supplying electrical energy to non-regulated customers or for injecting production of a power plant or a limited group of power plants into the system.

Trunk Transmission

Transelec´s revenues consists of the "annual transmission value by segment" (VATT), which is calculated based on the "annual investment value" (AIV), plus "operating, maintenance and administration costs" (OMAC) for each of the segments that make up the current trunk system. The segments that comprise the trunk system and their corresponding VATT are determined every four years by a consultant that performs a study known as Trunk Transmission Study (TTS). During the four-year period between two consecutive TTS, both the AIV and the OMAC of each segment are indexed using formulas designed to maintain the real value of the AIV and the OMAC during this period. Both indexing formulas and application frequency are determined in the TTS.

In addition, the consultant establishes upgrade plans for the trunk system in said TTS, together with reference investment values. These upgrade plans feature investments that must be classified as new projects or as upgrades.

The National Energy Commission formulates a technical report based on TTS results. Based on this report the Ministry of Energy sets tariffs for the trunk transmission system for the next four-year period.

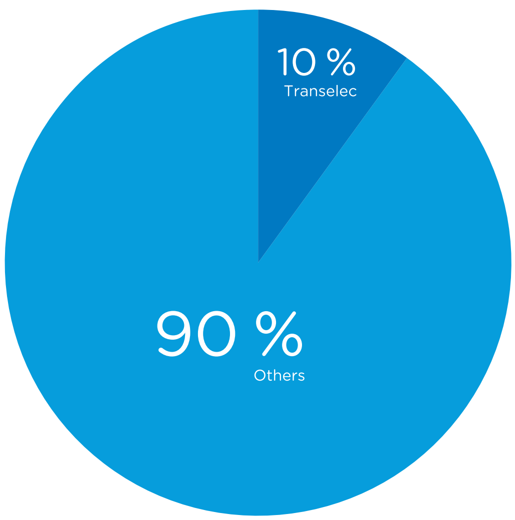
The facility owner, who shall be required to execute a project construction bid, shall execute current facility upgrades. In the case of new projects, exploitation and execution rights are auctioned by the respective CDEC by means of an international tender and awarded to the bidder presenting the lowest VATT for the project bid.

The CDEC analyzes consistency of the upgrade plan and trunk system facilities contained in the TTS on an annual basis, together with effective system developments in terms of power generation, transmission and demand performance. Subsequently, The National Energy Commission (CNE) determines the upgrade plan for the following 12 months.

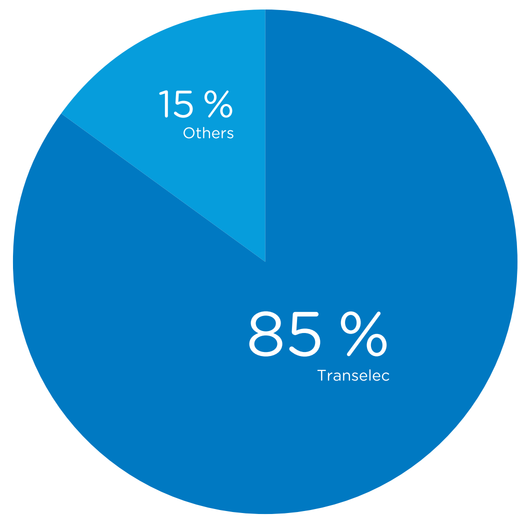
Market Share

Transelec owns 100% of the 500 kV power lines in service in the country, and has a 47% stake in the 220 kV power lines. The Company therefore has an 85% market share for 154 kV power lines and a 10% share for 110 kV and 66 kV power lines.

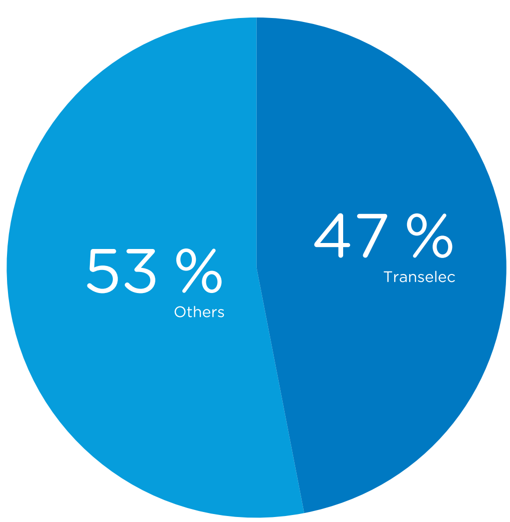
66+110 kV



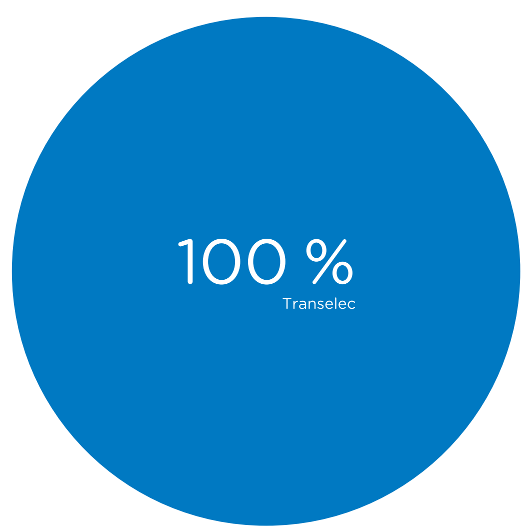
154 kV



220 kV



500 kV



Trunk System Projects

A. New Projects

A.1 Studies

Decree N° 201 establishing the "Trunk Transmission System Upgrade Plan" SIC and SING – New Works for the next 12 months was published in the Official Gazette on July 12th, 2014.

As a result, the Economic Load Dispatch Center of the SIC (CDEC-SIC) and the Economic Load Dispatch Center of the SING (CDEC-SING), made a call to international public tender for following projects:

• Nueva Charrúa Substation, sectioning of power lines 2x500 kV Charrúa - Ancoa 1 and 2, and a new 2x220 kV Nueva Charrúa-Charrúa power line.

• 2x500 kV Pichirropulli-Puerto Montt line, energized at 220 kV.

• New Crucero – Encuentro Substation.

Transelec S.A. is carrying out all the studies required to evaluate its participation in the bidding process.

A.2 Projects Awarded

Decree N° 310 describing the "Trunk Transmission System Upgrade Plan", SIC-Upgrade Works for the next 12 moths was published in the Official Gazette on August 8th, 2013.

Economic bids were opened on September 10th, 2014. The results are listed as follows:

• Transelec was awarded the new 2x220 kV Lo Aguirre – Cerro Navia Power transmission line. The construction deadline established is 48 months and the reference Investment Value (VI) amounts to US$ 54,610.

• Transelec was awarded the Third 500/220 kV, 750MVA Autotransformer Bank at Alto Jahuel Substation. The construction deadline established is 36 months and the reference Investment Value (VI) amounts to US$ 44,680 million.

As of January 30th, 2015, the Ministry of Energy issued the decree that establishes the rights to utilize and execute the above mentioned projects to Transelec S.A. as the awareded company of both projects.

A.3 Projects Development

Under the provisions of Decree N° 115 of 2011, Transelec continued to develop the following project:

• "Lo Aguirre Sectioning Substation: Stage I" featuring the construction of 500/220 kV Lo Aguirre sectioning substation, a bank of four single-phased 500/√3:220/√3 kV autotransformers amounting to a total 1000 MVA, with space for a second 500/220 kV transformer bank.

The construction deadline established is 36 months with a reference Investment Value (IV) amounting to US$ 69.02 million.

Under the provisions of Decree N° 82 dated in 2012, the Company continues developing the following projects:

• "Second 500/220 kV Transformer at Ancoa". Featuring the installation of a 500/220 kV autotransformer bank amounting to a total 750 MVA, plus one standby unit.

The construction deadline established is 36 months and the reference Investment Value (IV) amounts to US$ 20,451 million.

A.4 Commissioning

There was no commissioning of new projects during this period.

B. Upgrades

B.1 Studies

Transelec S.A. is conducting studies related to the Expansion Plan of the Trunk Transmission System proposal for the period 2014-2015.

B.2 Projects Awarded

Exceptional Decree N° 310 describing the SIC - SING Trunk Transmission System Upgrade Plan, Upgrade Works for the 2012-2013 period was published in the Official Gazette

August 8th, 2013. Under the provisions of this Decree Transelec SA initiated the development of the following projects:

• 220 kV Diego de Almagro Substation Upgrade.

• 220 kV Cardones Substation Upgrade.

• 220 kV Maitencillo Substation Upgrade.

• 220 kV Pan de Azúcar Substation Upgrade.

• 220 kV Las Palmas Substation Upgrade.

• 500 kV Polpaico Substation Upgrade and replacement of a circuit breaker for the 52JR coupling bay.

• 220 kV Cerro Navia Substation Upgrade.

• Replacement of a circuit breaker for the 52JR coupling bay at Alto Jahuel Substation.

• 220 kV Rapel Substation Upgrade and 52JS circuit breaker installation

• 500 kV Charrúa Substation Upgrade and replacement of a circuit breaker for the 52JR1, 52JR2 and 52JR3 coupling bays.

• Switchgear replacement for bays J3, J4 and JR at the Quillota Substation and JR switchgear at the Polpaico Substation.

• 220 kV Ciruelos Substation Upgrade.

• 220 kV Lagunas Substation Upgrade, 60 MVAr condenser bank and TTCC replacement for bays J1 and J2.

• 220 kV Encuentro Substation Upgrade, capacity upgrade for the 2x22 kV Crucero-Encuentro power transmission line and TTCC and line trap replacement for bay J5 at the Crucero Substation.

• 220 kV Sectioning Busbar at the Encuentro Substation

• 220 kV Sectioning Busbar at the Tarapacá Substation.

The referential investment value (IV) of the portfolio to be awarded amounts to US$ 94,919 million.

Decree N° 201 describing the SIC - SING Trunk Transmission System Upgrade Plan, Upgrade Works for the 2012-2013 period was published in the Official Gazette on June 12th 2014.

Under the provisions of this Decree Transelec S.A. started the development of the following projects:

• Main busbar sectioning at Carrera Pinto.

• 1x220 kV Maitencillo-Cardones power transmission line upgrade.

• 500 kV busbar sectioning at Alto Jahuel substation.

• 500 kV busbar sectioning at Ancoa substation.

• 500 kV busbars at Charrúa substation.

• Complete sectioning at Rahue substation.

• 500 kV Ancoa Substation upgrade.

The referential Investment Value (IV) of the portfolio to be awarded amounts US$ 72,859 million.

B.3 Project Development

Under the provisions of Exceptional Decree N° 942 of 2009 and its modifications by means of the Exceptional Decree N° 1403 dated in 2009, Transelec S.A. continued the development of the following project:

• “2x220 kV Punta Cortés - Tuniche Power Transmission Line” featuring the construction of a power transmission line spanning approximately 10 km between Punta Cortés Substation and Tuniche Substation (current Tap-Off connection point to Rancagua).

The construction deadline established was 40 months with an Investment Value (IV) amounting to US$ 3,693 million.

B.4 Commissioning

Under the provisions of Decree N° 259 of 2008, Transelec S.A. commissioned the following projects during 2014:

• **February 21st:** “1x500 kV Ancoa - Polpaico Power Transmission Line: Sectioning”, featuring the sectioning of the 1x500 kV Ancoa - Polpaico power transmission line and transformation of the same into Ancoa - Alto Jahuel and Alto Jahuel - Polpaico segments.

The construction deadline established was 36 months with a reference investment value (IV) amounting to US$ 15.301 million.

• **February 21st:** "2x500 kV Alto Jahuel Feeder Line" featuring the construction of a power transmission line measuring approximately 9.5 km in order to section the 1x500 kV Ancoa - Polpaico transmission line, enter the Alto Jahuel Substation and connect it to the Polpaico Substation.

The construction deadline established was 36 months with an investment value (IV) amounting to US$ 9,326 million.

Under the provisions of Decree N° 116 of 2011, Transelec S.A. commissioned the following project:

• **March 9th, 2014:** "Incorporation of a 220 kV Transfer Busbar at Los Vilos Substation" featuring the installation of two transfer bays, as well as other works required for incorporation of a transfer busbar and adjustments required for the control, protection, telecommunication and measurement systems.
The construction deadline established was 28 months with an Investment Value (IV) amounting to US$ 10.400 million.

Under the provisions of Decree N° 82 dated 2012, Transelec Norte continued the development of the following project:

• **March 2nd:** "220 kV Sectioning Busbar at Lagunas Substation" featuring the construction of a second main 220 kV busbar, with its respective sectioning bay and busbar circuit connection.
The construction deadline established is 22 months with an Investment Value (IV) amounting to US$ 3,782 million.

Under the provisions of Decree N° 310 dated 2013, Transelec S.A. commissioned the following project:

• **September 5th 2014:** " 220 kV Pan de Azúcar Substation Upgrade": The project featured a 220 kV yard upgrading of the two main busbars and the transfer busbar to provide room for the 220 kV power transmission line bays and the future substation to be built as part of the "2x500kV Pan de Azúcar – Polpaico New Power Line" project

The construction deadline established was 15 months with an Investment Value (IV) amounting to US$ 2,289 million.

Main Transelec Projects in 2014. Trunk Transmission System

Figures in US$ Thousands

Project Type	Real Investment
Studies	1,053
New Work	31,547
Upgrade Works	50,099
(*) Carry-Over	20,728
Total Project Trunk System	**103,427**

(*) Corresponding to payments made in 2014 for projects commissioned in 2013 or earlier.

Subtransmission System Projects

Transelec did not develop projects in the subtransmission system throughout 2014. However, Transelec conducted studies for estimating demand, losses and tariffs required in order to encourage investment in projects that meet public service provision conditions.

Additional System Projects

Additional transmission systems consist of transmission facilities designed to supply electrical energy to users who are not subject to price regulation as well as facilities designed to allow power companies to inject their production in the electricity system without becoming part of the trunk transmission system or subtransmission systems. Transport by means of these systems is regulated by private contracts between the parties.

C.1 Studies

During 2014 Transelec S.A. continued searching for new opportunities in the business aiming to establish and strengthen customer relations, as well as to support these customers with its expertise when it comes to offering technical, innovative and competitive solutions.

In this regard, Transelec S.A. has hired national and international advisors in order to optimize design criteria and conducted a series of studies in order to meet customer's needs, such as:

• Developing transmission system connection solutions.

• Developing solutions designed to strengthen service quality and safety in accordance with technical standard requirements.

• Developing solutions to increase power transmission line capacity.

• Developing solutions for the construction of gas insulated substations (GIS)

• Developing solutions for dynamic shunt compensation (STATCOM - SVC)

• Developing battery energy storage solutions (BESS)
Additionally, on August 4th, 2014, Transelec successfully started the public Open-Season bidding process in order to have transmission capacity available at the 2x220 kV Paposo-Diego de Almagro power line area.

This offers an alternative to connection solution for Non-Conventional Renewable Energy Projects (NCRE) in the north of Copiapó.

As of the first quarter of 2015 the studies required to develop a feasible solution that meets the Service Quality and Safety Technical Standard will be available.

C.2 Projects Awarded

Transelec S.A. and AESGener signed a contract in order to develop the "220kV Busbar Capacity Upgrade at Maitencillo Substation".

The construction deadline established was 4 months and the reference Investment Value (IV) amounts to US$ 2,130 million.

C.3 Projects Development

In the framework of the contract signed between Metro and Transelec S.A., the development work of the "Neptuno Substation" and the "Neptuno Boot Line" continued. The projects include construction of the Neptuno Type-GIS (Gas Insulated Substation) Substation and interconnection of the Neptuno Substation to the Alto Jahuel - Cerro Navia substation by means of a 2x220 kV transmission line.

The construction period established was 46 months and the reference Investment Value (IV) amounts to US$ 21.265 million.

In the framework of the contract signed between Molyb, a Codelco Subsidiary, and Transelec S.A., development work of the "220/23 kV, 30 MVA transformer installation at Atacama substation", featuring construction of a bay, a new 220/23 kV, 30 MVA transformer installation, a 23 kV output switch, a new control house and adjustments required for control, protection and communication systems continued.

The construction period established was 20 months and the reference Investment Value (IV) amounts to US$ 7,060 million.

C.4 Commissioning

There was no additional works commissioned in 2014.

Main Transelec Projects in 2014 Additional System

Project Type	Real Investment, in 2014; US$ Thousands
Studies and Services	709
MOLYB	806
METRO S.A.	785
AESGENER	41
(*) Carry-Over	1,276
Total Additional-System Projects	**3,669**

(*) Corresponding to payments made in 2014 for projects commissioned in 2013 or earlier.

Our Customers

In 2014, our actions were focused on improving our relationships with customers, optimizing processes and establishing appropriate communication channels.

The NCRE (Non-Conventional Renewable Energy) market has strongly increased in Chile's electricity market and there have been many developers that have approached Transelec requesting connection of their projects to our transmission system. The Company's efforts aimed to strengthen our customer orientation in order to assist them in their connecting process, seeking for improvements in the gaps we consider crucial to optimize the experience of those who need to connect to our transmission networks.

The Company's customer-centered approach in its operation has been greatly welcomed by our customers, however we know it is a continuous process, which makes it a permanent challenge.

Transelec confirms its commitment to be a strategic partner for projects that require the expertise of market leaders and which expect to receive an added value offer by means of highly complex transmission solutions.

Guidance since an early stage of a project allows us to find the necessary flexibility to adapt ourselves to the requirements and needs of our costumers.
As public service providers, it is our responsibility and aspiration to be an active agent for system planning discussions, integration of new energies and connection of these energies into the system, becoming a part of our country's power development.

Customer Service Policy

Our policy is to interpret and understand our customers' needs, identifying optimum technical and economic solutions for each of their projects as well as executing them in conformity with the best quality, safety and environmental parameters. This is a commitment that establishes a long-term relationship over the years.

Our commitment is to be increasingly closer to our customers (ongoing customer service and consulting) and especially to provide all of our extensive and specialized knowledge regarding power transmission, keeping in mind the final goal of always meeting their expectations. Customer service and their trust in our know-how as system specialists are the basis for creating close relationships with our customers and the market.

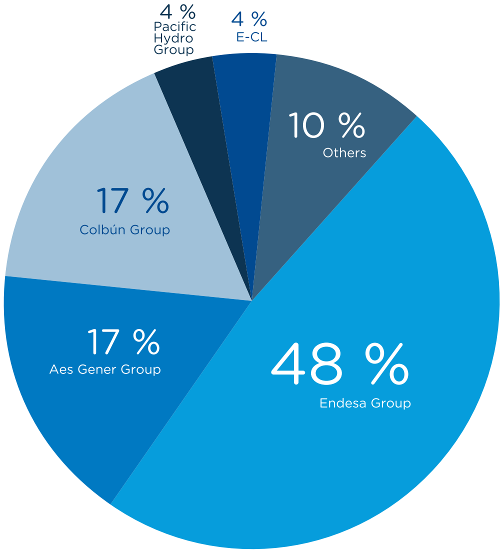
The development of new businesses is focused on unconditional support throughout the contract period for our services, generating a differentiated value proposal in the market, which has been validated over the years by our customers. Our specialized offer allows us to develop the best and most innovative power transmission solutions, especially for highly complex projects with limited deadlines, consolidating Transelec as the best option for executing our customers' projects.

Investment Value (VI)

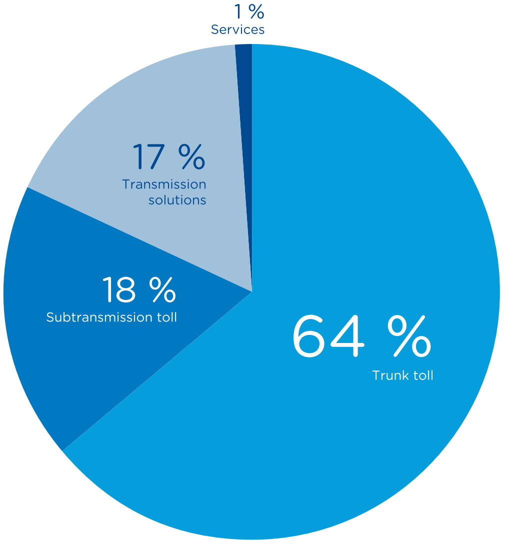
The current regulation framework establishes calculation and publication mechanisms for the valuation of power transmission company investment at market prices. This information is used for setting service tariffs.

Valuation of Transelec power transmission facilities as of December 31st, 2014 came to US$3,468 billion.

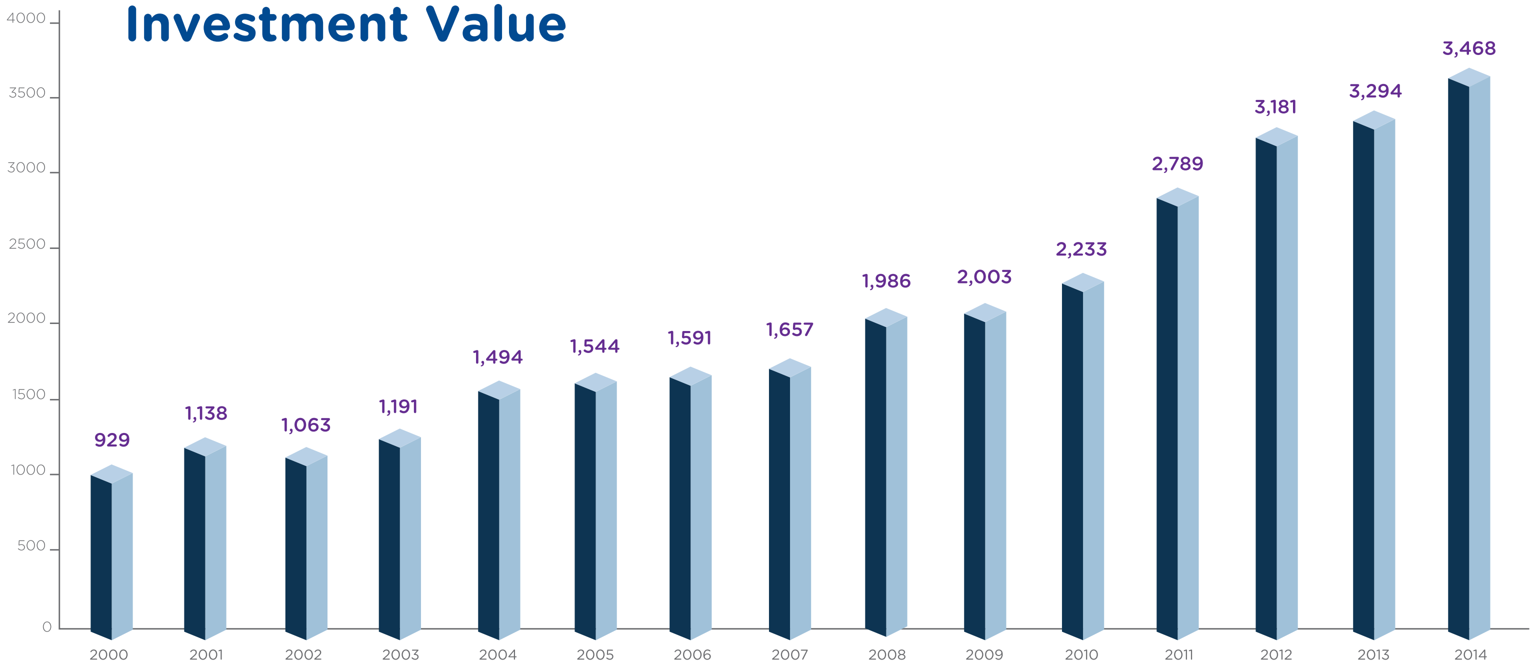
Consolidated TRANSELEC Customer share



Revenue Distribution by System



Investment Value



THE OPERATION

Transelec's commitment as an important collaborator in the country's growth and development means that the essential operation purpose is to supply power with high safety and quality service standards. Pursuant this goal Transelec counts on highly specialized personnel and contractors as well as processes and technical resources whose management is executed following criticality and risk models from a long-term perspective that supports power transmission operation with high standards.

The Operations Vice-Presidency, which is responsible for network operation, has employed an ongoing strategy for continuous improvement and incorporation of best practices, both for operation and network maintenance.

One of the biggest initiatives during 2014 was the consolidation of the MEGA Project -Excellence Maintenance based on Asset Management. This required a change of paradigm, moving from regular maintenance preferentially based on time and focused on extending the service life of assets to maintenance based on risks and focused on the asset life cycle that gathers best practices detected through benchmarking with world-class companies.

Following these concepts, the Company's annual execution of Preventive Maintenance was greater than scheduled at the beginning of the year thanks to the compliance of 100% of the higher risk activities and a surplus in the compliance of the other categories. This plan is managed dynamically, which means that new risk evaluations and risk prevention assessments incentives are continuously applied in order to evaluate condition of assets and in the event that risk situations are detected, force majeure modalities considered in the regulations are used in order to provide operating conditions that will ensure that these maintenance procedures are executed.

Controlling the performance of assets is one of the focal points of this new management; and the most important indicator is the failure rate. In this aspect, a multisystem approach is used. This spans from maintenance and assets' renewal to specific controlling actions such as the pursuit of best practices implemented by international companies, together with internal innovation and multidisciplinary studies with universities aiming to understand the interaction of birds with power transmission lines in order to propose initiatives that could reduce power outages for this reason.

As of network failures, we wish to highlight the systematic and steady application of investigation and root-cause analysis methodology. This has been fundamental for supporting continuous improvement and determining decisions regarding maintenance and renewal of assets as well as operational processes.

Following these concepts, during 2014 an intense plan of assets' renewal was continued for those whose bases follow year-on-year plans prepared based on the asset criticality assessment and in order to maintain the value of the Company's assets, increasing reliability, reducing failure rates and ensuring compliance with standards levels.

Regarding our substations, it is worthy to mention the replacement of 18 circuit breakers in our Zone Divisions, besides the significant progress made in other 12 equipments. Likewise, the Company continued to replace control, protection and teleprotection, which amounted to 56 replacements throughout the year. Both are core initiatives in Transelec's quality strategy and follow long-term plans that include for the upcoming years, ongoing tenders under flexible modalities and with the strategic cooperation of suppliers. Replacement of others equipments throughout different stations also continued during 2014.

Regarding transmission lines, important renewal works were executed during the year, the main ones being the changes of conducting and isolating at sections of the SINC's and SING's 220kV and 110Kv transmission lines. Additionally, during 2014 a corrosion map for all transmission facilities across the country was completed, becoming the base for all these reinvestment decisions, and providing support for reinvestment decisions with a long-term view. Thus, works like the aforementioned are expected to increase in the following years.

Implementation of these initiatives, aimed to maintenance as well as to the renewal of assets, allowed, among others, to bring main assets failure rates down substantially, which is why the challenge for the coming years will be to ensure that this excellent performance remains sustainable over time.

In addition, the ongoing application and continuous improvement of the operating risk management system for maintenance activities continued in 2014. Together with the standardization of internal procedures and analysis, this has been an effective tool for incorporating other stakeholders from the sector into a risk management, prevention and mitigation process for risks appearing in the system when multiple interventions come into play.

At the same time, "Transelec's Operational Continuity Plan" was consolidated, integrating guidelines for prevention, mitigation, effective and efficient response to emergency situations into a single procedure in order to recover and preserve operational continuity of Company's facilities. A series of drills -both internal and external- were performed during 2014, aiming, not only to assess the general performance, but also to introduce the necessary improvements that may be needed.

For network operation it is very important the role played by the National Transmission Operating Center (CNOT) -which started operations in 2013 with the partial moving to a new and modern center featuring facilities that meet the highest standards applicable to control centers- and that in 2014 materialized with the absorption of all Regional Centers. In this way the centralization of all Transelec's facility operations in real time, including their telecommand, together with coverage for both, SING and SIC was achieved. In October the CNOT was inaugurated, a milestone that was attended by the President of Chile, Mrs. Michelle Bachelet. This is a sign of Transelec's commitment with the power generation sector and the country.

Investment, improvements and modernization such as those indicated above, as well as the application of strict operational procedures, aim to ensure that quality service remains within the expected parameters, which is monitored by the Equivalent Interruption Time (EIT) which measures service safety by means of the total power not supplied to free and regulated customers over a twelve-month period, expressed as "equivalent interruption minutes".

Thirty-three power outages attributable to Transelec were reported in the SIC during 2014. These disconnections caused an electricity shortage with EIT amounting 6.258 system-minutes. Likewise, in the SING, five power outages attributable to Transelec were reported which lead to an EIT amounting 0.915 minutes-system. This shows a significant improvement in the service quality since the EIT registered in the SING was the lowest in 6 years.

The recurrence of theft of copper conductors in high voltage transmission lines was a special condition compromising quality service during 2014. A total of 5.2 km, amounting 7.3 tons was stolen. Transelec is aware of its impact and has established for 2015 a series of actions aiming to prevent, hamper, impede or disrupt the probability of being stolen copper conductors.

Moreover, the Bureau Veritas certification company conducted a new Integral Management System External Audit. The process concluded successfully and backed our OSHAS 18001, ISO 9001 and ISO14001 certification. In turn, the Integral Management System (SGI) was strengthened by the implementation of information technology tools developed in 2013 and complemented with the documentation platform of the Integral Management System.

Also, and in coordination with the Commercial and Business Development Vice Presidency the second specific survey (Net Promoter Score) was applied to the operation and maintenance process. In general terms, the service has been evaluated well by our customers. Customers spontaneously highlighted Transelec's workers as a fundamental axis for the good experiences they have had with this service.

Despite the fact that the new Load Economic Dispatch Centers institutionality has removed the participation of representatives of companies that belong to its board of directors, Transelec continued to enhance improvements that contribute to the positive performance of these organisms motivated by the Company's commitment with the quality service. We wish to highlight consolidated implementation of the N-1 safety criteria for trunk transmission system power transformers pioneered by Transelec in the SIC and establishment of more safety requirements in the Service Quality and Safety Technical Standard published during the year by the National Energy Commission (CNE), regarding the design and operation of busbars and transformers of the trunk transmission system.

FINANCE

MAIN ACTIVITIES IN THE FINANCIAL AREA

Main financial activities of the Company during 2014:

i) An $81,589,500,000 capital reduction of the Society, was approved in an Extraordinary Shareholders Meeting.

Additionally, it was approved that the payment of obligations arising from this decrease of the capital and from the intercompany loans granted in December 2013 shall be extinguished by means of a compensation between both debts in April 2014, once all applicable legal formalities are met.

ii) In July the company issued bonds in international markets in compliance with the Regulation S, Rule 144a of the 1933 United States Securities Act for an amount of US$ 375,000,000. Maturity date of the bonds is January 14th, 2025, and the nominal interest rate to be paid is 4.250% annually. The yield at issuance of this placement was 4.372%, with a spread over United States of America 10-year treasury bonds of 1.78%, J.P. Morgan Securities LLC, Scotia (USA), Citigroup Global Markets Inc. and Mitsubishi UFJ Securities (USA) acted as arrangers to this issuance. Revenues from the issuance were used to refinance maturities corresponding to 2014 (series E, F and I bonds) and 2015 (series L bonds) and to extend average debt maturity, which transalates into a more favorable debt profile for the coming years.

iii) In September, Transelec successfully renegotiated its revolving credit facility for an amount of US$250 million for a three-year term, at a Libor rate + 1.25% with Scotia bank, BTMU, DNB, Citibank, PJ Morgan and EDC. This will allow Transelec to ensure the sourcing availability of funds, to cover Transelec's general corporate cash needs, such as working capital, fixed assets financing, of new investments, acquisition of transmission lines and possible debt refinancing. This renogociation decreased the rate and excluded MAC clause.

iv) In October, the Board of Directors approved the merger of Transelec Norte S.A. with Transelec S.A. The process materialized after Transelec S.A. purchased 0.01% of Transelec Norte S.A. shares, property of Transelec

Debt as of December 31st, 2014

Debt	Date of Issuance	Interest Rate	Maturity	Current Amount	Currency
D Bonds	14 dec 06	4.25%	15 dec 27	13,500,000	UF
C Bonds	21 mar 07	3.50%	01 sep 16	6,000,000	UF
H Bonds	13 aug 09	4.80%	01 aug 31	3,000,000	UF
K Bonds	04 dec 09	4.60%	01 sep 31	1,600,000	UF
M Bonds	19 jan 11	4.05%	15 jun 32	3,400,000	UF
N Bonds	19 jan 11	3.95%	15 dec 38	3,000,000	UF
Q Bonds	03 may 13	3.95%	03 oct 42	3,100,000	UF
Yankee Bonds	26 jul 13	4.63%	26 jul 23	300,000,000	USD
Yankee Bonds	09 jul 14	4.25%	14 jan 25	375,000,000	USD
Pf Huepil Credit		Libor + 1.50%	10 oct 23	21,200,000	USD

UF: Unidad de Fomento (a readjustable unit determined by the Central Bank of Chile, Law 18,840)
All bonds are bullet type (Principal is paid upon maturity of last coupon)

Holdings Rentas Limitada and thus becoming the owner of 100% of its shares. The Process was legally ended on December 1st, 2014, and in concrete terms, means greater efficiency in the administration, since an important number of tasks are streamlined.

Company debt as of December 31st 2014 is broken down as follows:

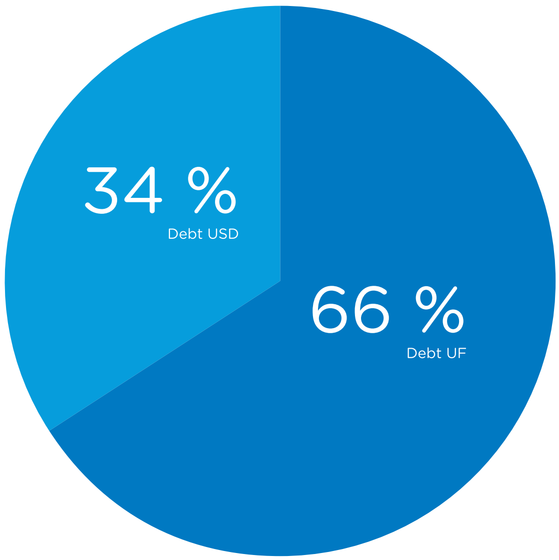
The percentaje of dollar denominated debt has increased due to the favorable conditions that American bond market has offered in 2013 and 2014. The total dollar denominated debt is cover naturally with assets of the company and Cross Currency Swap contracts.

Debt Service Reserve

Since December 2006, Transelec has a debt service reserve required by the bond issuance contracts in order to be in conditions to pay restricted payments (according to their definition in debt contracts). This debt service reserve considers each of the Company's public debts and benefits all bondholders, both local (bonds C, D, H, K, M, N and Q) as well as international (bonds 114a issued between 2013 and 2014). This reserve covers the costs of interests and principal payments –with exception of bullet maturities- corresponding to a six-month period for the aforementioned bonds. The Bank of New York Mellon acts as trustee for the Debt Service Reserve. Currently, this Debt Service Reserve is currently funded entirely by Transelec's final owners

As of December 2014, the Debt Service Reserve was for US$ 52,644,511.87.

Debt Percentage by Currency



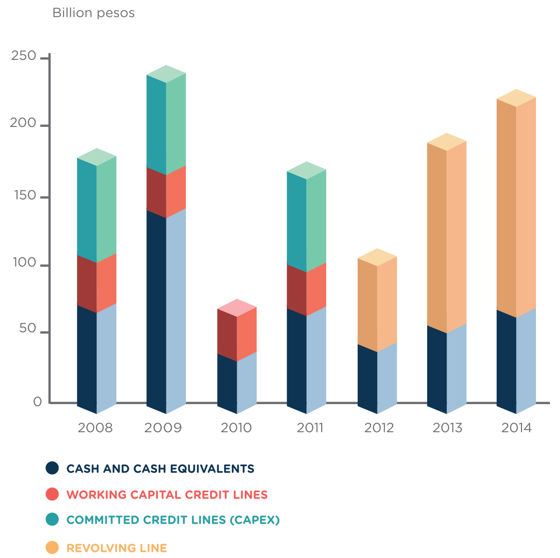
Revolving Credit Facility

In order to ensure the availability of sourcing of funds to cover Transelec's general corporate cach needs, such as working capital, fixed assets of new investments (for potential projects and projects under way), acquisition of transmission lines and possible debt refinancing, the Company has the following unsecured revolving credit facility, which to the end of 2014 fiscal year is fully available, in accordance to the conditions described as follows:

Bank	Maturity	Amount (up to)	Loan type	Use
Scotiabank-DnBNor-BTMU Citibank-JP Morgan-EDC	09-24-2017	US$250,000,000	Unsecured revolving credit facility	Working Capital / Capex / Short-term Refinancing

Performance Indicators Liquidity

Due to positive results of 2014, Transelec has proper levels of liquidity, which, together with a) the availability of the revolving credit facility and b) partial reinvestment of its own cash generation will allow the Company to finance its upcoming investments plans in new transmission assets, which is backed by the commitment of the Company's shareholders to invest or reinvest in Transelec when necessary.

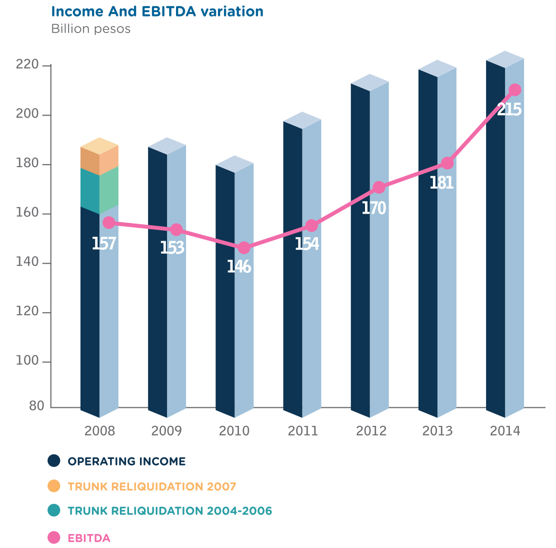


2014 Operating Income

The Company has two main sources of revenue a) regulated revenue coming from services provided by assets of the trunk transmission and subtransmission systems, and b) contractual revenue stipulated in bilateral contracts which consider additional transmission assets as defined by Short Law I, among others.

The Company's revenue structure is properly protected by market conditions, legislation, current regulatory framework and the solid financial status of its customers. This has allowed the Company to report stable long-term results, despite the unstable global financial and economic scenario.

It is worth noting that operating revenue reported in 2008 included non-recurring revenue, corresponding to the results of trunk transmission system toll reliquidation for the March 2004 - December 2007 period, according to the conditions established by Decree N° 207 dated January 15th, 2008 for a total $20,971 million.



Risk Factors

Given the characteristics of the Chilean electricity market as well as the regulation standards of this sector, Transelec is not exposed to any substantial risk in the course of the operation of its main business. However, it is worth mentioning and considering the following risks:

Regulatory Framework

Legal standards regulating Chile's Electricity transmission business were modified by the enactment of the Short Law I (Law N° 19.940), published on March 13th, 2004.

During 2010, the second Trunk Transmission Study was performed. The study determined: trunk transmission facilities, shared area of influence, assessment of trunk transmission facilities value and their annual operating, maintenance and administration costs, as well as the corresponding indexing formulas. In addition, the evaluation also determined the referential expansion plan for the 2011-2014 period for the SIC and SIG trunk systems. Decree N°61, published on November 17th, 2011 by the Ministry of Energy, established the tariffs and indexing formulas for the January 2011-December 2014 period based on the results of this study, which were retroactively applied as of January 1st 2011 with the corresponding reliquidation.

In addition, Decree N° 61 also defines a series of issues that allow owners to collect from their facilities the VATT properly indexed according to the values and formulas it establishes.

Throughout 2014 the third Trunk Transmission Study was performed. The study aims to provide the basis for the establishment of trunk transmission rate for the period 2015-2018. However, on February 17th, 2015, Law N° 20.805 was published in the Official Gazette, in which, among other topics, the new rates were postponed for the 2016-2018 quadrennium, keeping 2015 rates the same as previous period.

In turn, subtransmission rates, which were determined based on subtransmission evaluations performed in 2010, were set by Decree N° 14 and published in the Official Gazette on April 9th, 2011 by the Ministry of Energy. New rates apply retroactively as of January 1st, 2011 until December 31st, 2014. Between January 2011 and the date when the Toll Direction and their respective CDEC issued the new sub transmission tariffs, (September 2013 for the SIC and July 2013 for the SING), sub transmission revenues were provisionally collected by applying the tariffs indicated in Decree N° 320 of the Ministry of Energy, which set the subtransmissions rates for the former 2007-2010 period. Reliquidation of provisional subtransmission payments and other payments using the new Tariff Decree was executed according to the calculations established by each CDEC. In the case of the SING power grid, this reliquidation was executed in December 2013, whereas the SIC reliquidation process was finished in January 2015.

Studies to determine the Annual Value of the Subtransmission Systems were performed during 2014. However, on February 17th, 2015, Law N° 20.805 was published in the Official Gazette, in which, among other topics, the new rates were postponed for the 2016-2018 quadrennium, keeping 2015 rates the same as previous period.

Single Customer Revenue Concentration

Revenues from Empresa Nacional De Electricidad S.A. (ENDESA) and its power generation subsidiaries represent 48% of Transelec's revenues. Transmission tolls to be paid by Endesa and its subsidiaries Pangue and Pehuenche will generate most of Transelec's future cash flows. Therefore, any substantial changes in Endesa's business model, financial status and/or operating income could affect Transelec negatively.

Renegotiation of Bilateral Contracts for Additional Facilities.

Revenues generated by certain additional facilities come from long-term contracts. Once these contracts expire, it is necessary to renegotiate the conditions, including new terms of payment, tariffs and definition of the transmission services the Company will continue to provide. We are therefore unable to guarantee that economic terms will remain the same once the renegotiation process has concluded.

Increasing Competition on the Transmission Market

Chile's transmission market is becoming increasingly competitive. We believe this trend will continue over the short term, so we expect to face tougher competition during bidding processes. This could mean the loss of new projects and transmission network upgrades, which could reduce our market share and also hamper our future cash flows.

Operating Risks

Although our Administration believes Transelec has a proper risk coverage policy according to the industry standards, we cannot guarantee that our current insurance policy will be enough to cover certain operating risks, including forces of nature, damages to transmission facilities, work accidents and equipment failure.

Labor Conflicts

Delays, work stoppages or other labor conflicts affecting Transelec could have a negative effect on the Company's business, financial conditions, operating outcome and other projections. Approximately 64,10% of Transelec's workforce belongs to one of its two unions, all of them covered by the collective agreements executed between the Company and these two unions. These agreements expire in 2016 and 2018. Although Transelec's management believes that current labor relations evidence mutual collaboration, and the fact that there have not been strikes, delays or suspensions since the Company was founded; there is no guarantee these events will not occur in the future. We are unable to estimate the effect of these events on Transelec's operations.

Fines from Transmission Service Suspension

Currently Transelec has pending legal procedures with the Superintendence of Electricity and Fuels (SEC) due to charges pressed by the Authority stemming from forced service suspensions. The SEC has not yet resolved some of these procedures. In other cases Transelec has requested reconsideration of some resolutions, while other charges are currently being pressed.

Environmental Institutions and the Application of Environmental Standards and/or Policies

Transelec operations are subject to Law N°19,300 on general environmental guidelines ("Environmental Law") enacted in 1994 and modified in 2010. Environmental Law requires companies developing high-voltage transmission lines and substations projects, as well as any major modifications of the same, to enter the Environmental Impact Evaluation System (SEIA) and to submit Environmental Impact Evaluations (EIS) or Environmental Impact Declarations (EID) to the new Environmental Evaluation Service in order to obtain the corresponding Environmental Qualification Resolution (RCA).

As mentioned above, the Environmental Law was modified and this has entailed changes to environmental institutions. New environmental management instruments were created or the existing ones were modified, therefore, Transelec had to adjust to these new environmental requirements. According to recent amendments, among other issues, a new institutional framework was created and made up of the following:

(i) The Ministry of the Environment;

(ii) The Council of Ministers for Sustainability;

(iii) The Environmental Evaluation Service;

(iv)The Environmental Superintendence; and

(v) Environmental courts.

These institutions are in charge of regulating, evaluating and enforcing activities that produce environmental impact. These new institutions are fully operational and replaced the National Environmental Commission (CONAMA) as well as the Regional Environmental Commissions. With the approval of the Environmental Evaluation System regulations update (D.S. N° 40/2012), on December 24th, 2013, new requirements were established for the following procedures: environmental impact evaluations procedures, environmental impact studies, environmental impact declarations as well as community involvement and indigenous consultation.

It is worth noting that the creation and commissioning of Environmental Courts on December 28th, 2012 means that the Environmental Superintendence is now fully entitled to audit and apply sanctions.

Without prejudice of Transelec meeting the requirements of environmental legislation, there is no guarantee that these evaluations or declarations submitted (EIS or EID) to the environmental authority will be approved by the authorities or that eventual public opposition will not lead to delays or modifications for the submitted projects, or that laws and regulations will not change or be interpreted in a way that could hamper the Company's operations and plans, since new institutions has just been implemented.

Construction Delays for New Transmission Facilities

Success of the upgrades and expansions program for the transmission network will depend on several factors, including the cost and availability of financing. Although Transelec has experience with large-scale projects, the construction of new facilities may be hampered by factors commonly associated to projects, including delays of legal permits such as electricity concessions; lack of equipment, materials, labor, price variation; adverse weather conditions; natural disasters and unforeseen circumstances or difficulties when it comes to taking out loans under favorable conditions and at reasonable rates. Any of these factors could lead to delays in the total or partial completion of the capital investment program, while increasing the costs considered in this program.

Exchange Rate Risk

Depending on market fundamentals, specific financial characteristics of its business and other considerations, Transelec has conducted, when necessary, hedging opera-

tions such as cross currency swaps or currency forwards in order to set the underlying portion in Chilean pesos contained in its revenue that will be invoiced according to US Dollar-Chilean peso parity.

However, we cannot guarantee that Transelec will be fully covered by the fact that it holds exchange rate hedges. In addition, cross currency swaps and forwards bear credit risk from the counterpart, cash requirements at maturity dates and other associated risks.

Technological Changes

Compensation from Transelec investment on transmission facilities is made through an annuity on facility assessment (AFA) at market prices, which is regularly recalculated according to the process established on current standards. In case any groundbreaking technological advance is made on Transelec's current equipment, this assessment could be diminished and thus prevent the Company from recovering the total investment.

Credit Risk

Credit risk corresponding to accounts receivable stemming from power Transmission activity has been historically very low due to the limited number of customers, their risk ratings and short collection time (less than 30 days).

However, revenue is highly concentrated in a few power-generating customers that will make a large portion of Transelec's future cash flow. Any substantial change in these power generation companies' assets, financial status and/or operating results could affect negatively the Company.

As for credit risk associated to financial assets (term deposits, fixed income mutual funds and covenants) held by the Company, the Treasury's policy sets limits for the exposure of a specific institution depending on each institution's risk rating and capital. In addition, in the case of investments on mutual funds, only mutual funds that have risk ratings qualify.

Liquidity Risk

Liquidity risk is the risk of the Company not being able to satisfy a monetary commitment in cash or to make debt payment upon maturity. It also includes the risk of not being able to liquidate assets in a short time span or at a reasonable price.

To ensure that the Company can react quickly to investment opportunities and to pay its obligations upon maturity, Transelec, in addition to its cash surpluses and short-term accounts receivable stemming, has a revolving credit facility equivalent to US$250 million, which as of December 31st, 2014 is fully available. In addition, Transelec has uncommitted credit facilities with local banks (in 2013 the Company withdrew the equivalent of USD 120 million for a period of 90 days).

The Company is exposed to risks associated to its debt, including the risk of refinancing its debt upon maturity. These risks are mitigated by the use of long-term debt and the structure of its debt's maturity extended over time.

Risk Associated to the Liquidation of Tariff Revenue from the Trunk Transmission System

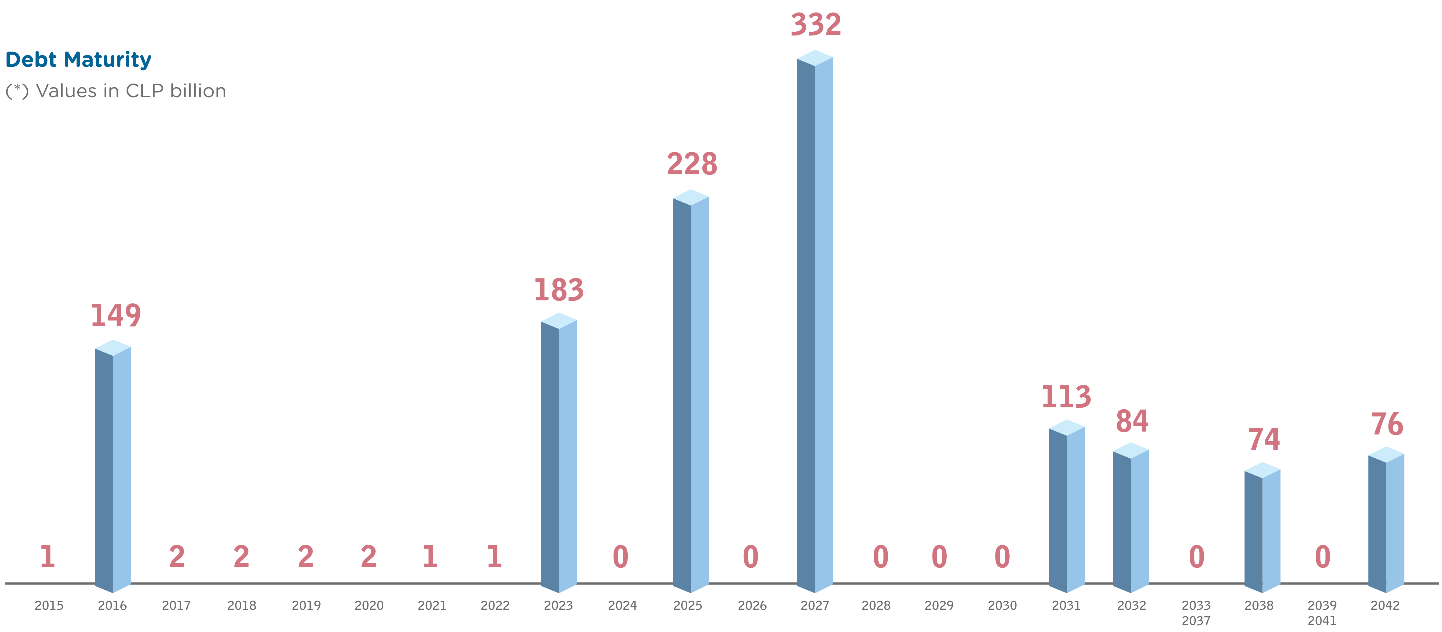
In virtue of the Ministry of Economy, Development and Reconstruction SD N°4/20,018 articles 81, 101, 104 and 106, as well as their complementary provisions, Transelec is entitled to temporarily receive tariff revenue from the trunk system produced in each period. In order to collect the payment established in the first paragraph, article 101 of the aforementioned Statutory Decree N°4/20,018, Transelec reliquidates the tariff revenue temporarily collected in conformity with tariffs set by law and calculated by the Economic Load Dispatch Center (CDEC) by Collecting from or paying the different companies owning power generation assets.

The Company could face the risk of not collecting revenue in a timely manner from any of the power generation companies established in CDEC payment charts, which could temporarily affect the liquidity of Transelec. In this sense, and in the Company's opinion, actions executed by Transelec regarding the aforesaid collection do not consist of managing how payment due is charged, but rather the mere collection and transfer of absolutely external appraised surplus and deficit revenue to third parties, with the exception of estimated tariff revenue.

On September 13th, 2011, the Campanario Generación S.A. Company declared bankruptcy. In virtue of the annual trunk toll reliquidation process considered in the General Electricity Services Law and the decision made by the Panel of Experts regarding the procedure to be used by CDEC for this revision, Transelec was able to

Debt Maturity

(*) Values in CLP billion



collect revenue stemming from Campanario's insolvency. Transelec S.A. has consequently recorded an uncollectible provision equivalent to M$1,392,383 corresponding to accounts payable for different tariff revenue concepts.

Interest Rate Risk

Company assets are mainly long term fixed assets and intangibles. Consequently, financial liabilities used to finance these assets mainly consist of long-term liabilities at a fixed rate. Debt is reported in the balance sheet at its amortized cost.

Management of this risk aims to create a balanced debt structure and reduce impacts on financial costs due to fluctuating interest rates, reducing volatility of the results account.

Although higher inflation in Chile could affect debt costs expressed in UF and consequently affect the Company's non-operating results, these impacts are currently mitigated by the Company's revenue, which is also partially adjusted according to local inflation variation by means of indexing polynomials.

In addition, commercial current accounts that the Company holds with related companies are expressed in Chilean pesos and in US dollars and feature a fixed interest rate. Thus the Company believes that changes in market interest rates do not pose any risk that could affect its results.

Risk Rating

In their latest reports made available for the market, the following risk rating agencies have reaffirmed the investment grade rating assigned to Transelec for the different lines of bonds issued and placed by the company.

Local Rating

Risk Rating Agencies	Presente Rating
HUMPHREY´S	A+*
FELLER - RATE	AA-
FITCH RATINGS CHILE	A+*

*This rose to AA- in early 2015.

Likewise, the Company has also been rated by the following international risk rating agencies:

International Rating

Risk Rating Agencies	Presente Rating
FITCH RATINGS INTERNATIONAL	BBB-**
MOODY'S	Baa1
S&P	BBB

** This rose to BBB in early 2015.

Insurance

Throughout 2014 fiscal year, Transelec continued its insurance policy of holding insurance policies to protect all fixed asset goods at Transelec's own substations and at facilities owned by third parties. This coverage is provided by means of an industrial multi-risk policy that includes physical damage due to fires, machinery breakdown, earthquakes and forces of nature. Coverage of physical risks for transmission lines and towers was considered unnecessary due to good international practices and stringent Chilean standards observed during the construction of these facilities.

With regard to socio-political risk, the Company is covered by a terrorism insurance policy, which covers acts considered by the law as terrorism. In addition, the Company continues to hold civil liability, and professional civil liability insurance. The latter covers eventual claims stemming from Transelec engineering management. On the other hand the Company's vehicles and mobile equipment are still insured. Likewise, insurance coverage is provided for national and international transport of equipment and material. As of engineering projects, any construction and assembly risk, as well as transportation and civil liability are fully covered.

Finally, the company continues to hold a work accident insurance policy for their workers hich includes complementary health insurance, travel assistance, service commissions and others.

2014 Profit-Sharing Policy

For 2014, the Company's Profit-Sharing Policy establishes that for any given year its Board of Directors recommends sharing 100% of the reported net income, this considering Transelec's financial status, commitments signed by the Company when issuing bonds in the national and international markets as well as in consideration of the impact of IFRS implementation. However, no profit shall be declared if this could stop the Company from meeting its financial commitments. With respect to any given fiscal year, if the Board of Directors were to see it appropriate, it would be entitled to declare temporary profits to be distributed depending on the conditions at that time. Overall payment of temporary profits shall not exceed 75% of the Company's consolidated net income, estimated for the fiscal year in course in Transelec's Business Plan.

Profits Shared 2014

It was agreed at Transelec S.A. Ordinary Shareholders Meeting held on April 21st, 2014 that the effective dividend surplus of 2013 for a total of $21,109,661,795 would be distributed.

It was agreed at Transelec S.A. Board of Directors Meeting held on May 7th, 2014 that a provisional dividend for $13,360,575,000 would be distributed and deducted from 2014 fiscal year earnings

Besides, it was agreed at Transelec S.A. Board of Directors Meeting held on September 4th, 2014 that a provisional dividend for $12,182,561,000 would be distributed and deducted from 2014 fiscal year earnings.

Lastly, it was agreed at Transelec S.A. Board of Directors Meeting, held on November 26th, 2014 that a provisional dividend equivalent to $16,384,840,000 corresponding to 2014 fiscal year earnings would be distributed.

Dividends Paid Each Year

(Temporary, Eventual and Final)

Year	Historical value CLP MN
2006	2,339
2007	34,955
2008	20,934
2009	28,118
2010	55,129
2011	45,866
2012	106,806
2013	59,064
2014	63,038

(*): Values as of December of each year

Profits Shared
(Charged to each fiscal year)

Year	CLP MN (*)	Fiscal year profit %
2006	14,849	100%
2007	31,774	100%
2008	53,658	95%
2009	47,238	100%
2010	55,825	100%
2011	46,839	100%
2012	61,749	100%
2013	63,202	98%
2014**	41,928	63%

(*): Values as of December each year.
(**): Only corresponds to provisional dividends paid in 2014, since final dividends to be paid from the 2014 fiscal year had not yet been reported as of December 31st. These will be agreed to at the Shareholders Meeting to be held in 2015.

Capital Reduction

In was agreed at Transelec S.A. Extraordinary Shareholders Meeting held on January 22nd, 2014 a capital reduction from the amount of $857,944,547,865 -divided into 1,000,000 ordinary, nominative and with no nominal value shares- to the amount of $776,355,047,865, divided into 1,000,000 shares with the same characteristics of the shares aforementioned. This modification represents a capital reduction of $81,589,500,000, which amounts to US$150,000,000 at the current exchange rate published in the official gazette on January 22nd, 2014.

Material Facts

1) On January 23rd, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045, the following material fact was reported:

1. Ratify the agreement made by the Company's Board of Directors at N° 101 Ordinary Meeting held on November 20th, 2013 in which short-term intercompany loans based on market conditions were approved. These loans were materialized on December 26th of the same year;

2. Approve the Company's capital decrease, from the amount of $857, 944,547,865 –divided into 1,000,000 ordinary, nominative and with no nominal value shares- to the amount of $776,355,047,865 divided into 1,000,000 shares with the same characteristics of the shares aforementioned. This modification represents a capital reduction of $81,589,500,000, which amounts to US$150,000,000 at the current exchange rate published in the Official Gazette on January 22nd, 2014.

3. Finally, it was approved that payment of obligations arising from the agreed capital decrease and short-term intercompany loans granted shall be extinguished by means of the compensation between both debts once all applicable legal formalities are met.

2) On February 19th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045, the following material fact was reported:

On February 19th, 2014 Transelec S.A. acquired from Empresa Eléctrica Guacolda S.A. and Compañía Transmisora del Norte Chico S.A. the two 133 Km. 2x220 kV circuits that make up the Maitencillo-Cardones power transmission line and all its supporting and shaping equipment. The power transmission line is located in Region de Atacama. The purchasing value was US$54,720,000; such amount includes all the assets aforementioned as well the contracts signed with third parties and other associated flows. This operation was timely analyzed and approved by the Company's Board of Directors.

3) On February 27th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045, the following material fact was reported:

It was agreed at the Board of Directors Meeting held on February 26th, 2014; to summon an Ordinary Shareholders Meeting to be held on April 21st, 2014 in order to inform and request approval for the following matters:

1. Annual Report, Balance Sheet, Financial Statements, and External Auditors Report corresponding to 2014 fiscal year ended on December 31st.

2. Final Profit sharing. In this regard, the Company's Board of Directors agreed to suggest at the Shareholders Ordinary Meeting the distribution of a final dividend for a to-

tal amount of $21,109,661,795 corresponding to 2013 fiscal year and to be paid under the conditions and terms agreed at that meeting.

3. Profit sharing policy and information about payment procedures.

4. Board of Directors and Audit Committee compensation

5. Appointment of external auditors.

6. Newspaper to be used for the publication of Shareholders Meeting summons.

7. Agreements made by the Board of Directors regarding issues contained in Articles 146 et. seq. of the Corporations Law.

8. Board of Directors appointment.

9. Other issues of interest for the Company and within the shareholders' competency.

4) On March 21st, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045, the following material fact was reported:

As of March 24th, 2014; Transelec S.A. new domicile is located at Orinoco 90, 14th floor, Las Condes, Santiago.

5) On April 22nd, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045, the following material fact was reported:

It was agreed at Transelec S.A. Ordinary Shareholders Meeting held on April 21st the following matters:

1. Approve the Annual Report, Balance Sheet, Financial Statements, and the External Auditors Report corresponding to 2013 fiscal year ended on December 31st

2. Approve the distribution of a Final Dividend corresponding to 2013 fiscal year amounting to $21,109,661,795, which shall be paid as of May 23rd, 2014 to shareholders registered in the respective Shareholders' Registry as of May 16th, 2013.
3. Profit Sharing Policy for 2014 was approved.

4. The Board of Directors was renewed as follows: Mr. Richard Legault as Director and Mr. Jeffrey Rosenthal as his respective Alternate Director; Mr. Patrick Charbonneau as Director and Mr. Paul Dufresne as his respective Alternate Director; Mrs. Brenda Eaton as Director and Mr. Jerry Divoky as his respective Acting Director; Mr. Alfredo Ergas Segal as Director titular and Mr. Etienne Middleton as his respective Acting Director; Mr. Bruno Philippi Irarrázabal as Director and Mr. Paulo Montt Rettig as his respective Acting Director; Mr. Mario Valcarce Durán as Director and Mr. Patricio Leyton Flores as his respective Acting Director; Mr. Blas Tomic Errázuriz as Director titular and Mr. José Ignacio Concha Vial as his respective Acting Director; Mr. José Ramón Valente Vias as Director and Mrs. Stella Muñoz Sciattino as his respective Acting Director, and Mr. Alejandro Jadresic Marinovic as Director and Mrs. Valeria Ruz Hernández as his respective Acting Director.

5. Commission to be paid to the Board of Directors and the Audit Committee were established.

6. The firm Ernst & Young was appointed to be the Company's external auditors for the 2014 fiscal year.

7. Diario Financiero was approved for publication of shareholder meeting summons.

8. Agreements made by the Board of Directors regarding issues contained in Articles 146 et. subseq. of the Corporations Law were reported.

6) On May 22nd, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045 as well as with Superintendence of Security and Insurance Newsletter N° 660 the following material fact was reported:

It was agreed at Transelec S.A. Board of Directors Meeting held on May 7th, 2014; the provisory dividend distribution corresponding to 2014 fiscal year for the amount of $13,360,575,000, which shall be paid as of June 16th, 2014 to shareholders registered in the respective Shareholders' Registry as of June 10th,2014.

Profit Sharing Form N°1 was attached in accordance with the aforementioned newsletter.

7) On May 26th, 2014 and in compliance with the provi-

sions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18,045 as well as with Superintendence of Security and Insurance General Standards N°30 the following Material Fact was reported:

That Mr. Richard Legault was elected to be Chairman of Transelec S.A. Board of Directors at the Ordinary Board of Directors Meeting N° 108 held on May 7th, 2014;

8) On June 5th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045 the following material fact was reported:

The Company's Shareholders agreed to independently summon an Extraordinary Shareholders Meeting on June 6th, 2014; at 9:00 hrs. at Transelec S.A. offices located at Orinoco 90, 14th floor, Las Condes, Santiago.

The purpose of this independent summon is to inform and request Shareholders' approval of the agreements' ratification made by the Company's Board of Directors at the N°109 Extraordinary Session in compliance with Article Twenty-eight of the Company's bylaws

9) On June 9th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18,045 the following material fact was reported:

It was agreed at the Transelec S.A. Ordinary Shareholders Meeting held on June 6th, 2014 the following matters:

1. Ratify the agreement made by the Company's Board of Directors at N°109 Extraordinary Meeting held on June 4th, 2014, in compliance with Article twenty-eight of the Company's bylaws, regarding the authorization of debt issuance in international or national markets, or both, for the amount needed to refinance the Company's upcoming maturities.

2. In addition, the Board also agreed to ratify special powers of attorney granted by the Company's Board of Directors for the formulation and execution of acts and contracts required for this purpose.

10) On June 9th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18,045 as well as with Superintendence of Security and Insurance General Standards N°30 and N°210 the following material fact was reported:

On July 9th, 2014, Transelec S.A. closed an international bond issuance for an amount of US$375,000,000 under rule 144A Regulation S of the United States Securities Act of 1933. The maturity date of this bond is January 14th, 2025, with an annual nominal rate of 4.250%. Effective placement rate was 4.372%, with a spread over Treasury bonds of the United States of America at 10 years of 1.78%. Interests will be paid on a semiannual basis and the principal will be repaid in a single payment at the due date. J.P. Morgan Securities LLC, Scotia (USA), Citigroup Global Markets Inc. and Mitsubishi UFJ Securities (USA) acted as arrangers to this issuance.

In this regard, and in compliance with the instructions set by the Superintendence of Security and Insurance Newsletter N°1072, the "Material Fact Form on International Bond Issuance" was attached.

11) On September 5th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18,045 as well as with Superintendence of Security and Insurance Newsletter N° 660 the following material fact was reported:

It was agreed at Transelec S.A. Board of Directors Meeting held on September 4th, 2014; the distribution of a provisory dividend corresponding to 2014 fiscal year for the amount of $12,182,561,000, which shall be paid as of September 26th, 2014 to shareholders registered in the respective Shareholders' Registry as of September 17th, 2014.

In compliance with the aforementioned Newsletter N° 660 Form N° 1 on Profit Sharing was attached.

12) On October 3rd, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18.045 the following material fact was reported:

It was agreed at Transelec S.A. Board of Directors Meeting held on October 2nd, 2014 the absorption of Transelec Norte S.A. by Transelec S.A. which will materialize by means of the purchase of 0.01% of Transelec Norte S.A. shares, property of Transelec Holdings Rentas Limitada by

Transelec S.A.. With this, Transelec S.A. became the owner of 100% of its shares. As a result, Transelec Norte S.A. will dissolve in compliance with the provisions provided in Article 103 of the Corporations Law N° 18,046.

Likewise, pursuant the provisions of Article 107 of Law N° 18,046 it was reported that before registering the shares transfer in Transelec Norte S.A. Shareholders' Registry all necessary documentation for its approval will be submitted to the Superintendence of Security and Insurance.

13) On November 27th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18,045 as well as with the Superintendence of Security and Insurance Newsletter N° 660 the following material fact was reported:

It was agreed at Transelec S.A. Board of Directors Meeting held on November 26th, 2014; the provisory dividend distribution corresponding to 2014 fiscal year for the amount of $16,384,840,000, which shall be paid as of December 22nd, 2014 to shareholders registered in the respective Shareholders' Registry as of December 16th, 2014.

Profit Sharing Form N°1 was attached in accordance with the aforementioned newsletter.

14) On December 1st, 2014, in compliance with the provisions of number 2 of Article 103 of the Corporations Law N° 18,046, Transelec Norte S.A. was dissolved after Transelec S.A. purchased 100% of its shares within a continuous period that exceeded 10 days. In compliance with Article 108 of Law Nº 18,046, Transelec Norte S.A. granted this merger by means of a public deed dated December 4th, 2014; at Santiago Notary owned by Mrs. María Gloria Acharán Toledo. An extract was published in the Business Registry of Real State Official Property Registry of Santiago, sheet 94440, N° 57701, corresponding to the year 2014 and published in the Official Gazette dated December 31st, 2014. As a result of Transelec Norte S.A., all its assets, rights and obligations are property of Transelec S.A as legal successor.

15) On December 24th, 2014 and in compliance with the provisions of Article 9 and second paragraph of Article 10 of the Securities Market Law N° 18,045 the following material fact was reported:

It was agreed at the Board of Directors Meeting held on December 23rd, 2014; to inform as a Material Fact the summon to an Extraordinary Shareholders Meeting to be held on January 23rd, 2015 in order to inform and request the shareholder's approval regarding Transelec's subsidiary Inversiones Eléctricas Transam Chile Limitada merge with Transelec S.A. proposal.

LEGAL INCORPORATION AND AMENDMENTS

Transelec S.A. is an open stock corporation founded for an indefinite period that was originally founded as a limited liability company with the firm name “Rentas Eléctricas III Limitada”, by public deed dated June 6th, 2006 granted at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo. The extract corresponding to its incorporation is registered in the Business Registry of the Real Estate Official Property Registry of Santiago, Sheet 22,031, N° 15,264 corresponding to the year 2006, and was published in the Official Gazette N° 38,485 dated June 9th, 2006.

The assignment of rights and actions for the Company was executed by means of public deed dated June 15th, 2006 granted at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo, with the Corporations Rentas Eléctricas I Limitada and Rentas Eléctricas II Limitada established as partners. In addition, the Company’s share capital was increased and its administration was changed. The extract corresponding to this corporate modification is registered in the Business Registry of the Real Estate Official Property Registry of Santiago, Sheet 25,168, N° 17,510 corresponding to the year 2006, and was published in the Official Gazette N° 38,501 dated June 30th, 2006. The aforementioned amendment extract was corrected and registered in the Business Registry of the Real Estate Official Property Registry of Santiago, Sheet 28,355, Nº 19,800 corresponding to the year 2006, and was published in the Official Gazette N° 38,518 dated July 20th, 2006.

By means of public deed dated March 26th, 2007 granted at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo, the Company became an open stock corporation with the firm name “Rentas Eléctricas III S.A.”. The extract corresponding to this corporate transformation is registered in the Business Registry of the Real Estate Official Property Registry of Santiago, Sheet 12,696, N° 9,344 corresponding to the year 2007, and was published in the Official Gazette N° 38,727 dated March 30th, 2007.

It was agreed at the Company’s Extraordinary Shareholders Meeting N°1 held on April 24th, 2007 that the Company would be founded as an open stock corporation by means of the voluntary registration of the Company and its shares in the Securities Registry of the Superintendence of Securities and Insurance. The minutes of this first Extraordinary Shareholders Meeting were executed as public deed dated April 25th, 2007.

The Company’s Articles of Incorporation were amended at the Extraordinary Shareholders Meeting N°2 held on June 30th, 2007. The Firm name was changed to “Transelec S.A.” and a new Board of Directors was elected. The minutes of this Second Extraordinary Shareholders Meeting were executed as public deed dated June 30th, 2007 at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo. An extract of this reform was registered in the Business Registry of the Real Estate Official Property Registry of Santiago, Sheet 27,530, N° 19,941 corresponding to the year 2007, and was published in the Official Gazette Nº 38,812 dated July 13th, 2007.

In June 2007, Transelec S.A., tax I.D, Number N° 76,555,400-4, absorbed Transelec S.A., Tax I.D. Number N° 76,555,430-6, as stated in public deed dated June 30th, 2007, granted at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo, an extract of which was published in Sheet 27,509, N° 19,936 corresponding to the year 2007, and was published in the Official Gazette N° 38,812 dated July 13th, 2007.

It was agreed at the Company’s Extraordinary Shareholders Meeting N°3 held on April 4th, 2008 that according to the Bargain and Sale Contract dated June 30th, 2006 between HQ Puno Ltd. and Hydro-Québec International Transmisión Sudamérica S.A. and Rentas Eléctricas IV Limitada, and in the Bargain and Sale Contract dated June 27th, 2006 between IFC and Rentas Eléctricas IV Limitada, that the agreement regarding IV adjustment between Transelec and the vendors should be corrected, authorizing Transelec management to proceed to pay IV adjustment, among other issues.

It was agreed at the Company’s Extraordinary Shareholders Meeting N°4 held July 21st, 2008 that all members of the Board of Directors should be renovated, both regular and alternate directors. The following persons were elected for the positions of directors: Jeffrey Blidner, Bruno Guilmette, Scott Lawrence, Brenda Eaton, Felipe Lamarca Claro, Juan Andrés Fontaine Talavera, Blas Tomic Errázuriz, José Ramón Valente Vías and Alejandro Jadresic Marinovic. The following alternate directors were elected: Derek Pannell, Patrick Charbonneau, Graeme Bevans, Richard Dinneny, Enrique Munita Luco, Juan José Eyzaguirre Lira, Federico Grebe Lira, Juan Paulo Bambach Salvatore and Juan Irarrázabal Covarrubias.

It was agreed at the Company's Extraordinary Shareholders Meeting N°5 held on October 16th, 2008 that all actions by Transelec representatives when negotiating and issuing the committed credit facility with Corpbanca and Scotiabank Sudamericano Banks amounting to up to UF 3,206,453 should be expressly ratified.

It was agreed at the Company's Extraordinary Shareholders Meeting N°6 held June 3rd, 2009, that the agreement reached by the Company's Board of Directors regarding approval for the issuing of a line of 10-year bonds and another line of 30-year bonds should be ratified by signing the respective bond issuing contracts and approving the Company's debt by means of future issuing and placing of bonds deducted from both lines, amounting to up to UF 20,000,000 each.

It was agreed at the Company's Extraordinary Shareholders Meeting N°7 held on October 28th, 2009, that all members of the Board of Directors should be renovated, both regular and alternate directors. The following persons were elected for the positions of directors: Jeffrey Blidner, Bruce Hogg, Patrick Charbonneau, Brenda Eaton, Felipe Lamarca Claro, Juan Andrés Fontaine Talavera, Blas Tomic Errázuriz, José Ramón Valente Vías and Alejandro Jadresic Marinovic. The following alternate directors were elected: Thomas Keller, Graeme Bevans, Paul Dufresne, Richard Dinneny, Enrique Munita Luco, Juan José Eyzaguirre Lira, Federico Grebe Lira, Juan Paulo Bambach Salvatore and Juan Irarrázabal Covarrubias.

It was agreed at the Extraordinary Shareholders Meeting N°8 held on August 24th

2010 that all members of the Board of Directors should be renovated, both regular and alternate members. The following persons were elected for the positions of directors: Jeffrey Blidner, Bruce Hogg, Patrick Charbonneau, Brenda Eaton, Bruno Philippi Irarrázabal, Mario Valcarce Durán, Blas Tomic Errázuriz, José Ramón Valente Vias and Alejandro Jadresic Marinovic. The following alternate directors were elected: Richard Legault, Daniel Fetter, Paul Dufresne, Richard Dinneny, Enrique Munita Luco, Juan José Eyzaguirre Lira, Federico Grebe Lira, Juan Paulo Bambach Salvatore and Juan Irarrázabal Covarrubias.

It was agreed at the Company's Extraordinary Shareholders Meeting N°9 held on October 21st, 2010 that the Company's debt should be approved, be it in UF, Chilean pesos or dollars of the United States of America, by taking out bank loans and/ or issuing a combination of bonds and bank debt. This is to be executed by issuing bonds charged against registered lines of bonds currently in force, which will be issued under Law number 18,045 of 1981 and its amendments and/or in the United States of America (as 144a or registered under the sec) and/or by means of bank loans, as long as these do not exceed the equivalent amount of UF10,000,000. In addition, the Board of Directors agreed to entitle the Company to set the amounts, characteristics, opportunities, terms and conditions specific to future issuing of bonds in the local market or in the United States, which in all cases shall be limited to the maximum authorized amounts and correspond to market conditions at the time these are issued.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 10 held on May 24th, 2011 that the price level restatement corresponding to the 2009 fiscal year amounted to CLP $19,732,724,601. The Company's bylaws were therefore modified and its share capital was increased. The minutes of this Extraordinary Shareholders Meeting N° 10 were executed as public deed dated June 6th 2011 at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo. An extract of this reform was registered in the Business Registry of the Real Estate Official Property Registry of Santiago, Sheet 33,736, Nº 25,194 corresponding to the year 2011, and was published in the Official Gazette N° 39,994 dated June 24th 2011.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 10 held on June 28th, 2012 that rights of representation would be granted in order to sign a revolving credit contract with Scotiabank, DNB Nor, Bank of Tokyo-Mitsubishi and other Banks for an amount up to 200 million dollars of the United States of America and for the materialization of eventual future disbursements that could jointly or individually amount to or exceed USD 100 million. In addition, it was agreed that agreements reached by the Company's Board of Directors at Extraordinary Meeting N° 81 would be ratified. This includes approval of the issuing of two series of bonds, respectively amounting to 10 and 30 years, by signing bond issuing contracts, as well as any changes and clarifications, together with all related actions and contracts. Lastly, the special rights of representation granted by the Company's Board of Directors in order to establish amounts, characteristics, opportunities, terms and specific conditions for the future issuing of bonds to be charged to the lines registered in the securities registry of the Superintendence of Securities and Insurance were ratified at the meeting.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 11 held on June 28th, 2012 that rights of representation would be granted in order to sign a Revolving Credit Contract with Scotiabank, DNB Nor, Bank of Tokyo-Mitsubishi and other banks for an amount up to 200 million dollars of the United States of America and for the materialization of eventual future disbursements that could jointly or individually amount to or exceed USD 100 million. In addition, it was agreed that agreements reached by the Company's Board of Directors at Extraordinary Meeting N° 81 would be ratified. This includes approval of the issuing of two series of bonds, respectively amounting to 10 and 30 years, by signing bond issuing contracts, as well as any changes and clarifications, together with all related actions and contracts. Lastly, the special rights of representation granted by the Company's Board of Directors in order to establish amounts, characteristics, opportunities, terms and specific conditions for the future issuing of bonds to be charged to the lines registered in the securities registry of the superintendence of securities and insurance were ratified at the meeting.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 12 held on August 30th, 2012 that a request to increase the amount established in the Revolving Credit Contract signed on July 9th, 2012 with Scotiabank Sudamericano, DNB Nor, Bank of Tokyo-Mitsubishi and other banks for between USD 180 million to USD 250 million was to be approved in accordance with the terms established in said Contract. In addition, it was agreed that rights of representation would be granted in order to sign documentation associated to this credit and disbursements to be made for this reason.

In addition, it was agreed that all members of the Board of directors, both regular and alternate directors, were to be revoked. The following persons were elected for the positions of directors: Mr. Richard Legault as regular director and Mr. Benjamin Vaughan as his respective alternate director; Mr. Bruce Hogg as regular director and Mr. Etienne Middleton as his respective alternate director; Mr. Patrick Charbonneau as regular director and Mr. Paul Dufresne as his respective alternate director; Mrs. Brenda Eaton as regular director and Mr. Jerry Divoky as her respective alternate director; Mr. Bruno Philippi Irarrázabal as regular director and Mr. Enrique Munita as his respective alternate director; Mr. Mario Valcarce Durán as regular director and Mr. Juan José Eyzaguirre Lira as his respective alternate director; Mr. Blas Tomic Errázuriz as regular director and Mr. Federico Grebe Lira as his respective alternate director; Mr. José Ramón Valente Vias as regular director and Mr. Juan Paulo Bambach Salvatore Benjamin Vaughan as his respective alternate director, and Mr. Alejandro Jadresic Marinovic as regular director and Mr. Juan Irarrázabal Covarrubias as his respective alternate director.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 13 held on December 5th, 2012 that the agreements reached by the Board of Directors at Meeting N°88 would be ratified in conformity with Article 28 of the Company's bylaws, in order to authorize the sale of all assets corresponding to the Caserones Project and the transfer and sale of all contracts associated to the related company CYT Operaciones Spa, as well as the signing of all other contracts between Transelec S.A. and CYT Operaciones SPA that may be necessary under market conditions.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 14 held on January 25th, 2013 that some or several credit line agreements would be signed with one or more banks operating in Chile for an amount of up to 150 million dollars of the United States of America, or an equivalent amount in national currency at the exchange rate published by the Central Bank of Chile at the date of this Extraordinary Shareholders Meeting within a maximum term of 180 days. In addition, it was agreed that rights of representation would be granted to Messrs. Andrés Kuhlmann Jahn, Francisco Castro Crichton, Eric Ahumada Gómez and Arturo Le Blanc so that any two of the aforementioned persons acting together could proceed to sign the credit line agreement or agreements with one or more banks operating in Chile for a total amount of up to 150 million dollars of the United States of America, or an equivalent amount in national currency at the exchange rate published by the Central Bank of Chile at the date of this Extraordinary Shareholders Meeting within a maximum term of 180 days. These persons were specifically entitled to proceed to sign documentation associated to the aforementioned loans and disbursement made with relation to the same, and to sign the corresponding promissory notes.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 15 held on May 7th, 2013 that agreements made by the Company's Board of Directors at its N°92 meeting would be ratified in conformity with Article 28 of the Company's bylaws, in that all actions related to the formulation of documentation required in order to issue debt in international markets would be authorized for a total amount of at least 200 million dollars of the United States of America with a minimum maturity of 10 years as of the date of the respective issuing. In addition, those in attendance at the Meeting unanimously ratified the special rights of representation granted by the Company's Board of Directors for the formulation and execution of the acts and contracts required for this purpose.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 16 held on June 21st, 2013, that annual compensation for directors would be increased from US$ 70,000 to a fixed annual gross amount of US$ 90,000 starting in the third quarter of 2013.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 17 held on July 26st, 2013, that agreements made by the Company's Board of Directors at its Meeting N°96 would be ratified in conformity with Article 28 of the Company's bylaws in order to authorize the final amount for bonds to be issued in dollars of the United States of America in international markets for a total amount of up to US$ 300,000,000, which is to be used exclusively for procurement, growth capex and/or advance payment of the Company's debt. In addition, those in attendance at the meeting unanimously ratified Company indebtedness and all acts executed, together with public and private documents signed in order to issue the aforementioned bonds in international markets, as well as all shares, deeds, additional submittal to and registration with all or any regulatory entities/entity by any of the Company's representatives for this purpose.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 18 held on January 22nd, 2014 to ratify agreements made by the Company's Board of Directors at its Meeting N° 101 regarding the approval of the following short-term intercompany loans made in December 2013 under market conditions: a) Loan to Rentas Eléctricas I Limitada: for the amount of US$ 15.000,00, which will bear an annual interest of 1.07% over the amount calculated in dollars of the United States of America, this interest shall be paid periodically and in the terms agreed by Rentas Eléctricas I Limitada and the Company; and b) Loan to Transelec Holdings Rentas Limitada: for the amount of US$ 149,985,000.00, which will bear an annual interest of 1.07% over the amount calculated in dollars of the United States of America, this interest shall be paid periodically and in the terms agreed by Transelec Holdings Rentas Limitada and the Company.

Likewise, the Board agreed an $857,944,547,865 capital reduction divided into 1,00,000 ordinary, nominative and with no nominal value shares to the amount of $776,355,047,865 divided into 1,000,000 shares with the same characteristics of the aforementioned. The reduction was executed in line with the current fraction of shareholders that own the Company; in this way Rentas Eléctricas I Limitada owns 100 shares, amounting to $77,635,505 corresponding to 0.01% of the share capital and Transelec Holding Rentas Limitada maintains 999,900 shares, which amounts $776,277,412,360 corresponding to 99.99 % of the share capital, modifying for this purpose Transitory Articles 5 and 1 of the Company's bylaws.

It was agreed at the Company's Extraordinary Shareholders Meeting N° 19, held on June 6th, 2014, to ratify agreements made by the Company's Board of Directors at its Extraordinary Meeting N°109 held on June 5th, 2014 in compliance with Article N°28 of the Company's bylaws, regarding the authorization of debt issuance in national or national markets, or both, for an amount up to US $700,000,000.

Likewise, Shareholders unanimously ratified the special faculties granted by the Company's Board of Directors to the preparation and execution of acts and contracts pursuant this issuance.

Company's Historical Background

Transelec S.A., formerly known as Rentas Eléctricas iii S.A., is the successor of the following companies whose incorporation, mergers or transformation are summarized as follows:

Dissolution by Absorption of Compañía Nacional de Transmisión Eléctrica S.A. into HQI Transelec Chile S.A.

Compañía Nacional de Transmisión Eléctrica S.A. was dissolved in virtue of Article 103 N° 2 of the Stock Corporations Law 18,046, since all of its shares were concentrated in the possession of HQI Transelec Chile S.A., the Company succeeding the same. This dissolution was reported at Board of Directors Meeting N° 113 on January 30th, 2001 and executed as public deed at that same date at the Santiago notary office owned by Mr. Fernando Opazo Larraín. Firm name changed from HQI Transelec Chile S.A. to Transelec S.A. the firm name was changed from HQI Transelec Chile S.A., Tax List Number 77.498.870-K to Transelec S.A., with the same Tax List Number, at the 8th Extraordinary Shareholders Meeting for the HQI Transelec Chile S.A. Company held on August 16th, 2006 and executed as public deed on August 23rd that same year at the Santiago notary office owned by Mr. Iván Tamargo Barros, when the Company's name was changed to Transelec S.A.

Firm Name Changed From HQI Transelec Chile S.A. to Transelec S.A.

The minutes HQI TRANSELEC CHILE S.A. of Extraordinary Shareholders Meeting N°8 held on August 16th, 2006, were executed as public deed dated August 23rd, 2006 granted at the Santiago notary office owned by Mr. Iván Tamargo Barros reporting the change of firm name from HQI Transelec Chile S.A., Tax List Number 77.498.870-K, to Transelec S.A., same Tax List Number. The extract was registered in the Business Registry of the Real Estate Official Property Registry of Santiago in Sheet 34,753, N° 24,453 corresponding to the year 2006 and published in the Official Gazette on August 23rd, 2006.

Dissolution by Absorption Of Transelec S.A. into Nueva Transelec S.A.

The minutes of Transelec S.A. Extraordinary Board of Directors Meeting N° 101 held on November 22nd, 2006 were executed as pubic deed dated November30th, 2006 granted at the Santiago notary office owned by Mr. Iván Tamargo Barros reporting the dissolution by absorption of Transelec S.A., since all of its shares were concentrated in the possession of Nueva Transelec S.A., Tax List Number 76,555,430-6. The extract was registered in the Business Registry of the Real Estate Official Property Registry of Santiago in Sheet 49,292, N° 35.195 corresponding to the year 2006 and published in the Official Gazette on December 6th, 2006.

Firm Name Changed from Nueva Transelec S.A. to Transelec S.A.

The minutes of Nueva Transelec S.A. Extraordinary Shareholders Meeting N°3 were executed as public deed dated November 30th, 2006 granted at the Santiago Notary Office owned by Mrs. María Gloria Acharán Toledo reporting the change of firm name from Nueva Transelec S.A. to Transelec S.A. The extract was registered in the Business Registry of the Real Estate Official Property Registry of Santiago in Sheet 49,963, N° 35,710 corresponding to the year 2006 and published in the Official Gazette on December 9th, 2006.

Disolution by Absorption of Transelec S.A. into Rentas Eléctricas III S.A.

The minutes of the Transelec S.A. Extraordinary Shareholders Meeting N°16 held on June 6th, 2007 were executed as public deed dated June 30th, 2007 granted at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo, reporting dissolution by the absorption of Transelec S.A., Tax List Number 76,555,430-6 by Rentas Eléctricas III S.A., Tax List Number 76,555,400-4, since the latter had purchased all of the Company's shares.

The Transelec S.A. Extraordinary Board of Directors Meeting N°16 was executed as public deed and registered in the Business Registry of the Real Estate Official Property Registry of Santiago in Sheet 27,509, N° 19,936 corresponding to the year 2007 and was published in the Official Gazette dated July 13th, 2007. The minutes of the Rentas Eléctricas III S.A. Extraordinary Board of Directors Meeting N°5 held that same date announcing dissolution due to the absorption of Transelec S.A. Tax List Number 76,555,430-6, by Rentas Eléctricas III S.A., Tax List Number 76,555,400-4, since the same had purchased all of the Company's shares, were executed as public deed dated June 30th, 2007. Rentas Eléctricas III S.A. declares that it is the legal successor of Transelec S.A., assuming its rights and obligations and declaring to be jointly responsible for taxes owed or which may be owed.

Firm Name Changed from Rentas Eléctricas III S.A. to Transelec S.A.

The minutes of Rentas Eléctricas III S.A. Extraordinary Shareholders Meeting N°2 held on June 30th 2007 were executed as public deed dated June 30th, 2007 granted at the Santiago Notary Office owned by Mrs. María Gloria Acharán Toledo reporting the change of name from Rentas Eléctricas III S.A. to Transelec S.A. The extract was registered in the Business Registry of the Real Estate Official Property Registry of Santiago in Sheet 27,530, N° 19,941 corresponding to the year 2007 and published in the Official Gazette on July 13th, 2007.

Disolution by Absorption of Transelec Norte S.A. into Transelec S.A.

The minutes of Transelec Norte S.A. Extraordinary Board of Directors Meeting N°132 held on June 26th, 2014 were executed as public deed dated December 4th, 2014 granted at the Santiago notary office owned by Mrs. María Gloria Acharán Toledo reporting the dissolution by absorption of Transelec Norte S.A., Tax List Number 99,521,950-6 into Transelec S.A., Tax List Number 76,555,400-4 since the latter had purchased all of the Company's shares. The extract was registered in the Business Registry of the Real Estate Official Property Registry of Santiago in Sheet 94,440, N° 57,701 corresponding to the year 2014 and published in the Official Gazette on December 31st, 2014. The Minutes of Transelec S.A. Extraordinary Board of Directors Meeting N°116 held on November 26th, 2014 were executed as public deed dated November 27th, 2012 granted at the Santiago notary office owned by María Gloria Acharán Toledo, reporting the dissolution by absorption of Transelec Norte S.A., Tax List Number 99.521.950-6, into de Transelec S.A., Tax List Number 76,555,400-4, since the latter had purchased all of the Company's shares. Transelec S.A. declares that it is the legal successor of Transelec Norte S.A., assuming its rights and obligations and declaring to be jointly responsible for taxes owed or which may be owed.

FINANCIAL STATEMENTS

TRANSELEC S.A. AND SUBSIDIARIES

Santiago, Chile

December 31, 2014 and 2013

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

Index **Financial Statements**

INDEPENDENT AUDITOR'S REPORT
(TRANSLATION OF THE REPORT ORIGINALLY ISSUED IN SPANISH)

SHAREHOLDERS AND DIRECTORS
TRANSELEC S.A.

We have audited the accompanying consolidated financial statements of Transelec S.A. and subsidiaries ("the Company"), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of Transelec S.A. is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with instructions and standards of preparation and presentation of financial information issued by *Superintendencia de Valores y Seguros* described in Note 2.1 to the consolidated financial statements. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Regulatory Basis of Accounting

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Transelec S.A. and subsidiaries as of December 31, 2014 and the results of their operations and their cash flows for the years then ended in conformity with instructions and standards of preparation and presentation of financial information issued by *Superintendencia de Valores y Seguros* described in Note 2.1 to the consolidated financial statements.

Basis of Accounting

As described in Note 2.1 to the consolidated financial statements, on October 17, 2014 the Superintendencia de Valores y Seguros under its authority issued Circular No. 856 instructing entities under its supervision, to record the differences in assets and liabilities for deferred taxes arising as a direct effect of the changes in the tax rates introduced by Law 20.780 against equity, thereby changing the conceptual accounting framework for the preparation and presentation of financial information adopted until that that date, from the previous framework (international Financial Reporting Standards) which is required to be adopted in comprehensive and explicit manner and without reservations. The quantification of the change of the accounting framework as of December 31, 2014 and for the year then ended is also described in Note 22. Our opinion is not modified with respect to this matter.

Other Matters

Previously, we have audited, in accordance with auditing standards generally accepted in Chile, the consolidated financial statements of Transelec S.A. and subsidiaries as of and for the year ended on December 31, 2013, in which we expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 26, 2014

Marek Borowski

EY LTDA.

Santiago, March 11, 2015

Transelec S.A. and subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2014 and 2013
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

ASSETS	NOTE	December 31, 2014 ThCh$	December 31, 2013 ThCh$
CURRENT ASSETS			
Cash and cash equivalents	5	65,913,009	52,421,991
Other financial assets	9	672,589	846,299
Other non-financial assets		6,353,775	8,992,031
Trade and other receivables	6	55,556,746	62,150,784
Receivables from related parties	7	1,018	84,160,856
Inventory	8	16,836	23,059
Current tax assets		-	855,741
TOTAL CURRENT ASSETS		**128,513,973**	**209,450,761**
NON-CURRENT ASSETS			
Other financial assets	9	24,389,878	11,021,506
Other non-financial assets		3,593,924	5,092,715
Receivables from related parties	7	135,746,433	163,321,244
Intangible assets other than goodwill	10	170,083,172	159,218,351
Goodwill	10	342,724,940	342,214,791
Property, plant and equipment	11	1,351,910,964	1,286,940,273
Deferred tax assets	12	102,334	2,121,696
TOTAL NON-CURRENT ASSETS		**2,028,551,645**	**1,969,930,576**
TOTAL ASSETS		**2,157,065,618**	**2,179,381,337**

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

Transelec S.A. and subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2014 and 2013
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

EQUITY AND LIABILITIES	NOTE	December 31, 2014 ThCh$	December 31, 2013 ThCh$
CURRENT LIABILITIES			
Other financial liabilities	13	18,242,526	157,383,356
Trade and other payables	14	69,554,568	72,573,645
Current provisions for employee benefits	17	7,336,216	7,683,227
Current tax liabilities		105,286	-
Other non-financial liabilities		1,691,031	1,117,476
TOTAL CURRENT LIABILITIES		**96,929,627**	**238,757,704**
NON-CURRENT LIABILITIES			
Other financial liabilities	13	1,229,972,702	993,367,859
Payables to related parties	7	-	40,343,274
Deferred tax liabilities	12	14,270,024	9,257,520
Non-current provisions for employee benefits	17	4,511,004	3,491,273
Other non-financial liabilities		6,130,413	7,068,059
TOTAL NON-CURRENT LIABILITIES		**1,254,884,143**	**1,053,527,985**
TOTAL LIABILITIES		**1,351,813,770**	**1,292,285,689**
EQUITY			
Paid-in capital	19	776,355,048	857,944,548
Retained earnings		24,238,710	22,367,938
Other reserves	19	4,628,915	6,779,254
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**805,222,673**	**887,091,740**
Non-controlling interest		29,175	3,908
TOTAL EQUITY		**805,251,848**	**887,095,648**
TOTAL EQUITY AND LIABILITIES		**2,157,065,618**	**2,179,381,337**

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

Transelec S.A. and subsidiaries

Consolidated Statements of Comprehensive Income by function

For the twelve-month periods ended December 31, 2014 and 2013
(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	NOTA	2014 ThCh$	2013 ThCh$
Operating revenues	20	250,525,045	219,948,737
Cost of sales	21	(75,950,456)	(71,986,332)
GROSS MARGIN		**174,574,589**	**147,962,405**
Administrative expenses	21	(17,609,298)	(14,742,036)
Other gains (losses), net	20	8,629,122	3,616,801
Financial income	20	10,129,175	10,868,623
Financial expenses	21	(56,709,876)	(48,473,429)
Foreign exchange differences, net	21	(1,809,424)	(2,945,257)
Gain (loss) for indexed assets and liabilities	21	(46,842,143)	(17,256,864)
PROFIT BEFORE INCOME TAXES		**70,362,145**	**79,030,243**
Income tax expense	22	(3,588,939)	(14,422,841)
Profit from continuing operations		66,773,206	64,607,402
Profit (loss) from discontinued operations		-	-
PROFIT (LOSS)		**66,773,206**	**64,607,402**
PROFIT (LOSS) ATTRIBUTABLE TO:			
Profit attributable to owners of the parent		66,772,341	64,606,859
Profit (loss) attributable to non – controlling interest		865	543
PROFIT		**66,773,206**	**64,607,402**
EARNINGS PER SHARE			
BASIC EARNINGS PER SHARE/DILUTED			
Basic earnings per share/diluted from continuing operations	23	66,773	64,607
Basic earnings (loss) per share/diluted from discontinued operations		-	-
BASIC EARNINGS PER SHARE/DILUTED	**23**	**66,773**	**64,607**

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

Transelec S.A. and subsidiaries

Consolidated Statements of Comprehensive Income by function

For the twelve-month periods ended December 31, 2014 and 2013
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	2014 ThCh$	2013 ThCh$
PROFIT (LOSS)	66,773,206	64,607,402
COMPONENTS OF OTHER COMPREHENSIVE INCOME, BEFORE TAXES FOREIGN CURRENCY TRANSLATION		
Gains (losses) on foreign currency translation differences, before taxes	558,119	3,249,083
CASH FLOW HEDGES		
Gains (losses) on cash flow hedges, before taxes	(2,429,132)	2,945,885
OTHER COMPREHENSIVE INCOME		
Actuarial calculation	(431,169)	-
INCOME TAXES RELATED TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		
Income taxes related to components of net investment hedge	(172,347)	(649,817)
Income taxes related to components of cash flow hedge	216,398	(589,177)
Income taxes related to actuarial calculations	107,792	-
Other comprehensive income	(2,150,339)	4,955,974
Total comprehensive income	64,622,867	69,563,376
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Comprehensive income attributable to owners of the parent	64,622,002	69,562,833
Comprehensive income attributable to non-controlling interest	865	543
TOTAL COMPREHENSIVE INCOME	**64,622,867**	**69,563,376**

Transelec S.A. and subsidiaries

Consolidated Statement of Changes in Equity

For the twelve-month periods ended December 31, 2014 and 2013
(Expressed in thousands of Chilean pesos (ThCh$))
(Translation of financial statements originally issued in Spanish-See Note 2.1)

	PAID-IN CAPITAL ThCh$	RESERVE FOR FOREIGN TRANSLATION ADJUSTMENT ThCh$	RESERVE FOR CASH FLOW HEDGES ThCh$	OTHER RESERVES ThCh$	TOTAL RESERVES ThCh$	RETAINED EARNINGS ThCh$	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT ThCh$	NON- CONTROLLING INTEREST ThCh$	TOTAL EQUITY ThCh$
Opening balance as of January 1, 2014	857,944,548	4,529,840	2,249,414	-	6,779,254	22,367,938	887,091,740	3,908	887,095,648
Changes in equity:									
Comprehensive income:									
Profit	-	-	-	-	-	66,772,341	66,772,341	865	66,773,206
Other comprehensive income	-	385,772	(2,212,734)	(323,377)	(2,150,339)		(2,150,339)	-	(2,150,339)
Total comprehensive income	-	385,772	(2,212,734)	(323,377)	(2,150,339)	66,772,341	64,622,002	865	64,622,867
Dividends	-	-	-	-	-	(63,037,637)	(63,037,637)	-	(63,037,637)
Effect of Of. C. 856 SVS, Tax Reform, Ley 20.780 (Nota 22)	-	-	-	-	-	(2,278,545)	(2,278,545)	-	(2,278,545)
Increase (decrease) from transfers and other changes	(81,589,500)	-	-	-	-	414,613	(81,174,887)	24,402	(81,150,485)
TOTAL CHANGES IN EQUITY	**(81,589,500)**	**385,772**	**(2,212,734)**	**(323,377)**	**(2,150,339)**	**1,870,772**	**(81,869,067)**	**25,267**	**(81,843,800)**
CLOSING BALANCE AS OF DECEMBER 31, 2014 (NOTA 19)	**776,355,048**	**4,915,612**	**36,680**	**(323,377)**	**4,628,915**	**24,238,710**	**805,222,673**	**29,175**	**805,251,848**

	PAID-IN CAPITAL ThCh$	RESERVE FOR FOREIGN TRANSLATION ADJUSTMENT ThCh$	RESERVE FOR CASH FLOW HEDGES ThCh$	TOTAL RESERVES ThCh$	RETAINED EARNINGS ThCh$	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT ThCh$	NON- CONTROLLING INTEREST ThCh$	TOTAL EQUITY ThCh$
Opening balance as of January 1, 2013	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	-	-	-	-	64,606,859	64,606,859	543	64,607,402
Other comprehensive income	-	2,599,267	2,356,707	4,955,974	-	4,955,974	-	4,955,974
Total comprehensive income	-	2,599,267	2,356,707	4,955,974	64,606,859	69,562,833	543	69,563,376
Dividends	-	-	-	-	(59,064,477)	(59,064,477)	-	(59,064,477)
Increase (decrease) from transfers and other changes	-	-	-	-	(374,703)	(374,703)	(38)	(374,741)
TOTAL CHANGES IN EQUITY	**-**	**2,599,267**	**2,356,707**	**4,955,974**	**5,167,679**	**10,123,653**	**505**	**10,124,158**
CLOSING BALANCE AS OF DECEMBER 31, 2013 (NOTE 19)	**857,944,548**	**4,529,840**	**2,249,414**	**6,779,254**	**22,367,938**	**887,091,740**	**3,908**	**887,095,648**

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

Transelec S.A. y filiales

Consolidated Statements of Cash Flows

For the twelve-month periods ended December 31, 2014 and 2013
(Translation of financial statements originally issued in Spanish-See Note 2.1)

DIRECT STATEMENT OF CASH FLOWS	2014 ThCh$	2013 ThCh$
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CLASSES OF RECEIPTS FROM OPERATING ACTIVITIES		
Cash receipts from sales of goods and services	398,710,677	390,215,976
Other proceeds from operating activities	7,266,869	4,086,603
Proceeds from interest received	7,686,031	10,219,015
CLASSES OF PAYMENTS		
Payments to suppliers for goods and services	(162,847,674)	(212,183,865)
Payments to employees	(13,373,704)	(9,986,436)
Interest paid	(51,012,781)	(40,683,436)
Income taxes reimbursed (paid)	15,006	(932,667)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	**186,444,424**	**140,735,190**
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Cash flows used to obtain control of subsidiaries or other businesses	(1,752)	-
Additions of property, plant and equipment	(98,000,767)	(126,117,275)
Amount from the sale of property, plant and equipment	1,136,155	77,465,769
Cash advances and loans to third parties	(2,005,143)	(804,629)
Loans to related parties	(6,233,605)	(171,465,339)
Receivables from related parties	5,342,529	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(99,762,583)**	**(220,921,474)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from loans	-	118,449,751
Loans paid	(1,249,525)	(185,628,451)
Proceeds from bonds	205,134,242	221,059,120
Bond principal payment	(210,728,356)	-
Dividends paid	(63,037,638)	(59,064,700)
Other paid	(3,309,546)	(163,399)
Net cash flows used in financing activities	(73,190,823)	94,652,321
Net Increase (Decrease) in Cash and Cash Equivalents	13,491,018	14,466,037
Cash and Cash Equivalents, at the beginning of the year (Note 5)	52,421,991	37,955,954
CASH AND CASH EQUIVALENTS, AT THE ENDING OF THE YEAR (NOTE 5)	**65,913,009**	**52,421,991**

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

NOTE 1 - GENERAL INFORMATION

Rentas Eléctricas III Limitada was formed as a limited liability company by public deed on June 6, 2006. According to public deed dated May 9, 2007, the Company acquired 100 shares owned by Transelec Holdings Rentas Limitada, corresponding to 0.01% of the share capital of Transelec S.A. (formerly Nueva Transelec S.A.), leaving the Company with 100% ownership. Thus, the merger took place by absorption, and the assets, liabilities, rights and obligations of Transelec S.A. (formerly Nueva Transelec S.A.) passed to the Company. In this way, the Company directly assumed operation of the electricity transmission business previously conducted by the aforementioned subsidiary.

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

On May 16, 2007, the Company was listed under number 974 in the Securities Registry of the Chilean Superintendency of Securities and Insurance (SVS) and is subject to the supervision of the SVS. Simultaneously, it registered 1,000,000 shares, which corresponds to the total number of shares issued, subscribed and fully paid.

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

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

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

The Company has the exclusive objective of operating and developing electricity systems owned by the Company or by third parties designed to transport or transmit electricity and may, for these purposes, obtain, acquire and use the respective concessions and permits and exercise all of the rights and powers that current legislation confers on electric companies. Its line of business includes: commercializing the transport capacity of lines and transformation capacity of substations and equipment associated with them so that generating plants, both Chilean and foreign, may transmit the electricity they produce to their consumption centers; providing engineering or management consulting services related to the company's line of business; and developing other business and industrial activities to use electricity transmission facilities. The Company may act directly or through subsidiaries or affiliates, both in Chile and abroad.

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

The financial statements of the Company for the year ended December 31, 2013, were approved by the board at its meeting held on February 26, 2014 and subsequently approved by the Ordinary Shareholders' Meeting dated April 21, 2014 who approved them.

These consolidated financial statements were approved by the Board of Directors in Ordinary Meeting No. 121 held on March 11, 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The principal accounting policies applied in preparing the consolidated financial statements are detailed below. These policies have been based on IFRS in effect as of December 31, 2014 and applied uniformly for the periods presented.

2.1 Basis of preparation of the consolidated financial statements

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

The consolidated financial statements reflect the financial position as of December 31, 2014 and 2013, the results of the operations for the twelve-month periods ended December 31, 2014 and 2013, the changes in net equity and cash flows for the years ended December 31, 2014 and 2013, and their related notes, all of which have been prepared and presented in accordance with IFRS.

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

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

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

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

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

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Compa ny for the year ended December 31, 2013, except for the adoption of new standards and interpretations in effect as of January 1, 2014.

The Company made reclassifications to the consolidated financial statements to the balances affecting 2013. However these reclassifications do not have significant effect as these were performed within the account non-current assets.

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

IAS 1 - Clarification of the requirement for comparative information

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

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

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

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

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

IAS 19 “Employee Benefits” (Revised 2011) (IAS 19R)

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

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

IFRS 10 “Consolidated Financial Statements” and IAS 27 “Separate Financial Statements”

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

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

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

IFRS 12 "Disclosure of Interests in Other Entities"

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

IFRS 13 "Fair Value Measurement"

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

2.2 New standards and interpretations issued but not yet effective

Below is a summary of new standards and amendments to IFRS issued by the IASB that are not yet effective as of December 31, 2014.

NEW STANDARDS		DATE OF OBLIGATORY APPLICATION
IFRS 9	Financial Instruments	January 1, 2018
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017

New standards

IFRS 9 "Financial Instruments"

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

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

IFRS 14 "Regulatory Deferral Accounts"

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

This standard will not have an effect on the financial statements

IFRS 15 "Revenue from Contracts with Customers"

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

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

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

Enhancements and Modifications

ENHANCEMENTS AND MODIFICATIONS		MANDATORY APPLICATION
IAS 19	Employee benefits	July 1, 2014 - January 1, 2016
IAS 16	Property, Plant & Equipment	January 1, 2016
IAS 38	Intangible Assets	January 1, 2016
IAS 41	Agriculture	January 1, 2016
IFRS 11	Joint Arrangements	January 1, 2016
IAS 27	Separate financial statements	January 1, 2016
IAS 28	Investments in associates and joint ventures	January 1, 2016
IFRS 10	Consolidated financial statements	January 1, 2016
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
IFRS 7	Financial Instruments: Disclosures	January 1, 2016
IAS 34	Interim Financial Reporting	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2016
IAS 1	Presentation of Financial Statements	January 1, 2016

IAS 19 - "Employee Benefits"

The amendments to IAS 19, issued in November 2013, apply to contributions from employees or third parties to defined benefit plans. The purpose of the amendments is to simplify accounting of contributions that are independent of the years of service of the employee; for example, transfers of employees are calculated according to a fixed percentage of salary. The amendments will become mandatory for annual periods beginning on or after 1 July 2014. Earlier application is permitted.

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

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

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

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

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

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

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

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

IFRS 11 - "Joint Arrangements"

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

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

IAS 27 - "Separate Financial Statements"

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

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

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

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

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

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

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

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

IFRS 7 - "Financial Instruments: Disclosures"

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

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

IAS 34 - "Interim Financial Reporting"

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

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

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

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

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

IAS 1 - "Presentation of Financial Statements"

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

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

2.3 Basis of consolidation and business combinations

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

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

Business combinations are accounted for by applying the acquisition method. At the date of acquisition, the ass ets, liabilities and contingent liabilities of the subsidiary are recorded at fair value. In the event that there is a positive difference between the acquisition cost and the fair value of the assets and liabilities of the acquired entity, including contingent liabilities, corresponding to the parent's share, this difference is recorded as goodwill (see also Note 2.7.1). In the event that the difference is negative, it is recorded with a credit to income.

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

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

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

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

SUBSIDIARY	COUNTRY	FUNCTIONAL CURRENCY	TAX ID NUMBER	PERCENTAGE OF INTEREST HELD DECEMBER 31, 2014		PERCENTAGE OF INTEREST HELD DECEMBER 31, 2013	
				DIRECT	INDIRECT	DIRECT	INDIRECT
Transelec Norte S.A.	Chile	Dolar	99.521.950-6	-	-	99.99%	-
Inversiones Eléctricas Transam Chile Ltda.	Chile	Dolar	76.384.810-8	99.899%	-	0. 101%	99.899%
Transmisora Huepil Ltda.	Chile	Dolar	99.508.750-2	-	100%	-	100%
Transmisora Abenor Ltda.	Chile	Dolar	96.728.120-4	-	100%	-	100%
Transmisora Araucana de Electricidad Ltda.	Chile	Dolar	96.710.940-1	-	100%	-	100%

On November 27, 2014 the parent company, Transelec Holdings Rentas Limitada, transferred its participation of 0.1% for US$ 3,000 to its subsidiary Transelec S.A., joining all the shares of Transelec Norte S.A. in Transelec S.A. , which resulted in the dissolution and merger of Transelec Norte S.A.. with Transelec S.A. which acquires 99.899% investment in Inversiones Electrica Transam Chile S.A. This merger had no effect on the consolidated financial statements of Transelec S.A.

On this same time Transelec S.A. assigned and transferred all of their social rights in Inversiones Electricas Transam Chile Limitada that equates to a 0.101% to Transelec Holdings Rentas Limitada for $ 26,885,949. Therefore it is removed as a shareholder of Transelec S.A.

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. Losses and gains in foreign currency arising from settling these transactions and from converting monetary assets and liabilities denominated in foreign currency using period-end exchange rates are recorded in the income statement, except when they should be deferred in equity, such as the case of cash flow and net investment hedges.

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

2.4.3 Subsidiary conversion with functional currency other than the Chilean Peso

The conversion of the financial statements of the subsidiaries with functional currency other than the Chilean peso is performed as follows:

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

b) For items in the income statement, the average exchange rate for the period is used that approximates exchange rates at the dates of the transactions.

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

2.4.4 Exchange rates

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

CURRENCY	PESOS PER UNIT	
	December 31, 2014	December 31, 2013
Unidad de Fomento	24,627.10	23,309. 56
US$	606.75	524.61
Euro	738.05	724.30

2.5 Segments reporting

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

2.6 Property, plant and equipment

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

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

b) Borrowing costs incurred during the construction period that are directly attributable to the acquisition, construction or production of qualified assets, which require a substantial period of time before being ready for use are capitalized. The interest rate used is that of the specific financing or, if none exists, the average financing rate of the company carrying out the investment.

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

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

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

Property, plant and equipment, net of its residual value, is depreciated by distributing the cost of its different components on a straight-line basis over its estimated useful life, which is the period during which the companies expect to use them. The useful lives and residual values of fixed assets are reviewed on a yearly basis. The land has an indefinite useful life and is not depreciated. The following table details the ranges of useful lives periods applied to principal classes of assets and used to determine depreciation expense:

	RANGE OF ESTIMATED USEFUL LIFE	
	MINIMUM	MAXIMUM
Buildings and infrastructure	20	50
Machinery and equipment	15	40
Other assets	3	15

2.7 Intangible assets

2.7.1 Goodwill

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

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

2.7.2 Rights of way

Rights of way are presented at historical cost. These rights have no defined useful life and, therefore, are not amortized. However, these indefinite useful lives are reviewed during each reporting year to determine if they remain indefinite. These assets are tested for impairment at each year end and if there are indicator of impairment.

2.7.3 Computer software

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

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

2.8 Impairment of non-financial assets

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

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

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

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

Impairment of goodwill is not reversed.

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

2.9 Financial assets

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

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

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

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

• **Available-for-sale investments:** These are financial assets specifically designated as available for sale or that do not fit within any of the three preceding categories and consist almost entirely of financial investments in shares/equity instruments. These investments are recorded in the statement of consolidated financial position at fair value when it can be reliably determined. In the case of interests i n 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 b e 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.

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 impai rment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, for example delayed payments.

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

In the case of financial assets classified at available-for-sale, in order to determine if the assets have been impaired, it will be considered if a significant or prolonged decrease in fair value of the assets below cost has occurred. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the income statement, is reclassified from equity and recognized in the income statement. Impairment losses recognized in the income statement for equity instruments are not reversed in the income statement.

2.10 Financial instruments and hedge activities

The Company selectively uses derivative and non-derivative instruments, to manage its exposure to exchange rate risk (See Note 15).

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

The types of hedges are as follows:

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

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

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

2.10.1 Fair value hedges

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

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

2.10.2 Cash flow hedges

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

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

2.10.3 Net investment hedges

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

2.10.4 Derivatives not recorded as hedge accounting

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

2.10.5 Embedded derivatives

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

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

2.11 Inventory

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

2.12 Cash and cash equivalents

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

2.13 Paid-in capital

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

2.14 Financial liabilities

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

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

Loans, bonds payable and financial liabilities of a similar nature are initially recognized at fair value, net of costs incurred in the transaction. Subsequently, they are valued at amortized cost and any difference between the funds obtained (net of costs to obtain them) and repayment value are recognized in the income statement over the life of the debt using the effective interest rate method.

2.15 Income tax and deferred taxes

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

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

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

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

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

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

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

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

At December 31, 2014 and for the year then ended the change in the accounting framework resulted in the increase in net income of ThUS$2.278.545 (please refer to Note 22).

2.16 Employee benefits

2.16.1 Staff severance indemnity

The Company records liabilities for staff severance indemnity obligations based on collective and individual employment contracts, payable when their employees cease to provide services.

This benefit is recorded at nominal value.

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

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

The liability recognized in the statement of financial position represents the present value of the defined benefit obligation plus/minus adjustments for unrecorded actuarial gains or losses and past service costs. The present value of the defined benefit obligation is determined by discounting cash outflows estimated using as a reference BCU (rate of Chilean Central Bank bonds denominated in Unidades de Fomento) interest rates for terms similar to the maturity of the staff severance indemnity obligation.

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

2.16.2 Profit sharing

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

2.17 Provisions

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

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

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

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

2.18 Classification of current and non-current balances

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

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

2.19 Revenue recognition

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

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

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

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

2.20 Leases

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

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

2.20.1 The Company as lessor

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

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

2.20.2 The Company as lessee

Finance leases in which Transelec acts as lessee are recognized when the agreement begins, recording an asset based on the nature of the lease and a liability for the same amount, equal to the lesser of the fair value of the leased asset or the present value of the minimum lease payments.

Subsequently, the minimum lease payments are divided between finance expense and reducing the debt. The finance expense is recorded in the income statement and distributed over the period of the lease term so as to obtain a constant interest rate for each period over the balance of the debt pending amortization. The asset is amortized in the same terms as other similar depreciable assets, as long as there is reasonable certainty that the lessee will acquire ownership of the asset at the end of the lease. If no such certainty exists, the asset will be amortized over the lesser term between the useful life of the asset and the term of the lease.

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

2.21 Distribution of dividends

Dividends payable to the Company's shareholders are recognized as a liability in the financial statements in the period in which they are approved by the Company's shareholders.

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

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

NOTE 3 - RISK MANAGEMENT POLICY

3.1 Financial risk

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

3.1.1 Market risk

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

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

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

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

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

3.1.1.1 Interest rate risk

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

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

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

The table below compares the debts of the Company and shows that majority of the debt as of December 31, 2014 and 2013 were at fixed rate. However, in the case of UF-indexed debt, variations in inflation rates could potentially impact the Company's financial expenses.

DEBT	CURRENCY OR INDEX	INTEREST RATE	TYPE OF RATE	AMOUNT IN ORIGINAL CURRENCY (THOUSAND) December 31, 2014	DECEMBER 31, 2013
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
Bono Series F	CH$	5.70%	Fixed	-	33,600,000
Bono Series H	UF	4.80%	Fixed	3,000	3,000
Bono Series I	UF	3.50%	Fixed	-	1,500
Bono Series K	UF	4.60%	Fixed	1,600	1,600
Bono Series L	UF	3.65%	Fixed	-	2,500
Bono Series M	UF	4.05%	Fixed	3,400	3,400
Bono Series N	UF	3.95%	Fixed	3,000	3,000
Bono Series Q	UF	3.95%	Fixed	3,100	3,100
Senior Notes	USD	4.625%	Fixed	300,000	300,000
Senior Notes	USD	4.250%	Fixed	375,000	-
Revolving Credit Facility	USD	2.62%	Floating (*)	-	-
Huepil Loan	USD	1.73%	Floating (**)	19,136	21,200

(*) The floating rate of the Revolving credit facility corresponds to 3M LIBOR plus a margin of 1.25%. At December 31, 2014, the Company did not utilize this line and therefore did not pay interest and currently is paying a fixed commission of 0.6% per annum of the amount committed. From the October 15, 2014, 0.4375% of undrawn committed amount was paid.

(**) The floating interest rate is based on 3M LIBOR plus a margin of 1.5%. In this case the 3M LIBOR was set for the current period at 0.2291%. There are also derivatives Cap executable structured credit LIBOR 3 months 5%.

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

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

3.1.1.2 Exchange rate risk

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

- The revenues of its subsidiary Transelec Norte are denominated in U.S. dollars.

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.2 Exchange rate risk (continued)

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

• Maintains accounts receivables in US dollars

• Maintains a cross currency swap contract that compensates the risks of exchange rates of the last international issuance, amounting to a notional amount equivalent to US$375 million.

• Maintains lease contracts that generate income indexed to US dollars.

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

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

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

	LIABILITIES		ASSETS	
	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
U.S. dollar (amounts associated with balance sheet items)	420,498	239,275	405,821	189,028
U.S. dollar (amounts associated with income statement items)	-	36,512	-	-
Chilean peso	1,713,348	1,872,770	1,728,024	1,923,016

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 a re 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.

3.1 Financial risk (continued)

3.1.1 Market risk (continued)

3.1.1.2 Exchange rate risk (continued)

3.1.1.2.1 Sensitivity analysis (continued)

ITEM (CURRENCY)	POSITION (ThCh$)	NET INCOME (GAIN)/LOSS (ThCh$)		POSITION (ThCh$)	OCI (GAIN)/LOSS (ThCh$)	
	LONG / (SHORT)	CHANGE (-10%)	CHANGE (+10%)	LONG / (SHORT)	CHANGE (-10%)	CHANGE (+10%)
Cash (US$)	2,000	(4)	4	-	-	-
Leasing	12,997	(24)	24	-	-	-
Senior Notes (US$)	(390,440)	715	(715)	(27,422)	50	(50)
Financial instrument swap	227,531	(417)	417	-	-	-
Intercompany loan (US$)	135,747	(249)	249	-	-	-
Other (US$)	(2,636)	5	(5)	27,422	(50)	50
TOTAL	**(14,601)**	**26**	**(26)**	**-**	**-**	**-**

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 TWELVE -MONTH PERIODS ENDED DECEMBER 31, 2014 ThCh$	FOR THE TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2013 ThCh$
Endesa Group	121,246,616	71,491,627
Colbún Group	41,390,405	60,905,616
Pacific Hydro-LH-LC Group	10,810,575	30,446,275
AES Gener Group	42,317,109	27,614,592
Others	34,760,340	29,490,627
TOTAL	**250,525,045**	**219,948,737**
% OF CONCENTRATION OF 4 TOP CUSTOMERS	**86.13%**	**86.59%**

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

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

3.1.3 Liquidity risk

a) Risk associated to Company's management

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

In order to guarantee that it is able to react financially to investment opportunities and pay its obligations by their maturity dates, in addition to its cash balances and short-term receivables, the Company has committed line of credit for working capital of US$ 250 million, equivalent to ThCh$151,688. As of the balance sheet date, does not register balance of used amounts. This committed line of credit was contracted on July 9, 2012, is granted for a period of three years by a bank syndicate consisting of Scotiabank, Bank of Tokyo-Mitsubishi and DnB NOR. Additionally this line was renegotiated and extended on October 15, 2014 until October 15, 2017. This time the bank syndicate was formed by the following banks: Scotiabank, Bank of Tokyo-Mitsubishi, DnB NOR, Citibank, JP Morgan Chase Bank and Export Development Canada. In that renovation the following was improved: (i) the costs not committed (Commitment Fee) from 0.6% to 0.4375 %, (ii) the margin or spread for use from 2.35% to 1.25% by amount rotated and (iii) other restrictions clauses more favorable to Transelec.

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

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

The following table presents the capital amortizations and estimated interest payments corresponding to the Company's financial liabilities (debt), according to their maturity date, as of December 31, 2014 and 2013.

DEBT MATURITY	LESS THAN 1 YEARS	1 TO 3 YEARS	3 TO 5 YEARS	5 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
December 31, 2014	53,258,892	249,538,997	97,061,176	410,285,186	1,110,499,125	1,920,643,376
December 31, 2013	194,098,128	281,307,373	71,734,841	333,619,056	858,362,572	1,739,121,970

The maturity of derivatives is presented Note 15.3.

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

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

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

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

NOTE 4 - CRITICAL ESTIMATES, JUDGMENTS OR CRITERIA EMPLOYED BY MANAGEMENT

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

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

- The estimates of recoverable values of assets and goodwill to determine potential existence of impairment losses;
- Useful lives of property, plant and equipment and intangible assets;
- The assumptions used to calculate the fair value of financial instruments;
- The actuarial assumptions used to calculate obligations with employees;
- Future tax results for the purposes of determining the recoverability of deferred tax assets.
- Determination of existence and classification of financial or operating leases based on the transfer of risks and rewards of the leased assets.

NOTE 5 - CASH AND CASH EQUIVALENTS

a) As of December 31, 2014 and 2013, this account is detailed as follows:

CASH AND CASH EQUIVALENTS	BALANCE AS OF	
	December 31, 2014	December 31, 2013
	ThCh$	ThCh$
Bank and cash balances	8,633,677	5,766,585
Short-term deposits	17,538,716	24,701,289
Reverse repurchase agreements and mutual funds	39,740,616	21,954,117
	65,913,009	**52,421,991**

Cash and cash equivalents included in the statement of financial position as of December 31, 2014 and 2013 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	
		December 31, 2014	December 31, 2013
		ThCh$	ThCh$
Amount of cash and cash equivalents	U.S. dollars	74,130	34,432,628
Amount of cash and cash equivalents	Euros	91,309	12,284
Amount of cash and cash equivalents	Chilean pesos	65,747,570	17,977,079
TOTAL		**65,913,009**	**52,421,991**

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 December 31, 2014 and 2013, this account is detailed as follows:

ITEM	BALANCE AS OF	
	December 31, 2014	December 31, 2013
	ThCh$	ThCh$
Trade receivables	56,356,252	62,864,300
Miscellaneous receivables	592,877	678,867
Total trade and other receivables	56,949,129	63,543,167
Provision for uncollectible amount (*)	(1,392,383)	(1,392,383)
TOTAL TRADE AND OTHER RECEIVABLES (NET)	**55,556,746**	**62,150,784**

Refer to Note 7 for the amounts, terms and conditions of receivables from related parties. As of December 31, 2014 and 2013, the aging of trade and other receivables is as follows:

	BALANCE AS OF	
	DECEMBER 31, 2014	DECEMBER 31, 2013
	ThCh$	ThCh$
Maturing in less than 30 days	37,770,448	44,465,546
Maturing in more than 30 days up to 1 year	17,786,298	17,685,238
TOTAL	**55,556,746**	**62,150,784**

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

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

The movement of the provision for uncollectible amount is presented the year ended December 31, 2014 and 2013:

	ThCh$
BALANCE AS OF JANUARY 1, 2013	1,396,485
Increase charged to the current period	366,099
Decrease due to utilization	-
Decrease due to reversals and receivables	(370,201)
BALANCE AS OF DECEMBER 31, 2013	**1,392,383**
Increase charged to the current period	-
Decrease due to utilization	-
Decrease due to reversals and receivables	-
BALANCE AS OF DECEMBER 31, 2014	**1,392,383**

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 condi tions. These transactions have been eliminated in the consolidation process and are not presented in this Note.
Balances of receivables and payables between the company and its unconsolidated related companies are detailed as follows:

Receivables from related parties

TAX ID NUMBER	COMPANY	COUNTRY	DESCRIPTION	MATURITY	RELATION	CURRENCY	BALANCE AS OF			
							CURRENT		NON-CURRENT	
							DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Forward	6 months	Direct parent	CH$	-	25,835	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Mercantile Current account	Not defined	Direct parent	CH$	-	465,018	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Mercantile Current account	6 months	Direct parent	UF	-	552,842	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	6 years	Direct parent	UF	-	-	-	71,004,772
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	3 years	Direct parent	US$	-	-	135,746,433	75,901,840
76.559.580-0	Rentas Eléctricas I Ltda.	Chile	Loan	Not defined	Indirect parent	CH$	-	3,455,390	-	-
76.559.580-0	Rentas Eléctricas I Ltda.	Chile	Loan	Not defined	Indirect parent	US$	-	7,869	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	3 years	Direct parent	CH$	-	-	-	16,414,632
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	Not defined	Direct parent	US$	-	78,683,631	-	-
76.248.725-K	CyT Operaciones SpA	Chile	Mercantile Current account	Not defined	Indirect parent	US$	1,018	26,130	-	-
76.248.725-K	CyT Operaciones SpA	Chile	Sale of project	Not defined	Indirect parent	US$	-	944,141	-	-
TOTALES							**1.018**	**84,160,856**	**135,746,433**	**163,321,244**

Payables to related parties

TAX ID NUMBER	COMPANY	COUNTRY	DESCRIPTION	MATURITY	RELATION	CURRENCY	BALANCE AS OF			
							CURRENT		NON-CURRENT	
							DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Loan	5 Years, 7 months	Direct Parent	US$	-	-	-	40,343,274
TOTALS										**40,343,274**

7.1 Balances and transactions with related parties (continued)

a) Most significant transactions and their effect on income

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

TAX ID NUMBER	COMPANY	COUNTRY	RELATION	DESCRIPTION OF THE TRANSACTION	DECEMBER 31, 2014		DECEMBER 31, 2013	
					AMOUNT	EFFECT ON INCOME	AMOUNT	EFFECT ON INCOME
					ThCh$	ThCh$	ThCh$	ThCh$
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Loans granted	6,388,862	-	171,970,103	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Loans paid	85,066,511	-	-	-
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest earned	7,336,994	7,336,994	8,882,575	8,882,575
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest accrued	1,693,918	(1,693,918)	1,633,684	(1,633,684)
76.560.200-9	Transelec Holdings Rentas Ltda.	Chile	Direct parent	Interest received	-	-	8,882,575	-
76.559.580-0	Rentas Eléctricas I Ltda.	Chile	Indirect parent	Loans paid	8,159	-	3,166,728	-
76.248.725-k	C y T operaciones Spa	Chile	Indirect	Sale of project	-	-	1,576,134	1,328,647

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

7.2 Board of Directors and management

In accordance with the Company's by-laws, the Board of Directors of Transelec is composed of nine members appointed by shareholders at the respective shareholders' meeting. They hold their positions for two years and may be re-elected. For each Board Member there is an alternate Board Member. The current Board of Directors was elected in the Ordinary General Shareholders' Meeting on April 21, 2014. The current Chairman of the Board was elected at Board meeting dated May 7, 2014.

7.2.1 Board of Directors' compensation

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

Directors Richard Legault, Alfredo Ergas, Patrick Charbonneau and Brenda Eaton, and also all alternate directors waived their respective allowances. Accordingly, the following compensation was received by directors during the periods 2014 and 2013:

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Blas Tomic Errázuriz	50,124	39,415
José Ramón Valente Vias	50,124	39,415
Alejandro Jadresic Marinovic	50,124	39,415
Mario Alejandro Valcarce Durán	50,124	39,415
Bruno Pedro Philippi Irarrázabal	50,124	39,415

7.3 Board expenses

During 2014 there were such payments associated with the expenditures of Directors amounted to ThCh$24,330 and ThCh$ 35,225 in the year 2013.

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 had four meeting in the periods 2014 and in the year 2013.

As of December 31, 2014, the Audit Committee members was composed by its president Mario Valcarce, Directors Mr. Alfredo Ergas, Mrs. Brenda Eaton and Mr. José Ramón Valente Vias, besides the Secretary, Mr. Arturo Le Blanc Cerda.

On the Ordinary Shareholders' Meeting of Transelec S.A., held on April 21, 2014, shareholders established annual gross compensation for the Committee members at US$ 10,000, regardless of the number of sessions actually attended or held.

The following compensation was received by members of the Audit Committee during 2014 and 2013:

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
José Ramón Valente Vias	5,246	4,800
Mario Alejandro Valcarce Durán	5,246	4,800

7.5 Compensation of key management that are not Directors

Members of Key Management

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

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 2014 and 2013 is detailed as follows:

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Salaries	1,511,104	1,420,489
Short-term employee benefits	635,378	576,394
Long-term employee benefits	245,289	232,598
TOTAL COMPENSATION RECEIVED BY KEY MANAGEMENT PERSONNEL	**2,391,771**	**2,229,481**

NOTE 8 - INVENTORY

As of December 31, 2014 and 2013, this account is detailed as follows:

CLASSES OF INVENTORY	BALANCE AS OF	
	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Safety equipment	16,836	23,059
TOTAL	**16,836**	**23,059**

NOTE 9 - OTHER FINANCIAL ASSETS, LEASES

As of December 31, 2014 and 2013, this account is detailed as follows:

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Finance lease receivables current	672,589	513,049
Forward agreement	-	333,250
SUB-TOTAL OTHER FINANCIAL ASSETS CURRENT	**672,589**	**846,299**
Finance lease receivables non-current	12,324,190	10,742,658
Swap Contracts	11,786,839	-
Other financial assets	278,849	278,848
SUB-TOTAL OTHER FINANCIAL ASSETS NON-CURRENT	**24,389,878**	**11,021,506**
TOTAL	**25,062,467**	**11,867,805**

9.1 Finance lease receivables

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

DECEMBER 31, 2014			
PERIOD IN YEARS	PRESENT VALUE (NET INVESTMENT) ThCh$	INTEREST RECEIVABLE ThCh$	NOMINAL VALUE (GROSS INVESTMENT) ThCh$
Less than 1	672,589	582,115	1,254,704
1-5	2,946,370	2,072,444	5,018,814
Over 5	9,377,820	3,315,743	12,693,563
TOTAL	12,996,779	5,970,302	18,967,081

DECEMBER 31, 2013			
PERIOD IN YEARS	PRESENT VALUE (NET INVESTMENT) ThCh$	INTEREST RECEIVABLE ThCh$	NOMINAL VALUE (GROSS INVESTMENT) ThCh$
Less than 1	513,049	564,484	1,077,533
1-5	2,274,092	2,036,038	4,310,130
Over 5	8,468,566	3,442,115	11,910,681
TOTAL	11,255,707	6,042,637	17,298,344

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:

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Real estate lease	963,603	661,844
Other leases	644,454	662,242
TOTAL OPERATING LEASES	**1,608,057**	**1,324,086**

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

	UP TO 1 YEAR ThCh$	1 TO 5 YEARS ThCh$	MORE THAN 5 YEARS ThCh$
Real estate lease	963,603	3,854,412	-
Other leases	644,454	2,577,816	-
TOTAL OPERATING LEASES	**1,608,057**	**6,432,228**	**-**

NOTE 10 - INTANGIBLE ASSETS

The following tables detail the balances within this account as of December 31, 2014 and 2013:

INTANGIBLE ASSETS, NET	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Rights of way	168,069,830	157,570,262
Software	2,013,342	1,648,089
TOTAL INTANGIBLE ASSETS	**170,083,172**	**159,218,351**
Goodwill	342,724,940	342,214,791
TOTAL INTANGIBLE ASSETS, NET	**512,808,112**	**501,433,142**

INTANGIBLE ASSETS, GROSS	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Rights of way	168,069,830	157,570,262
Software	6,305,413	5,361,050
Goodwill	342,724,940	342,214,791
TOTAL INTANGIBLE ASSETS	**517,100,183**	**505,146,103**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Software	(4,292,071)	(3,712,961)
TOTAL ACCUMULATED AMORTIZATION	**(4,292,071)**	**(3,712,961)**

The composition and movements of intangible assets during the periods 2014 and 2013 are the following:

MOVEMENTS IN INTANGIBLE ASSETS	RIGHTS OF WAY ThCh$	SOFTWARE ThCh$	GOODWILL ThCh$	NET INTANGIBLE ASSETS ThCh$
OPENING BALANCE AS OF JANUARY 1, 2014	**157,570,262**	**1,648,089**	**342,214,791**	**501,433,142**
Movements in intangible assets				
Additions	4,470,377	941,705	-	5,412,082
Amortization	-	(576,452)	-	(576,452)
Translation difference	921,256	-	510,149	1,431,405
Transfer to operating assets	5,107,935	-	-	5,107,935
ENDING BALANCE OF INTANGIBLE ASSETS AS OF DECEMBER 31 , 2014	**168,069,830**	**2,013,342**	**342,724,940**	**512,808,112**

MOVEMENTS IN INTANGIBLE ASSETS	RIGHTS OF WAY ThCh$	SOFTWARE ThCh$	GOODWILL ThCh$	NET INTANGIBLE ASSETS ThCh$
OPENING BALANCE AS OF JANUARY 1, 2013	**152,969,812**	**849,982**	**341,932,401**	**495,752,195**
Movements in intangible assets				
Additions	4,114,969	1,233,619	-	5,348,588
Amortization	-	(435,512)	-	(435,512)
Translation difference	485,481	-	282,390	767,871
ENDING BALANCE OF INTANGIBLE ASSETS ASOF DECEMBER 31 , 2013	**157,570,262**	**1,648,089**	**342,214,791**	**501,433,142**

Based on estimates made by Management, projections of cash flows attributable to intangible assets allow the carrying value of these assets recorded as of December 31, 2014 and 2013, 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	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Land	20,059,769	19,776,629
Buildings and infrastructure	853,150,552	801,524,808
Work in progress	73,169,038	89,680,294
Machinery and equipment	401,137,550	371,698,132
Other property, plant and equipment	4,394,055	4,260,410
PROPERTY, PLANT AND EQUIPMENT, NET	**1,351,910,964**	**1,286,940,273**

PROPERTY, PLANT AND EQUIPMENT, GROSS	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Land	20,059,769	19,776,629
Buildings and infrastructure	1,046,213,694	970,214,467
Work in progress	73,169,038	89,680,294
Machinery and equipment	546,349,403	498,519,217
Other property, plant and equipment	4,394,055	4,260,410
TOTAL PROPERTY, PLANT AND EQUIPMENT, GROSS	**1,690,185,959**	**1,582,451,017**

TOTAL ACCUMULATED DEPRECIATION AND IMPAIRMENT, PROPERTY, PLANT AND EQUIPMENT, NET	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Buildings and infrastructure	(193,063,142)	(168,689,659)
Machinery and equipment	(145,211,853)	(126,821,085)
TOTAL ACCUMULATED DEPRECIATION AND IMPAIRMENT, PROPERTY, PLANT AND EQUIPMENT	**(338,274,995)**	**(295,510,744)**

11.2 Reconciliation of changes in property, plant and equipment

The following table details the reconciliation of changes in property, plant and equipment by class during the periods ended December31, 2014 and 2013:

		LAND ThCh$	BUILDINGS AND INFRASTRUCTURE ThCh$	MACHINERY AND EQUIPMENT ThCh$	WORK IN PROGRESS ThCh$	OTHER PROPERTY, PLANT AND EQUIPMENT ThCh$	PROPERTY, PLANT AND EQUIPMENT, NET ThCh$
	OPENING BALANCE JANUARY 1, 2014	19,776,629	801,524,808	371,698,132	89,680,294	4,260,410	1,286,940,273
MOVEMENT	Additions	-	-	-	114,030,450	119,417	114,149,867
	Retirements	-	(651,784)	(2,708,356)	(404,040)	-	(3,764,180)
	Transfer to operating assets	44,224	60,885,309	53,649,472	(131,856,905)	-	(17,277,900)
	Depreciation	-	(22,494,826)	(22,761,639)	-	-	(45,256,465)
	Translation adjustment	238,916	13,887,045	1,259,941	1,719,239	14,228	17,119,369
	BALANCE AS OF DECEMBER 31, 2014	**20,059,769**	**853,150,552**	**401,137,550**	**73,169,038**	**4,394,055**	**1,351,910,964**

		LAND ThCh$	BUILDINGS AND INFRASTRUCTURE ThCh$	MACHINERY AND EQUIPMENT ThCh$	WORK IN PROGRESS ThCh$	OTHER PROPERTY, PLANT AND EQUIPMENT ThCh$	PROPERTY, PLANT AND EQUIPMENT, NET ThCh$
	OPENING BALANCE JANUARY 1, 2013	20,983,480	760,690,778	351,440,492	47,544,608	4,468,080	1,185,127,438
MOVEMENT	Additions	-	38,143,446	-	110,214,013	-	148,357,459
	Retirements	-	(706,199)	(2,885,305)	(550,576)	-	(4,142,080)
	Transfer to operating assets	(1,338,862)	20,264,526	43,501,558	(67,779,040)	-	(5,351,818)
	Depreciation	-	(21,103,883)	(21,046,636)	-	-	(42,150,519)
	Translation adjustment	132,011	4,236,140	688,023	251,289	24,985	5,332,448
	Other increases (decreases)	-	-	-	-	(232,655)	(232,655)
	BALANCE AS OF DECEMBER 31, 2013	19,776,629	801,524,808	371,698,132	89,680,294	4,260,410	1,286,940,273

11.3 Additional information on property, plant and equipment

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

The Company held as of December 2014 and 2013 commitments to purchase items of property, plant and equipment arising from construction contracts under EPC (Engeenering-Procurment-Construction) in the amount of ThCh$ 192,070,271 and ThCh$ 139,685,214, respectively.

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

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

	DECEMBER 31, 2014	DECEMBER 31, 2013
Capitalization rate (Annual basis)	9.72%	6.28%
Capitalized interest costs (ThCh$)	2,932,169	920,078

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

Work in progress balances amounts to ThCh$ 73,169,038 and ThCh$ 89,680,293 as of December 31, 2014, and 2013, respectively.

NOTE 12 - DEFERRED TAXES

12.1 Detail of deferred tax assets and liabilities

The origin of the deferred taxes recorded as of December 31, 2014 and 2013, is detailed as follows:

12.2 Deferred tax movements in statement of financial position

TEMPORARY DIFFERENCES	NET DEFERRED TAXES	
	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Depreciable fixed assets	(43,382,975)	(21,309,368)
Financial expenses	(1,086,226)	(1,060,025)
Leased assets	(721,967)	(390,702)
Materials and spare parts	622,791	440,814
Tax losses	39,241,019	23,866,034
Staff severance indemnities provision	164,517	(17,952)
Deferred income	1,473,120	1,014,223
Investment value provision	11,995	9,596
Lawsuit provision	45,212	46,353
Obsolescence provision	24	20
Provision for decommissioning	46,828	32,610
Work in progress	929,386	544,211
Vacation provisions	344,774	276,318
Intangible assets	(10,604,998)	(9,180,617)
Adjustment of effective interest rate of bonds	(2,321,846)	(1,787,011)
Land	754,934	122,546
Allowance for doubtful receivables	327,210	278,477
Prepaid expenses	(11,488)	(21,351)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(14,167,690)**	**(7,135,824)**
Reflected in the statement financial position as follows:		
Deferred tax assets	102,334	2,121,696
Deferred tax liabilities	(14,270,024)	(9,257,520)
NET DEFERRED TAX ASSETS/(LIABILITIES)	**(14,167,690)**	**(7,135,824)**

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 years ended December 31, 2014 and 2013 are as follows:

DEFERRED TAX MOVEMENTS	ASSET ThCh$	LIABILITY ThCh$
BALANCE AS OF JANUARY 1, 2013	15,608,137	6,110,267
Increase (decrease)	(13,486,441)	2,578,267
Translation adjustment	-	568,986
BALANCE AS OF DECEMBER 31, 2013	2,121,696	9,257,520
Increase (decrease)	(2,019,362)	4,264,034
Translation adjustment	-	748,470
BALANCE AS OF DECEMBER 31, 2014	102,334	14,270,024

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 December 31, 2014 and 2013 is as follows:

INTEREST BEARING LOANS	DECEMBER 31, 2014		DECEMBER 31, 2013	
	CURRENT ThCh$	NON- CURRENT ThCh$	CURRENT ThCh$	NON- CURRENT ThCh$
Bonds payable	14,774,702	1,217,748,297	156,431,917	983,605,799
TOTAL BONDS PAYABLE	14,774,702	1,217,748,297	156,431,917	983,605,799
Bank loans payable	1,420,115	9,626,797	951,439	9,762,060
Swap contract (Note 15)	2,012,588	-	-	-
Other financial liabilities	35,121	2,597,608	-	-
TOTAL OBLIGATIONS WITH BANKS	3,467,824	12,224,405	951,439	9,762,060
TOTAL	18,242,526	1,229,972,702	157,383,356	993,367,859

13.2 Detail of other financial liabilities

a) Bonds payable

The obligations with the public by series, currency, effective rate and expiration as of December 31, 2014 and 2013 are shown below:

TAXPAYER ID NUMBER	DEBTOR NAME	COUNTRY	PLACEMENT IN CHILE OR ABROAD	INSTRUMENT REGISTRATION NUMBER	SERIES	INDEXATION UNIT	NOMINAL INTEREST RATE	EFFECTIVE INTEREST RATE	INTEREST PAYMENTS	PERIODICITY PRINCIPAL PAYMENTS	FINAL MATURITY	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
76.555.400-4	Transelec S.A.	Chile	Chile	481	C	UF	4.03%	3.50%	At maturity	Semiannually	09-01-2016	148,241,864	139,651,617
76.555.400-4	Transelec S.A.	Chile	Chile	480	D	UF	4.37%	4.25%	At maturity	Semiannually	12-15-2027	329,243,935	311,425,417
76.555.400-4	Transelec S.A.	Chile	Chile	598	E	UF	3.82%	3.90%	At maturity	Semiannually	08-01-2014	-	78,192,761
76.555.400-4	Transelec S.A.	Chile	Chile	598	F	$	5.79%	5.70%	At maturity	Semiannually	08-01-2014	-	34,369,281
76.555.400-4	Transelec S.A.	Chile	Chile	599	H	UF	4.79%	4.80%	At maturity	Semiannually	08-01-2031	75,371,119	71,339,989
76.555.400-4	Transelec S.A.	Chile	Chile	598	I	UF	3.79%	3.50%	At maturity	Semiannually	09-01-2014	-	35,302,123
76.555.400-4	Transelec S.A.	Chile	Chile	599	K	UF	4.61%	4.60%	At maturity	Semiannually	09-01-2031	39,964,274	37,825,185
76.555.400-4	Transelec S.A.	Chile	Chile	598	L	UF	3.92%	3.65%	At maturity	Semiannually	12-15-2015	-	58,078,820
76.555.400-4	Transelec S.A.	Chile	Chile	599	M	UF	4.26%	4.05%	At maturity	Semiannually	06-15-2032	36,076,493	34,113,910
76.555.400-4	Transelec S.A.	Chile	Chile	599	M-1	UF	4.23%	4.05%	At maturity	Semiannually	06-15-2032	45,587,908	43,103,961
76.555.400-4	Transelec S.A.	Chile	Chile	599	N	UF	4.29%	3.95%	At maturity	Semiannually	12-15-2038	70,320,372	66,477,516
76.555.400-4	Transelec S.A.	Chile	Chile	744	Q	UF	4.02%	3.95%	At maturity	Semiannually	10-15-2042	76,202,674	72,145,072
76.555.400-4	Transelec S.A.	Chile	Chile	1st issuance	Sr N	US$	5.10%	4.63%	At maturity	Semiannually	07-26-2023	185,934,418	158,012,064
76.555.400-4	Transelec S.A.	Chile	Chile	2st issuance	Sr N	US$	4.66%	4.25%	At maturity	Semiannually	01-14-2025	225,579,942	-
TOTAL												**1,232,522,999**	**1,140,037,716**

The fair value of current and non-current bonds payable, both secured and unsecured, amounts to ThCh$1,393,034,676 and ThCh$ 973,524,772 as of December 31, 2014 and 2013, respectively (it does not include other current and non-current liabilities such as swap or forwards agreements which are presented in the financial statements at fair value). The fair value of the bonds is estimated by discounting future cash flows using discount rates available for debt with similar terms of credit risk and similar maturities. This value is categorized as level 2 according to the hierarchy of fair value.

			CURRENT			NON-CURRENT			
DEBTOR TAXPAYER ID NUMBER	DEBTOR NAME	INSTRUMENT REGISTRATION NUMBER	MATURITY LESS THAN 90 DAYS ThCh$	MATURITY MORE THAN 90 DAYS ThCh$	DECEMBER 31, 2014 CURRENT ThCh$	MATURITY 1 TO 3 YEARS ThCh$	MATURITY 3 TO 5 YEARS ThCh$	MATURITY MORE THAN 5 YEARS ThCh$	DECEMBER 31, 2014 NON-CURRENT ThCh$
76.555.400-4	Transelec S.A.	481	1,939,094	-	1,939,094	146,302,771	-	-	146,302,771
76.555.400-4	Transelec S.A.	480	-	620,702	620,702	-	-	328,623,233	328,623,233
76.555.400-4	Transelec S.A.	599	1,456,933	-	1,456,933	-	-	73,914,186	73,914,186
76.555.400-4	Transelec S.A.	599	595,650	-	595,650	-	-	39,368,624	39,368,624
76.555.400-4	Transelec S.A.	599	-	68,816	68,816	-	-	36,007,677	36,007,677
76.555.400-4	Transelec S.A.	599	-	86,307	86,307	-	-	45,501,601	45,501,601
76.555.400-4	Transelec S.A.	599	-	138,438	138,438	-	-	70,181,934	70,181,934
76.555.400-4	Transelec S.A.	744	535,325	-	535,325	-	-	75,667,349	75,667,349
76.555.400-4	Transelec S.A.	1st issuance	4,389,738	-	4,389,738	-	-	181,544,680	181,544,680
76.555.400-4	Transelec S.A.	2st issuance	4,943,699	-	4,943,699	-	-	220,636,242	220,636,242
TOTAL			**13,860,439**	**914,263**	**14,774,702**	**146,302,771**	**-**	**1,071,445,526**	**1,217,748,297**

			CURRENT			NON-CURRENT			
DEBTOR TAXPAYER ID NUMBER	DEBTOR NAME	INSTRUMENT REGISTRATION NUMBER	MATURITY LESS THAN 90 DAYS ThCh$	MATURITY MORE THAN 90 DAYS ThCh$	DECEMBER 31, 2013 CURRENT ThCh$	MATURITY 1 TO 3 YEARS ThCh$	MATURITY 3 TO 5 YEARS ThCh$	MATURITY MORE THAN 5 YEARS ThCh$	DECEMBER 31, 2013 NON-CURRENT ThCh$
76.555.400-4	Transelec S.A.	481	1,826,730	-	1,826,730	137,824,887	-	-	137,824,887
76.555.400-4	Transelec S.A.	480	551,446	-	551,446	-	-	310,873,971	310,873,971
76.555.400-4	Transelec S.A.	598	1,211,403	76,981,358	78,192,761	-	-	-	-
76.555.400-4	Transelec S.A.	598	796,069	33,573,212	34,369,281	-	-	-	-
76.555.400-4	Transelec S.A.	599	1,379,014	-	1,379,014	-	-	69,960,975	69,960,975
76.555.400-4	Transelec S.A.	598	435,345	34,866,778	35,302,123	-	-	-	-
76.555.400-4	Transelec S.A.	599	563,767	-	563,767	-	-	37,261,418	37,261,418
76.555.400-4	Transelec S.A.	598	-	92,921	92,921	57,985,899	-	-	57,985,899
76.555.400-4	Transelec S.A.	599	-	61,749	61,749	-	-	34,052,161	34,052,161
76.555.400-4	Transelec S.A.	599	-	78,216	78,216	-	-	43,025,745	43,025,745
76.555.400-4	Transelec S.A.	599	-	78,216	78,216	-	-	66,399,300	66,399,300
76.555.400-4	Transelec S.A.	744	-	605,872	605,872	-	-	71,539,200	71,539,200
76.555.400-4	Transelec S.A.	1st issuance	3,329,821	-	3,329,821	-	-	154,682,243	154,682,243
TOTAL			10,093,595	146,338,322	156,431,917	195,810,786	-	787,795,013	983,605,799

b) Bank loans

The bank loans are presented below by financial institution, currency, effective rate and expiration as of December 31, 2014 and 2013:

DEBTOR TAXPAYER ID NUMBER	DEBTOR NAME	COUNTRY	CREDITOR ID NUMBER	CREDITOR INSTITUTION NAME	COUNTRY	CURRENCY	PERIODICITY PRINCIPAL PAYMENTS	EFFECTIVE INTEREST RATE	NOMINAL INTEREST RATE	MATURITY	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
99.508.750-2	Transmisora Huepil Ltda.	Chile	N/A	Portigon-WestLB.	Germany	US$	Quarterly	3.5947%	1.7436%	2021	11,036,845	10,517,997
76.555.400-4	Transelec S.A.	Chile	N/A	Scotiabank	Canada	US$	Quarterly	2.66%	2.66%	2015	10,067	195,502
TOTAL											11,046,912	10,713,499

			CURRENT			NON-CURRENT			
DEBTOR TAXPAYER ID NUMBER	DEBTOR NAME	CREDITOR INSTITUTION	MATURITY LESS THAN 90 DAYS ThCh$	MATURITY MORE THAN 90 DAYS ThCh$	DECEMBER 31, 2014 CURRENT ThCh$	MATURITY 1 TO 3 YEARS THCH$	MATURITY 3 TO 5 YEARS ThCh$	MATURITY MORE THAN 5 YEARS ThCh$	DECEMBER 31, 2014 NON-CURRENT ThCh$
99.508.750.-2	Transmisora Huepil Ltda.	Portigon-WestLB.	419,832	990,216	1,410,048	4,873,416	3,786,120	967,261	9,626,797
76.555.400-4	Transelec S.A.	Scotiabank	10,067	-	10,067	-		-	-
TOTAL			429,899	990,216	1,420,115	4,873,416	3,786,120	967,261	9,626,797

			CURRENT			NON-CURRENT			
DEBTOR TAXPAYER ID NUMBERV	DEBTOR NAME	CREDITOR INSTITUTION	MATURITY LESS THAN 90 DAYS ThCh$	MATURITY MORE THAN 90 DAYS ThCh$	DECEMBER 31, 2013 CURRENT ThCh$	MATURITY 1 TO 3 YEARS THCH$	MATURITY 3 TO 5 YEARS ThCh$	MATURITY MORE THAN 5 YEARS ThCh$	DECEMBER 31, 2013 NON-CURRENT ThCh$
99.508.750-2	Transmisora Huepil Ltda.	Portigon-WestLB.	324,209	431,728	755,937	3,827,555	4,801,231	1,133,274	9,762,060
76.555.400.4	Transelec S.A.	Scotiabank	195,502	-	195,502	-	-	-	-
TOTAL			519,711	431,728	951,439	3,827,555	4,801,231	1,133,274	9,762,060

c) Other Financial Liabilies

The other financial liabilities by creditor institution name, currencies, rates and maturities as of December 31, 2014 and 2013 are as follows:

DEBTOR TAXPAYER ID NUMBER	DEBTOR NAME	COUNTRY	CREDITOR ID NUMBER	CREDITOR INSTITUTION NAME	COUNTRY	CURRENCY	PERIODICITY PRINCIPAL PAYMENTS	EFFECTIVE INTEREST RATE	NOMINAL INTEREST RATE	MATURITY	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
99.521.950-6	Transelec Norte S.A. (Transelec S.A.)	Chile	77.277.800-7	Eléctrica Aguas del Melado	Chile	US$	Monthly	6.11%	6.11%	2043	2,632,729	-
TOTAL											**2,632,729**	**-**

DEBTOR TAXPAYER ID NUMBER	DEBTOR NAME	CREDITOR INSTITUTION NAME	CURRENT			NON-CURRENT			
			MATURITY LESS THAN 90 DAYS ThCh$	MATURITY MORE THAN 90 DAYS ThCh$	DECEMBER 31, 2014 CURRENT ThCh$	MATURITY 1 TO 3 YEARS ThCh$	MATURITY 3 TO 5 YEARS ThCh$	MATURITY MORE THAN 5 YEARS ThCh$	DECEMBER 31, 2014 NON-CURRENT ThCh$
99.521.950-6	Transelec Norte S.A. (Transelec S.A.)	Eléctrica Aguas del Melado	8,586	26,535	35,121	118,760	91,749	2,387,099	2,597,608
TOTAL			**8,586**	**26,535**	**35,121**	**118,760**	**91,749**	**2,387,099**	**2,597,608**

13.3 Other aspects

As of December 31, 2014 and 2013, Transelec had available a credit line of US$250 million which at the balance sheet date it did not have any drawn pending at that time were no outstanding orders.

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

NOTE 14 - TRADE AND OTHER PAYABLES

Trade and other payables as of December 31, 2014 and 2013, are detailed as follows:

TRADE AND OTHER PAYABLES	CURRENT		NON- CURRENT	
	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Trade and other payables	69,554,568	72,573,645	-	-
TOTAL	**69,554,568**	**72,573,645**	**-**	**-**

The average payment period for suppliers in the years ended 2014 and 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,

- Net investment hedge.

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

15.1 Hedge assets and liabilities

	DECEMBER 31, 2014				DECEMBER 31, 2013			
	ASSET		LIABILITY		ASSET		LIABILITY	
	CURRENT ThCh$	NON – CURRENT ThCh$	CURRENT ThCh$	NON – CURRENT ThCh$	CURRENT ThCh$	NON – CURRENT ThCh$	CURRENT ThCh$	NON – CURRENT ThCh$
Cash flow hedge forwards (revenue)	-	-	-	-	333,250	-	-	-
Net investment hedge forward	-	-	-	-	25,835	-	-	-
Currency hedge Swap	-	11,786,839	2,012,588	-	-	-		-
TOTAL	**-**	**11,786,839**	**2,012,588**	**-**	**395,085**	**-**		**-**

15.2 Other Information

The following table details Transelec's derivatives as of December 31, 2014 and 2013, including their fair values as well as their notional and contractual values by maturity:

FINANCIAL DERIVATIVES	FAIR VALUE ThCh$	MATURITY BEFORE 1 YEAR ThCh$	2014 ThCh$	2015 ThCh$	2016 ThCh$	2017 ThCh$	SUBSEQUENT YEARS ThCh$	DECEMBER 31, 2014 TOTAL ThCh$
Currency hedge Swap	9,774,251	(2,012,588)	-	-	-	-	11,786,839	9,774,251

FINANCIAL DERIVATIVES	FAIR VALUE ThCh$	MATURITY BEFORE 1 YEAR ThCh$	2014 ThCh$	2015 ThCh$	2016 ThCh$	2017 ThCh$	SUBSEQUENT YEARS ThCh$	DECEMBER 31, 2013 TOTAL ThCh$
Cash flow hedge forwards (revenues)	333,250	333,250	-	-	-	-	-	333,250
Net investment hedge forward	25,835	25,835	-	-	-	-	-	25,835

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 December 31, 2014 and 2013, 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 December 31, 2014.

FINANCIAL INSTRUMENTAL MEASURED AT FAIR VALUE		FAIR VALUE MEASURED AT THE END OF THE REPORTING PERIOD USING		
	DECEMBER 31, 2014	LEVEL 1 ThCh$	LEVEL2 ThCh$	LEVEL 3 ThCh$
FINANCIAL ASSET (LIABILITY)				
Currency hedge Swap	9,774,251	-	9,774,251	-
TOTAL NET	**9,774,251**		**9,774,251**	

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

FINANCIAL INSTRUMENTAL MEASURED AT FAIR VALUE		FAIR VALUE MEASURED AT THE END OF THE REPORTING PERIOD USING		
	DECEMBER 31, 2013	LEVEL 1 ThCh$	LEVEL 2 ThCh$	LEVEL 3 ThCh$
FINANCIAL ASSET (LIABILITY)				
Cash flow hedges (revenues)	333,250	-	333,250	-
Net investment hedge	25,835	-	25,835	-
Non-hedge forwards				
TOTAL NET	**359,085**	**-**	**359,085**	**-**

NOTE 16 - FINANCIAL INSTRUMENTS

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

DECEMBER 31, 2014	CASH AND CASH EQUIVALENTS ThCh$	LOANS AND RECEIVABLES ThCh$	DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS ThCh$	DERIVATIVES AT FAIR VALUE THROUGH EQUITY ThCh$	AVAILABLE FOR SALE INVESTMENTS ThCh$	TOTAL ThCh$
Cash and cash equivalents	65,913,009	-	-	-	-	65,913,009
Other financial assets, current	-	672,589	-	-	-	672,589
Trade and other receivables	-	55,556,746	-	-	-	55,556,746
Other financial assets, non-current	-	12,603,039	11,786,839	-	278,848	24,668,726
Receivables from related parties, current	-	1,018	-	-	-	1,018
Receivables from related parties, non-current	-	135,746,433	-	-	-	135,746,433
TOTAL	**65,913,009**	**204,579,825**	**11,786,839**	**-**	**278,848**	**282,558,521**

DECEMBER 31, 2013	CASH AND CASH EQUIVALENTS ThCh$	LOANS AND RECEIVABLES ThCh$	DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS ThCh$	DERIVATIVES AT FAIR VALUE THROUGH EQUITY ThCh$	AVAILABLE FOR SALE INVESTMENTS ThCh$	TOTAL ThCh$
Cash and cash equivalents	52,421,991	-	-	-	-	52,421,991
Other financial assets, current	-	513,049	-	333,250	-	846,299
Trade and other receivables	-	62,150,784	-	-	-	62,150,784
Other financial assets, non-current	-	10,742,658	-	-	278,848	11,021,506
Receivables from related parties, current	-	84,135,021	-	25,835	-	84,160,856
Receivables from related parties, non-current	-	163,321,244	-	-	-	163,321,244
TOTAL	**52,421,991**	**320,862,756**	**-**	**359,085**	**278,848**	**373,922,680**

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

DECEMBER 31, 2014	OTHER FINANCIAL LIABILITIES ThCh$	DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS ThCh$	DERIVATIVES AT FAIR VALUE THROUGH EQUITY ThCh$	TOTAL ThCh$
Other financial liabilities, current	16,230,236	2,012,588	-	18,242,824
Trade and other payables	69,554,568	-	-	69,554,568
Other financial liabilities, non-current	1,229,972,702	20	-	1,229,972,722
TOTAL	**1,315,757,506**	**2,012,608**	**-**	**1,317,770,114**

DECEMBER 31, 2013	OTHER FINANCIAL LIABILITIES ThCh$	DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS ThCh$	DERIVATIVES AT FAIR VALUE THROUGH EQUITY ThCh$	TOTAL ThCh$
Other financial liabilities, current	157,383,356	-	-	157,383,356
Trade and other payables	72,573,645	-	-	72,573,645
Other financial liabilities, non-current	993,367,859	-	-	993,367,859
Payables to related parties, non-current	40,343,274	-	-	40,343,274
TOTAL	**1,263,668,134**	**-**	**-**	**1,263,668,134**

NOTE 17 - PROVISIONS

17.1 Detail of provisions

As of December 31, 2014 and 2013, this account is detailed as follows:

DETAIL	CURRENT		NON-CURRENT	
	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Staff severance indemnities	475,066	262,894	4,501,474	3,481,743
Accrued vacations	1,467,122	1,381,592	-	-
Profit sharing benefits	4,804,642	5,449,355	9,530	9,530
Other provisions	589,386	589,386	-	-
TOTAL	**7,336,216**	**7,683,227**	**4,511,004**	**3,491,273**

17.2 Provision movements

In 2014 and 2013, provision movements were the following:

MOVEMENTS IN PROVISIONS	STAFF SEVERANCE INDEMNITIES ThCh$	PROFIT SHARING BENEFITS ThCh$	ACCRUED VACATIONS ThCh$	OTHER PROVISIONS ThCh$	TOTAL ThCh$
BEGINNING BALANCE AS OF JANUARY 1, 2014	3,744,637	5,458,885	1,381,592	589,386	11,174,500
Movements in provisions:					
Provisions during the year	1,281,000	3,111,270	1,070,306	54,247	5,516,823
Other increase (decrease) in exchange rates	431,169	-	-	-	431,169
Payments	(480,267)	(3,755,982)	(984,776)	(54,247)	(5,275,272)
ENDING BALANCE AS OF DECEMBER 31, 2014	4,976,539	4,814,173	1,467,122	589,386	11,847,220

MOVEMENTS IN PROVISIONS	STAFF SEVERANCE INDEMNITIES ThCh$	PROFIT SHARING BENEFITS ThCh$	ACCRUED VACATIONS ThCh$	OTHER PROVISIONS ThCh$	TOTAL ThCh$
BEGINNING BALANCE AS OF JANUARY 1, 2013	3,918,477	4,361,414	1,277,215	514,752	10,071,858
Movements in provisions:					
Provisions during the year	463,270	4,893,386	1,039,501	74,634	6,470,791
Payments	(637,110)	(3,795,915)	(935,124)	-	(5,368,149)
ENDING BALANCE AS OF DECEMBER 31, 2013	3,744,637	5,458,885	1,381,592	589,386	11,174,500

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

As of December 31, 2014

DETAIL	LESS THAN 1 YEAR	MORE THAN 1 YEAR AND UP TO 3 YEARS	MORE THAN 3 YEAR AND UP TO 5 YEARS	MORE THAN 5 YEARS
Staff severance indemnities	475,066	486,425	729,637	3,285,411
Accrued vacations	1,467,122	-	-	-
Profit sharing benefits	4,804,642	9,531	-	-
Other provisions	589,386	-	-	-
TOTAL	7,336,216	495,956	729,637	3,285,411

As of December 31, 2013

DETAIL	LESS THAN 1 YEAR	MORE THAN 1 YEAR AND UP TO 3 YEARS	MORE THAN 3 YEAR AND UP TO 5 YEARS	MORE THAN 5 YEARS
Staff severance indemnities	262,894	642,000	582,997	2,256,745
Accrued vacations	1,381,592	-	-	-
Profit sharing benefits	5,449,355	9,531	-	-
Other provisions	589,386	-	-	-
TOTAL	**7,683,227**	**651,531**	**582,997**	**2,256,745**

Severance pay for years of service

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

Vacation accrual

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

Annual benefits

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

Other provisions

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

17.3 Lawsuits and arbitration proceedings

Transelec S.A.

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

As of December 31, 2014 the Company has established a provision for these and other contingents liabilities totaling to ThCh$ 517,862 considering for the purpose of this estimate that there are similar cases in the Court of Appeals in which the Court of Appeals rejected the claim, pending the hearing of the appeal before Supreme Court, that in such cases has confirmed the decisions of the SEC. In addition, there are cases with appeals before the SEC and for which the body normally and to some extent has kept the fine charged.

2. As of December 31, 2014, the company Campanario Generación S,A, has not fulfilled its obligation to pay invoices issued by Transelec for the injection and withdrawal balances issued by the CDEC-SIC in September, July, August and September 2011. On August 3, 2011, Transelec notified the SEC of this company's failure to comply with its obligation so it could adopt legally appropriate measures.

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

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

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

In relation with the final tolls and IT for 2011, the CDEC-SIC issued the corresponding settlement, which was also impugned by Transelec before the Panel of Experts, which through Opinion No, 2-2012 ordered CDEC- SIC to determine new settlements of tolls and final IT for 2011, declaring that Transelec S,A, is not responsible for the payments of amounts owed by Campanario Generación S.A. to generators, a nd 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, has been already fully recovered.

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

To date, the cause is in sentencing. Possible result: It is estimated that the court will declare that the Company must pay the balance of the debt that is recognized by Transelec, plus interest, rejecting the demand in the rest.

4. The existence of a lawsuit filed by CGE against Transelec and other companies of the system, to be reimbursed for the compensation paid to its customers for the supply disruption caused by the failure on 14.03.2010. The total demand amounts to $ 1,088,887,708 and to date have not been notified.

Transam and subsidiaries

As of December 31, 2014 there are no administrative sanctions.

NOTE 18 - POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS

18.1 Detail of account

POST-EMPLOYMENT AND OTHER BENEFIT OBLIGATIONS	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Staff severance indemnity provision – current	475,066	262,894
Staff severance indemnity provision non – current	4,501,473	3,481,743
TOTAL CURRENT AND NON-CURRENT OBLIGATIONS FOR POST-EMPLOYMENT BENEFITS	**4,976,539**	**3,744,637**

18.2 Detail of post-employment and other similar obligations

As of December 31, 2014 and 2013, this account is detailed as follows:

POST-EMPLOYMENT AND OTHER BENEFITS OBLIGATIONS	STAFF SEVERANCE INDEMNITY	
	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Present value of defined benefit plan obligations opening balance	3,744,637	3,918,477
Current service cost of defined benefit plan obligations	563,640	196,659
Actuarial calculation cost of defined benefit plan obligations	1,148,529	266,611
Payments	(480,267)	(637,110)
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS ENDING BALANCE	**4,976,539**	**3,744,637**

18.3 Balance of post-employment and other similar obligations

	STAFF SEVERANCE INDEMNITY	
	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS, ENDING BALANCE	**4,976,539**	**3,744,637**
Present obligation with defined benefit plan funds	4,976,539	3,744,637
Fair value of defined benefit plan assets, ending balance	-	-
BALANCE OF DEFINED BENEFIT OBLIGATIONS, ENDING BALANCE	**4,976,539**	**3,744,637**

18.4 Expenses recognized in income statement

	STAFF SEVERANCE INDEMNITY		INCOME STATEMENT LINE ITEM WHERE RECOGNIZED
	JANUARY 1, 2014 TO DECEMBER 31, 2014 ThCh$	JANUARY 1, 2013 TO DECEMBER 31, 2013 ThCh$	
Current service cost of defined benefit plan	563,640	196,659	Cost of sales Administrative and sales expenses
Interest cost of defined benefit plan	717,360	266,611	Cost of sales Administrative and sales expenses
TOTAL EXPENSE RECOGNIZED IN INCOME STATEMENT	**1,281,000**	**463,270**	

18.5 Actuarial hypothesis

DETAIL	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Discount rate used	1.95%	3.2%
Inflation rate	4.6%	4%
Future salary increase	2.0%	2.0%
Mortality table	B-2006	B-2006
Disability table	PDT1985-Category II	
Rotation table	ESA-77	

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

18.6 Sensitivity analysis

The following chart shows the sensitivity analysis of the significant hypotheses as of December 31, 2014:

NIVEL OF SENSITIVITY	DISCOUNT RATE USED		INFLATION RATE		FUTURE SALARY INCREASE	
	INCREASE 1% (ThCh$)	DECREASE 1% (ThCh$)	INCREASE 1% (ThCh$)	DECREASE 1% (ThCh$)	INCREASE 1% (ThCh$)	DECREASE 1% (ThCh$)
Impact on current and non-current of employment benefit obligation	(350,334)	394,748	-	-	346,751	(313,230)

To evaluate impact, the sensitivity analysis has been determined based on the extrapolation method obtaining reasonable results in terms of the changes in the significant hypotheses used as of December 31, 2014.

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

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
During the upcoming 12 month	156,571	262,894
Between 2 to 5 years	972,850	1,121,222
Between 5 to 10 years	1,191,211	1,011,877
More than 10 years	2,655,907	1,348,644
TOTAL PAYMENTS EXPECTED	**4,976,539**	**3,744,637**

NOTE 19 - EQUITY

19.1 Subscribed and paid capital

As of December 31, 2014 authorized, subscribed and paid share capital amounts to ThCh$ 776,355,048 and December 31, 2013 ThCh$ 857,944,548.

19.2 Number of subscribed and paid shares

	NUMBER OF SHARES SUBSCRIBED	NUMBER OF SHARES PAID	NUMBER OF SHARES WITH VOTING RIGHTS
Sole series	1,000,000	1,000,000	1,000,000

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

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

19.3 Dividends

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

On May 7, 2014, the Company's Board of Directors met in an Ordinary Meeting, where they agreed to distribute a provisional dividend with debit to 2014 income, in the amount of Ch$13,360,575,000. As of December 31, 2014, this dividend has been paid in full.

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

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

On April 26, 2013, the ordinary shareholders meeting of the Company was celebrated, on which it was unanimously agreed to approve a final dividend for the year 2012, amounting to $ 16,882,000,000. As of December 31, 2013 this dividend is fully paid.

On August 21, 2013, the Company's Board of Directors met in an Ordinary Meeting, where they agreed to distribute a provisional dividend with debit to 2013 income, in the amount of Ch$31,871,411,198. As of December 31, 2013, this dividend has been paid in full.

On November 20, 2013, the Company's Board of Directors met in an Ordinary Meeting, where they agreed to distribute a provisional dividend with debit to 2013 income, in the amount of Ch$10,311,065,696. As of December 31, 2013, this dividend has been paid in full.

19.4 Other reserves

Other reserves as of December 31, 2014 and 2013 are detailed as follows:

DESCRIPTION	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Net investment hedge Transam	574,172	309,624
Net investment hedge Transelec Norte	5,979,977	5,352,676
Cash flow hedge (revenue)	-	333,250
Cash flow hedge (base interest rate)	543,317	2,478,518
Cash flow hedge (Exchange rate)	(494,410)	-
Actuarial calculation exchange differences	(431,169)	-
Deferred taxes	(1,542,972)	(1,694,814)
TOTAL	**4,628,915**	**6,779,254**

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

	FOREIGN TRANSLATION RESERVE ThCh$	CASH FLOW HEDGES RESERVE ThCh$	OTHER RESERVES ThCh$	TOTAL ThCh$
OPENING BALANCE AS OF JANUARY 1, 2014	**4,529,839**	**2,249,415**	**-**	**6,779,254**
Translation adjustment	514,363	-	-	514,363
Valuation of derivatives	-	(2,950,312)	-	(2,950,312)
Actuarial calculation exchange differences	-	-	(431,169)	(431,169)
Deferred tax	(128,590)	737,577	107,792	716,779
CLOSING BALANCE AS OF DECEMBER 31, 2014	**4,915,612**	**36,680**	**(323,377)**	**4,628,915**

19.5 Capital management

Capital management refers to the Company's administration of its equity,

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

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

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

• Maintain individual and consolidated indebtedness levels (Total debt / Total capitalization ratio) no greater than 0.7 based on the definitions of these terms in the respective prospectuses.

• Maintain minimum individual and consolidated equity of fifteen million UF equivalents to ThCh$369,406,500 as of December 31, 2014.

• The test of distribution of restricted payments (net cash flow of the operations / financial costs) must be greater than 1.5 times, as those terms are defined in the respective prospectuses.

The following tables present – as of December 31, 2014 and 2013 - 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 N° 1	TOTAL DEBT / TOTAL CAPITALIZATION RATIO LOWER OR EQUAL TO 0.70	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
A	Other financial liabilities, current	18,243	157,383
B	Payables to related parties, current	-	-
C	Other financial liabilities, non-current	1,229,973	993,368
D	Payables to related parties, non-current	-	40,343
E=A+B+C+D	COVENANTS DEBT	1,248,216	1,191,094
G	Debt with guarantees (1)	31,647	32,316
DT=E+G	TOTAL DEBT	1,279,863	1,223,410
H	Non-controlling interest	29	4
P	Equity attributable to owners of the parent	805,223	887,092
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
CT=DT+H+I+P	TOTAL CAPITALIZATION	2,110,085	2,135,476
DT/CT	TOTAL DEBT / TOTAL CAPITALIZATION RATIO	0.61	0.57

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

COVENANT N° 2	MINIMUM EQUITY GREATER THAN OR EQUAL TO UF 15 MILLION	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
P	Equity attributable to owners of the parent	805,223	887,092
I	Accumulated amortization of goodwill (as of the date of transition to IFRS)	24,970	24,970
P+I	EQUITY (IN THCH$)	830,193	912,062
UF	UF value	24,627.10	23,309.56
(I+P)/UF	EQUITY (IN UF MILLIONS)	33.71	39.13

COVENANT N° 3	RESTRICTED PAYMENTS TEST FUNDS FROM OPERATIONS (FNO) / FINANCIAL COSTS > 1.5	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
FO	Cash flow from operations	186,444	140,735
CF	Financial costs	56,710	48,473
IG	Income tax expense	3,589	14,423
FNO=FO+CF+IG	FUNDS FROM OPERATIONS	246,743	203,631
FNO/CF	FUNDS FROM OPERATIONS / FINANCIAL COSTS	4.35	4.20

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

NOTE 20 - INCOME

20.1 Revenue

The following table details revenue for the twelve-month periods ended December 31, 2014 and 2013:

REVENUE	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Revenues from regulated transmission services	121,256,192	97,760,148
Revenues from contractual transmission services	128,570,706	119,926,630
Leases revenue	698,147	2,261,959
TOTAL REVENUES	**250,525,045**	**219,948,737**

20.2 Other operating income

The following table details operating income for the twelve -month periods ended December 31, 2014 and 2013:

OTHER OPERATING INCOME	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Financial income (Note 21.4)	10,129,175	10,868,623
Other gains (losses), net	8,629,122	3,616,801
TOTAL OTHER OPERATING INCOME	**18,758,297**	**14,485,424**

NOTE 21 - RELEVANT INCOME STATEMENT ACCOUNTS

21.1 Expenses by nature

The composition of cost of sales and administrative expenses by nature in the twelve-month periods ended December 31, 2014 and 2013:

DETAIL	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Personnel expenses	18,539,172	17,597,688
Operating expenses	13,839,749	14,444,402
Maintenance expenses	5,182,827	5,412,955
Depreciation and write-offs	49,564,907	44,687,762
Other	6,433,099	4,585,561
TOTAL	**93,559,754**	**86,728,368**

21.2 Personnel expenses

As of December 31, 2014 and 2013, this account is detailed as follows:

DETAIL	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Salaries and wages	15,208,487	14,831,230
Short-term employee benefits	2,426,395	684,118
Staff severance indemnity	1,281,000	721,352
Other long-term benefits	1,070,307	976,718
Other personnel expenses	4,477,828	5,894,879
Expenses capitalized on construction in progress	(5,924,845)	(5,510,609)
TOTAL	**18,539,172**	**17,597,688**

21.3 Depreciation and amortization

The following table details depreciation and amortization for the twelve-month periods ended December 31, 2014 and 2013:

DETAIL	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Depreciation	45,253,807	42,141,086
Amortization	579,110	435,512
Losses from damages	3,731,990	2,111,164
TOTAL	**49,564,907**	**44,687,762**

21.4 Financial results

The Company's financial result for the twelve-month periods ended December 31, 2014 and 2013 is detailed as follows:

DETAIL	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
FINANCIAL INCOME:	**10,129,175**	**10,868,623**
Commercial interest earned	155,512	359,706
Bank interest earned	2,636,670	1,745,336
Interest earned from related parties	7,336,993	8,553,264
Other income	-	210,317
FINANCIAL EXPENSES:	**(56,709,876)**	**(48,473,429)**
Interest on bonds	(50,647,305)	(42,278,186)
Interest on bank loans	(330,445)	(3,653,925)
Commercial interest incurred	(299,382)	(517,545)
Interest costs on related parties transactions	(1,693,919)	(1,633,684)
Interest rate Swap	(1,569,762)	-
Other expenses	(2,169,063)	(390,089)
GAIN (LOSS) FROM INDEXATION OF UF	**(46,842,143)**	**(17,256,864)**
FOREIGN EXCHANGE GAINS (LOSSES), NET	**(1,809,424)**	**(2,945,257)**
Positive	38,545,034	13,030,821
Negative	(40,354,458)	(15,976,078)
TOTAL FINANCIAL RESULT, NET	**(95,232,268)**	**(57,806,927)**

NOTE 22 - INCOME TAX RESULT

INCOME TAX EXPENSE (INCOME)	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Current tax expense	(1,203,584)	1,118,385
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	**(1,203,584)**	**1,118,385**
Deferred tax expense relating to origination and reversal of temporary differences	4,792,523	13,304,456
Other deferred tax expense	-	-
DEFERRED TAX EXPENSE, NET, TOTAL	**4,792,523**	**13,304,456**
EFFECT OF CHANGE IN TAX SITUATION OF THE ENTITY OR ITS SHAREHOLDERS	-	-
INCOME TAX EXPENSE	**3,588,939**	**14,422,841**

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 2014 and 2013:

USING EFFECTIVE RATE	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Tax expense at statutory rate	(14,776,050)	(15,806,049)
Price level restatement of equity	4,735,087	2,595,436
Lawsuits	(197,175)	(177,158)
Change in income tax rate, Tax Reform Law 20.780	(2,278,545)	-
Re-classification to Equity according to Bulletin N°856 of the SVS	2,278,545	-
Goodwill to be absorbed (*)	6,530,588	-
Other differences increase (decrease)	118,611	(1,035,070)
TOTAL ADJUSTMENTS TO TAX EXPENSE USING STATUTORY RATE	**11,187,111**	**1,383,208**
TAX EXPENSE AT EFFECTIVE RATE	**(3,588,939)**	**(14,422,841)**

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Statutory Tax Rate	21.00%	20.00%
Price level restatement of equity	(6.73%)	(3.28%)
Lawsuits	0.28%	0.22%
Change in income tax rate, Tax Reform Law 20.780	3.50%	-
Re-classification to Equity according to Bulletin N°856 of the SVS	(3.50%)	-
Goodwill to be absorbed (*)	(9.28%)	-
Other differences increase (decrease)	(0.17%)	1.31%
ADJUSTMENTS TO STATUTORY TAX RATE, TOTAL	**(15.90%)**	**(1.75%)**
EFFECTIVE TAX RATE	**5.10%**	**18.25%**

(*) In November 2014 re-valuation of tax assets belonging to the subsidiary Transelec Norte S.A. were performed as a result of the merger of this company. At December 31, 2014 this effect is included in this line.

The tax rate used for the periods 2014 and 2013 reconciliations corresponds to 21% and 20%, a corporate tax rate that entities should pay on taxable profits based on current tax regulations.

Tax Reform Chile

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

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

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

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

NOTE 23 - EARNINGS PER SHARE

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

BASIC EARNINGS PER SHARE	DECEMBER 31, 2014	DECEMBER 31, 2013
Profit attributable to equity holders of parent (ThCh$)	66,773,206	64,607,402
Earnings available to common shareholders, basic (ThCh$)	66,773,206	64,607,402
TOTAL BASIC SHARES	**1,000,000**	**1,000,000**
BASIC EARNINGS PER SHARE (CH$)	**66,773**	**64,607**

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

NOTE 24 - SEGMENT REPORTING

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

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

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

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

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

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

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

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

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

Information about products and services

	DECEMBER 31, 2014 ThCh$	DECEMBER 31, 2013 ThCh$
Revenues from regulated transmission services	121,256,192	97,760,148
Revenues from contractual transmission services and others	129,268,853	122,188,589
TOTAL REVENUES	**250,525,045**	**219,948,737**

Information about sales and principal customers

The Company has four customers that individually represent more than 10% of total revenues for the twelve month ended on December 31, 2014. The amounts of revenues recognized from these customers were: ThCh$ 121,246,616, ThCh$ 41,390,405, ThCh$ 10,810,575 and ThCh$ 42,317,109, respectively. For the twelve-month periods ended December 31, 2013 the Company had three customers that individually exceeded 10% of total revenues. The amounts of revenues recognized from these customers were: ThCh$ 71,491,627, ThCh$60,905,616, ThCh$30,446,275 and ThCh$27,614,592, respectively.

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

As of December 31, 2014, the Company has received performance guarantees from contractors and third parties, primarily to guarantee performance of construction and maintenance works, amounting to ThCh$ 36,498,486 (ThCh$ 36,479,569 as of December 31, 2013). In addition, in order to guarantee repayment of housing loans, mortgages have been constituted in favor of the Company,

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

NOTE 26 - DISTRIBUTION OF PERSONNEL (UNAUDITED)

As of December 31, 2014 and 2013, personnel employed by Transelec S.A. are detailed as follows:

	DECEMBER 31, 2014				
	MANAGER AND EXECUTIVES	PROFESSIONALS AND TECHNICAL PERSONNEL	OTHER EMPLOYEES	TOTAL	AVERAGE OF THE YEAR
TOTAL	16	342	135	493	495.4

	DECEMBER 31, 2013				
	MANAGER AND EXECUTIVES	PROFESSIONALS AND TECHNICAL PERSONNEL	OTHER EMPLOYEES	TOTAL	AVERAGE OF THE YEAR
TOTAL	16	333	158	507	508.6

NOTE 27 - ENVIRONMENT

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

During for the twelve month periods ended December 31, 2014 and 2013, the Company has not made the following environmental disbursements:

COMPANY MAKING DISBURSEMENT	PROJECT	DECEMBER 31, 2014 THCH$	DECEMBER 31, 2013 THCH$
Transelec S.A.	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	583,311	746,913
Transam and subsidiaries	Environmental management, elaboration of DIA and EIA and the follow up of environmental matters (includes environmental permissions for sectors)	-	-
TOTAL		**583,311**	**746,913**

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

a) Current assets and liabilities

CURRENT ASSETS	FOREIGN CURRENCY	FUNCTIONAL CURRENCY	DECEMBER 31, 2014		DECEMBER 31, 2013	
			MATURITY LESS THAN90 DAYS ThCh$	MATURITY MORE THAN 91 TO 1 YEAR ThCh$	MATURITY LESS THAN 90 DAYS ThCh$	MATURITY MORE THAN 91 TO 1 YEAR ThCh$
Cash and cash equivalents	Dollars	CH$	74,130	-	34,432,628	-
	Chilean Pesos	CH$	65,747,570	-	17,977,079	-
	Other Currency	CH$	91,309	-	12,284	-
Trade and other receivables	Dollars	CH$	-	-	-	-
	Chilean Pesos	CH$	37,770,448	17,786,298	47,389,169	13,453,127
	Other Currency	CH$	-	-	-	-
Receivables from related parties,	Dollars	CH$	1,018	-	79,661,771	-
Current	Chilean Pesos	CH$	-	-	4,499,085	-
	Other Currency	CH$	-	-	-	-

CURRENT LIABILITIES	FOREIGN CURRENCY	FUNCTIONAL CURRENCY	DECEMBER 31, 2014		DECEMBER 31, 2013	
			MATURITY LESS THAN90 DAYS ThCh$	MATURITY MORE THAN 91 TO 1 YEAR ThCh$	MATURITY LESS THAN 90 DAYS ThCh$	MATURITY MORE THAN 91 TO 1 YEAR ThCh$
Other financial liabilities, current	Dollars	CH$	11,784,511	1,016,751	3,849,532	431,728
	Chilean Pesos	CH$	4,527,001	914,263	12,964,737	150,218,386
	Other Currency	CH$	-	-	-	-
Trade payables and other payables	Dollars	CH$	43,437,115	-	910,968	-
	Chilean Pesos	CH$	26,117,453	-	53,426,584	18,803,961
	Other Currency	CH$	-	-	-	-
Current provisions for employee benefits	Dollars	CH$	-	-	-	-
	Chilean Pesos	CH$	2,056,508	6,299,439	5,449,355	2,233,872
	Other Currency	CH$	-	-	-	-

b) Non-Current assets and liabilities

NON-CURRENT ASSETS	FOREIGN CURRENCY	FUNCTIONAL CURRENCY	DECEMBER 31, 2014			DECEMBER 31, 2013		
			1 TO 3 YEAR ThCh$	3 TO 5 YEAR ThCh$	MORE THAN 5 YEAR ThCh$	1 TO 3 YEAR ThCh$	3 TO 5 YEAR ThCh$	MORE THAN 5 YEAR ThCh$
Trade and other receivables	Dollar	CH$	-	-	-	-	-	-
	Chilean Pesos	CH$	-	-	-	-	-	-
	Other Currency	CH$	-	-	-	-	-	-
Property, plant and equipment	Dollars	CH$	-		34,455,225	-	-	111,011,395
	Chilean Pesos	CH$	-	-	1,264,829,463	-	-	1,138,068,475
	Other Currency	CH$	-	-	-	-	-	-
				-	-			
Deferred tax assets	Dollars	CH$	-			-	57,998	-
	Chilean Pesos	CH$	-	102,334		-	2,063,698	-
	Other Currency	CH$	-	-	-	-	-	-

Non-Current Liabilities	FOREIGN CURRENCY	FUNCTIONAL CURRENCY	DECEMBER 31, 2014			DECEMBER 31, 2013		
			1 TO 3 YEAR ThCh$	3 TO 5 YEAR ThCh$	MORE THAN 5 YEAR ThCh$	1 TO 3 YEAR ThCh$	3 TO 5 YEAR ThCh$	MORE THAN 5 YEAR ThCh$
Other financial liabilities, non-current	Dollars	CH$	4,992,176	3,877,869	393,748,443	3,827,555	4,801,231	155,815,517
	Chilean Pesos	CH$	146,302,771	-	669,264,604	194,770,693	-	624,071,836
	Other Currency	CH$	-	-	-	-	-	-
Other liabilities, non-current	Dollars	CH$						
	Chilean Pesos	CH$	-	-	-	-	-	-
	Other Currency	CH$	-	-	-	-	-	-
			-	-	-	-	-	-
Non-current provisions for employee	Dollars	CH$	-	-	-	-	-	-
benefits	Chilean Pesos	CH$	651,531	582,997	2,256,745	651,531	582,997	2,256,745
	Other Currency	CH$	-	-	-	-	-	-

NOTE 29 - SUBSEQUENT EVENTS

On January 23, 2015, an Extraordinary Shareholders' Meeting of Transelec S. A. was held. It was agreed to approve the merger of the subsidiary Inversiones Electricas Transam Chile S. A. with Transelec S.A., in the terms and conditions discussed at the meeting, delegating to the Board of Directors to determine the time that the merger should materialize.

Between December 31, 2014, 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 December 31, 2014

SUMMARY

As of December 31, 2014, Transelec S.A. and subsidiaries obtained an EBITDA* of MCh$215,159, an 18.5% higher than the comparison period of 2013 (MCh$181,525), with an EBITDA* over revenues of 85.9% (82.5% in 2013). This increase is mainly explained by higher operating revenues that reached MCh$250,525 as of December 2014, a 13.9% higher than the revenues obtained in the same period of 2013 (MCh$219,949). In addition, operating costs had no significant variation between the periods compared, increasing only in 5.5%

The net income recorded by the Company as of December 31, 2014 was MCh$66,773, which is a 3.4% higher respect to the comparison period (MCh$64,607). This increase is mainly explained by higher Operating Income (17.8%) and lower Income Tax (75.1%), partially offset by higher loss in the Non-Operating Income (59.8%).

The loss in Non-Operating Income as of December 31, 2014, shows an increase of MCh$32.413 compared with the same period in 2013, that is mainly explained by MCh$29.585 of higher loss for indexed assets and liabilities, which measures the inflation impact on the UF denominated debt of the Company.

During the year 2014, the company incorporated US$98.9 million of new facilities, where US$43.2 million correspond to six new commissioned trunk upgrades, and US$54.7 million to the acquisition of the line belonging to the Trunk Transmission System "Maitencillo – Cardones 2x220 kV" to Guacolda S.A.

Relevant facts of the period:

• On July 9, Transelec S.A. closed an international bond issuance for an amount of US$375 million under rule 144A Regulation S of the United State Securities Act of 1933. The maturity date of this bond is January 14, 2025, with an annual nominal rate of 4.250%. Effective placement rate was 4.372%, with a spread over Treasury bonds of the United States of America at 10 years of 1.78%. Interests will be paid on a semiannual basis and the principal will be repaid in a single payment at the due date.

• On August 1, was made the payment of principal and interest of the Bonds Series E and F, finishing these obligations with the public.

• On September 1, was made the payment of principal and interest of the Bond Serie I, finishing this obligation with the public.

• On July 8, the international credit rating agency Standard & Poor's assigned its BBB corporate credit rating to Transelec S.A.

• The negotiation of the revolving facility amendment agreement with the banks was closed on October 15. This amendment considers an extension for 3 more years, a lower commitment fee (from 0.6% to 0.4375%) and rate (from Libor + 2.35 to Libor + 1.25), and the incorporation of three new banks. The final list is composed by the existing lenders (Scotiabank, DNB Group, BTMU) and new lenders EDC, JP Morgan, Citibank.

• On October 22, Transelec S.A. acquired 100% of the shares of Transelec Norte S.A. Therefore, according to the Corporations Law,

Transelec S.A. and subisidiaries

Reasoned Analysis of the Consolidated Financial Statements

As of December 31, 2014

Transelec Norte S.A. was dissolved as of December 1. As a consequence of the dissolution through absorption, all the assets, rights and obligations of Transelec Norte S.A. were transferred to Transelec S.A.

• On December 15, was made the payment of principal and interest of the Bond Serie L, finishing this obligation with the public in advance.

• On December 23, the BoD authorized the study of the merge by absorption of the subsidiary Inversiones Eléctricas Transam Chile Ltda. by Transelec S.A.

Transelec S.A. and its subsidiary Inversiones Eléctricas Transam Chile Ltda. have prepared their financial statements as of December 31, 2014, in conformity with International Financial Reporting Standards (IFRS) and correspond to the comprehensive, explicit and non-reserved adoption of the above mentioned international standard. The figures of this ratio analysis are expressed in millions of Chilean pesos (MCh$) as the Chilean peso is the functional currency of Transelec S.A.

1. INCOME STATEMENT ANALYSIS

ITEMS	DECEMBER 2014 MCh$	DECEMBER 2013 MCh$	VARIATION 2014 / 2013 MCh$	VARIATION 2014 / 2013 %
OPERATING REVENUES	**250,525**	**219,949**	**30,576**	**13.9%**
Toll sales	246,328	213,897	32,430	15.2%
Work and services	4,197	6,051	-1,854	-30.6%
OPERATING COSTS	**-75,950**	**-71,986**	**-3,964**	**5.5%**
Fixed costs	-27,942	-28,913	971	-3.4%
Depreciation	-48,009	-43,073	-4,936	11.5%
ADMINISTRATON AND SALES EXPENSES	**-17,609**	**-14,742**	**-2,867**	**19.4%**
Fixed costs	-16,053	-13,128	-2,926	22.3%
Depreciation	-1,556	-1,615	58	-3.6%
OPERATING INCOME	**156,965**	**133,220**	**23,745**	**17.8%**
Other Financial Income	10,129	10,869	-739	-6.8%
Financial Costs	-56,710	-48,473	-8,236	17.0%
Foreign exchange differences, net	-1,809	-2,945	1,136	-38.6%
Gain (loss) for indexed assets and liabilities	-46,842	-17,257	-29,585	171.4%
Other income	8,629	3,617	5,012	138.6%
NON-OPERATING INCOME	**-86,603**	**-54,190**	**-32,413**	**59.8%**
INCOME BEFORE INCOME TAXES	**70,362**	**79,030**	**-8,668**	**-11.0%**
Income tax	-3,589	-14,423	10,834	-75.1%
NET INCOME	**66,773**	**64,607**	**2,166**	**3.4%**
EBITDA (*)	**215,159**	**181,525**	**33,634**	**18.5%**

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

a) Operating income

During the year 2014, operating revenues reached MCh$250,525, which is 13.9% higher compared with the same period in 2013 (MCh$219,949). This increase is mainly explained by higher Toll sales that reached MCh$246,328 during 2014, an 15.2% higher than 2013 (MCh$213.897). This increase is mainly due to new commissioned projects, that resulted in MCh$14,899 of additional revenues, including MCh$3,173 from the acquisition of the Maitencillo - Cardones line to Guacolda S.A., and due to macroeconomical effects that resulted in MCh$15,622 of higher revenues. These higher operating revenues were partially offset by lower work and services revenues that reached MCh$4,197 in 2014 and MCh$6,051 in 2013, corresponding to a 1.7% and 2.8% of the total revenues respectively.

During this period, the operating costs reached MCh$75,950, a 5.5% higher than 2013 (MCh$71,986). These costs are mainly related to the maintenance and operation of the Company's facilities and, in percentage terms, 63.2% of the company's costs correspond to property, plant and equipment depreciation (59.8% in 2013) and the remaining 36.8% corresponds to personnel, supplies and contracted services (40.2% in 2013). Fixed costs as of December, 2014 were mostly aligned compared with the same period in 2013 (3.4% decrease), mainly explained by savings in maintenance services (MCh$638), principally derived from the delayed commissioning of the new Scada System. On the other hand, as of December 2014, depreciation was 11.5% higher than recorded in the same period in 2013, which, besides the commissioning of new projects, is mainly explained by the retirement due to obsolescence of some fixed assets.

Administrative and selling expenses amounted MCh$17,609, an 19.4% higher than 2013 (MCh$14,742), and primarily consist in 91.2% (89% in 2013) of personnel and work expenses, supplies and contracted services, and 8.8% of depreciation (11% in 2013). The increase in administrative and selling expenses is mainly explained by the compensation due to outages payment to Distribution companies made in December 2014 (MCh$1,683) and by higher expenses on leases and other non-operational expenses (MCh$1,105).

b) Non-operating income

Net income for the year 2014 was negatively impacted by the non-operating loss of MCh$86,603, a 59.8% higher than recorded in the same period of 2013 (MCh$54,190), and is mainly explained by MCh$29,585 of higher loss from indexed assets and liabilities and MCh$8,236 of higher financial costs, partially offset by MCh$5,012 of higher Other Incomes, that include MCh$5,525 from a subtransmission reassessment corresponding to the period 2011 – 2013.

Loss from indexed assets and liabilities of MCh$46,842, significantly higher in comparison with the same period of 2013 (MCh$17.257), is mainly explained by a higher variation of the UF. This variation corresponds to a 5.7% for the current period and 2.4% for the comparison period in 2013.

Higher financial costs are mostly explained by higher interests paid due to the Series Q and Senior Notes bonds issued on May 3 and July 23 of 2013 respectively, due to the interests associated to the new US Bond issued on July 9, 2014 and due to the interest of the cross currency swap associated to the issuing of this latest Bond. The interests paid during the year 2014 due to the Bonds issuing reached MCh$16,017 in comparison with MCh$5,338 paid in the same period of 2013, and the interest corresponding to the swap reached MCh$2,013. This increase is partially offset by lower bank interests paid (MCh$2,534) and by higher capitalized interest (MCh$2,012). The lower bank interests are mainly explained by the use of the Revolving Credit Facility (RCF) and the Non-committed line of credit during 2013, which did not record movements during 2014.

Loss from Foreign exchange differences reached MCh$1,809 as of December, 2014, which is 38.6% lower in comparison with the same period of 2013 (MCh$2,945). This loss is mainly explained by the increase of the exchange rate that, as of December, 2014, had a negative impact of MCh$40,360 on the US Bonds issued in July 2013 and July 2014, which was significantly higher that the loss recorded in the same period 2013 (MCh$5,754). This higher negative impact (MCh$34,606) was offset by higher gains due to swap contracts (MM$14,294), receivables from related parties (MM$10,925), bank investments (MM$1,980) and forward contracts (MM$1,116). Additionally, losses associated with the use of the Revolving Credit Facility Line were recorded as of December, 2013; nevertheless during 2014 this Line did not register movements, causing a positive difference of MM$7,417.

2. BALANCE SHEET ANALYSIS

The decrease in the total assets between December 2013 and December 2014 is explained by lower current assets, partially offset by higher non-current assets. The decrease in current assets is mainly explained by lower receivables from related parties, mainly due to the payment of an intercompany loan to Transelec Holding Rentas Ltda. made in December 2013. On the other hand, the increase in non-current assets is mainly explained by higher fixed assets derived from the commissioning of six trunk upgrade projects and the acquisition of the Maitencillo - Cardones line to Guacolda S.A recorded as of December, 2014, by higher other non-financial assets due to the cross currency swap contract, and due to an increase in intangible assets other than goodwill, mainly rights of way.

The decrease in total liabilities between December 2013 and December 2014 is explained by lower current liabilities, partially offset by higher non-current liabilities. The decrease in current liabilities is mostly explained by lower bonds payable due to the payment of the bonds series E, F, I and L made during the second semester of 2014. On the other hand, the increase in non-current liabilities is mainly explained by an increase in other financial liabilities, especially due to the USD bond issued on July 9, 2014, that was partially offset by the elimination of the payable to Transelec Holding Rentas Ltda, due to the absorption of Transelec Norte S.A. in Transelec S.A. The decrease in equity is mostly explained by a capital reduction of MCh$81,590 made during the first semester of 2014.

ITEMS	DECEMBER 2014 MCh$	DECEMBER 2013 MCh$	VARIATION 2014 / 2013 MCh$	VARIATION 2014 / 2013 %
Current assets	128,514	209,451	-80,937	-38.6%
Non-current assets	2.028,552	1,969,931	58,621	3.0%
TOTAL ASSETS	**2.157,066**	**2,179,381**	**-22,316**	**-1.0%**
Current liabilities	96,930	238,758	-141,828	-59.4%
Non current liabilities	1,254,884	1,053,528	201,356	19.1%
Equity	805,252	887,096	-81,844	-9.2%
TOTAL LIABILITIES & EQUITY	**2,157,066**	**2,179,381**	**-22,316**	**-1.0%**

Value of the main PP&E in operation

ASSETS	DECEMBER 2014 MCh$	DECEMBER 2013 MCh$	VARIATION 2014 / 2013 MCh$	VARIATION 2014 / 2013 %
Land	20,060	19,777	283	1.4%
Building, Infraestucture, works in progress	1,046,214	970,214	75,999	7.8%
Work in progress	73,169	89,680	-16,511	-18.4%
Machinery and equipment	546,349	498,519	47,830	9.6%
Other fixed assets	4,394	4,260	134	3.1%
Depreciation (less)	-338,275	-295,511	-42,764	14.5%
TOTAL	**1,351,911**	**1,286,940**	**64,971**	**5.0%**

Current debt

DEBT	CURRENCY OR INDEX	INTEREST RATE	TYPE OF RATE	MATURITY DATE	AMOUNT IN ORIGINAL CURRENCY (MILLION) UNPAID CAPITAL DECEMBER 2014	DECEMBER 2013
Series C bond	UF	3.50%	Fixed	01 September, 2016	6.0	6.0
Series D bond	UF	4.25%	Fixed	15 December, 2027	13.5	13.5
Series E bond	UF	3.90%	Fixed	01 August, 2014	-	3.3
Series F bond	CLP	5.70%	Fixed	01 August, 2014	-	33,600.0
Series H bond	UF	4.80%	Fixed	01 August, 2031	3.0	3.0
Series I bond	UF	3.50%	Fixed	01 September, 2014	-	1.5
Series K bond	UF	4.60%	Fixed	01 September, 2031	1.6	1.6
Series L bond	UF	3.65%	Fixed	01 December, 2014	-	2.5
Series M bond	UF	4.05%	Fixed	15 June, 2032	3.4	3.4
Series N bond	UF	3.95%	Fixed	15 December, 2038	3.0	3.0
Series Q bond	UF	3.95%	Fixed	15 October, 2042	3.1	3.1
Series Senior Notes bond	USD	4.625%	Fixed	26 July, 2023	300.0	300.0
Series Senior Notes bond	USD	4.250%	Fixed	14 January, 2025	375.0	-
Revolving Credit Facility	USD	2.76%	Variable	-	-	-
Huepil Loan	USD	1.73%	Variable	10 October, 2023	19.1	21.2

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

3. MAIN CASH FLOWS DURING THE YEAR

ITEMS	DECEMBER 2014 MCh$	DECEMBER 2013 MCh$	VARIATION 2014 / 2013 MCh$	VARIATION 2014 / 2013 %
Cash flows provided by (used in) operating activities	186,444	140,735	45,709	32.5%
Cash flows provided by (used in) investing activities	-99,763	-220,921	121,159	-54.8%
Cash flows provided by (used in) financing activities	-73,191	94,652	-167,843	-177.3%
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENT	**13,491**	**14,466**	**-975**	**-6.7%**
Cash and cash equivalent at the begining of the period	52,422	37,956	14,466	38.1%
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**65,913**	**52,422**	**13,491**	**25.7%**

As of December, 2014, cash flows provided by operating activities reached MCh$186,444, a 32.5% higher than the same period of 2013 (MCh$140,735), mainly explained by lower payments to suppliers for goods and services that reached MCh$162,847 in 2014 compared with MCh$212,184 paid in the same period of 2013.

During this period, cash flow used in investing activities reached MCh$99,763, an 54.8% lower than the amount used in the same period of 2013 (Mch$220,921), which is mostly explained by lower cash flow used in loans to related parties, mainly to Transelec Holding Rentas Ltda, that as of December, 2014 reached MCh$6,233 in comparison to MCh$171,465 reached in the same period of 2013. This was partially offset by lower Cash receipts from sale of property, plant and equipment that reached MCh$1,163 during 2014, compared with MCh$77.466 recorded in 2013 as a result of the sale of Caserones project.

During the same period, cash flows used in financing activities reached MCh$73,191, unlike the positive cash flow received in 2013 (MCh$94,652). This difference is mainly due to the cash flow used in the Principal payment from bonds that reached MCh$210,728 as of December, 2014 (Bonds Series E, F, I and L) and as of December, 2013 no movement were recorded, and due to Proceeds from short and long term loans that as December, 2014 did not record disbursements, while as the same period of 2013 these proceeds reached MCh$118,450, mainly explained by the use of the Revolving Credit Facility Line (RCF) and the Non-committed line of credit. Additionally, as of December, 2014, the Cash receipts from bonds (Senior Note US$375 million) was MCh$15,925 lower than the same period in 2013 (Serie Q and Senior Note US$300 million). This was partially offset by lower cash flow used in the payment of loans that as of December, 2014 reached MCh$1,250 compared with MCh$185,628 reached in the same period of 2013, mainly explained by the payment of the Revolving Credit Facility and the Non-committed line of credit.

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

BANK	AMOUNT (UP TO)	MATURITY	TYPE OF CREDIT
Scotiabank, Bank of Tokyo-Mitsubishi, DnB NOR,Citibank, JP Morgan Chase Bank and Export Development Canadá	US$250,000,000	Oct 15th, 2017	Working Capital

4. INDICATORS

BONDS	COVENANT	LIMIT	DECEMBER 2014	DECEMBER 2013
All local Series	Distribution Test (**)	FNO(*)/Financial Expenses > 1,5	4.35	4.20
	Capitalization Ratio	< 0,7	0.61	0.57
	Shareholder's Equity (million UF) (***)	> ThUF15.000	33.71	39.13

(*) 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 December 31, 2014 amounted to MCh$24.970.

RATIOS *FIGURES AS OF JUNE ARE ANNUALIZED	DECEMBER 2014	DECEMBER 2013	VARIATION 2014 / 2013
PROFITABILITY			
Shareholders' Equity profitability*	8.3%	7.3%	13.9%
Assets profitability*	3.1%	3.0%	4.7%
Operating assets profitability*	4.4%	4.5%	-1.8%
Earnings per share($)*	66,773	64,607	3.4%
LIQUIDITY & INDEBTEDNESS			
Current Ratio	1.33	0.88	51.1%
Acid-Test Ratio	1.33	0.88	51.1%
Debt to Equity	1.68	1.46	15.1%
% Short term debt	7.17	18.48	-61.2%
% Log term debt	92.83	81.52	13.9%
Financial expenses coverage	3.79	3.74	1.3%

5. THE MARKET

Transelec S.A. develops its activities in the electricity market, which has been divided into three sectors: generation, transmission and distribution. The generation sector includes companies that are dedicated to generate electricity that will subsequently be used throughout the country by end users. The purpose of the distribution sector is to carry electricity to the physical location where each end user will use this electricity. Finally, the primary goal of the transmission sector is to transport the generated electricity from where it is produced (electrical power plants) to the "points of entry" of the distribution companies' networks or of the large end users.

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

The legal framework that governs the electrical transmission business in Chile is contained in DFL No. 4/2006, which establishes the modified, coordinated and systemized text of Decree with Force of Law No. 1 from the Ministry of Mining, issued in 1982; and the General Electricity Services Law. (DFL No. 1/82) and its subsequent modifications, including Law 19,940 ("Ley Corta I") published on

March 13, 2004, Law 20,018 ("Ley Corta II") published on May 19, 2005, Law 20,257 (Generation with Non-Conventional Renewable Energy Resources) published on April 1, 2008, Law 20,701 (Procedure to grant Electrical Concessions) published on October 14, 2013, Law 20,698 (Contribute with the Generation mix expansion through Non-Conventional Renewable Energy) published on October 22, 2013 and the Law 20,726 (that promote the interconnection of independents electrical systems) published on February 7, 2014. These standards are complemented by the Regulations of the General Electricity Services Law of 1997 (Supreme Decree No. 327/97 from the Ministry of Mining) and its respective modifications, the Regulations that establish the Structure, Functioning and Financing of Load Dispatch Centers (Supreme Decree No. 291/2007), the Regulations of Complementary Services in 2012 (Supreme Decree No. 130, Ministry of Energy) and also the Technical Standard on Reliability and Service Quality (Exempt Ministerial Resolution No. 40 of May 16, 2005) and its subsequent modifications.

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

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

On January 15, 2008, a decree from the Ministry of Economy, Development and Reconstruction was published, and set the new Investment Value (VI), the Annuity of the Investment Value (AVI), the Operation, Maintenance and Administration Costs (COMA) and the Annual Transmission Value per Segment (VATT) for trunk facilities for the period from March 14th, 2004 to December 31, 2010, as well as the indexation formulas applicable during that period. New rates for the trunk transmission system began being applied in April 2008, and during 2008 trunk income was recalculated for the period from March 13, 2004 to December 31, 2007. The determination of trunk facilities and their Annual Transmission Value (VATT) is updated every four years using an internationally-tendered study. During 2010, the second Trunk Transmission Study was conducted which allowed setting the tariffs and the corresponding indexation formulas for the period 2011 - 2014. Currently, the third Transmission Trunk Study is under development, which will set the basis for determining the tariffs and indexation formulas corresponding to the period 2015 - 2018, that are expected to be published by Decree of the Minister of Energy during the second semester of 2015.

Decree No. 61, published on November 17, 2011 contains the tariffs that will be retroactively applicable from January 1, 2011. During 2012 and 2013 the new tariffs have been applied and particularly the assessment process form 2011 was published in March and April for SING and SIC respectively. The SIC assessment for 2011 was modified in December 2012 according to the Expert Panel Report N°2-2012.

Decree No. 320 from the Ministry of Economy, Development and Reconstruction, which sets tariffs for subtransmission facilities, was published in the Official Gazette on January 9, 2009. The new tariffs began to be applied on January 14th, 2009 and were in effect until December 31, 2010. On April 9, 2013, the Supreme Decree No. 14 was published by the Ministry of Energy, setting subtransmission tariffs from January 2011 to December 2014. The difference between invoiced amounts using these provisional tariffs since January 2011 until the publishing date of this decree will be reassessed by the CDEC based on the difference between the provisional tariff and the definitive values established by Decree No. 14. The new Subtransmission Systems Studies that will set the basis for determining the tariffs and indexation formulas corresponding to the period 2015 - 2018 were finished during December 2014. These tariffs are expected to be published by Decree of the Minister of Energy during the second semester of 2015.

6. MARKET RISK FACTORS

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

6.1 Regulatory Framework

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

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

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

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

6.2 Operating Risks

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

6.3 Application of regulations and / or Environmental Law

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

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

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

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

6.4 Delays in the Construction of New Transmission Facilities

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

6.5 Technological Changes

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

6.6 Foreign Exchange Risk

The following factors expose Transelec to foreign exchange risk:

• The revenues of its subsidiary are denominated in U.S. dollars.

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

• Maintains accounts receivables in US dollars.

• Maintains a cross currency swap contract that compensates the risks of exchange rates on the last international issuance, amounting to a notional amount equivalent to US$375 million.

• Maintains lease contracts that generate income indexed to US dollars.

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

The following table details the amounts of monetary assets and liabilities as of December 31, 2014 and December 31, 2013:

	DECEMBER 2014		DECEMBER 2013	
IN MILLION PESOS	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Dollar (amounts associated with balance sheet items)	405,821	420,498	189,028	239,275
Dollar (amounts associated with income statement items)	-	-	-	36,512
Chilean peso	1,728,024	1,713,348	1,923,016	1,872,770

(*) Indexing polynomials of the Company's revenues contain formulas for setting these revenues in the short term, differing from the long-term indexing. In order that the short-term indexing is consistent with long-term indexing, the Company, periodically (every six months) 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, meanwhile they are not done, are included in other comprehensive income.

Exchange rates (Observed Exchange Rates)

MONTH	AVERAGE 2014 ($)	LAST DAY 2014 ($)	AVERAGE 2013 ($)	LAST DAY 2013 ($)
January	537.0	553.8	472.7	471.4
February	554.4	559.4	472.3	473.0
March	563.8	551.2	472.5	472.0
April	554.6	564.6	472.1	471.3
May	555.4	550.7	479.6	499.8
June	553.1	552.7	502.9	507.2
July	558.2	573.1	505.0	515.4
August	579.1	590.9	512.6	509.7
September	593.5	599.2	504.6	504.2
October	590.0	576.5	500.8	507.6
November	592.5	605.5	519.3	529.6
December	612.9	606.8	529.5	524.6
AVERAGE OF THE PERIOD	**570.4**	**573.7**	**495.3**	**498.8**

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

6.7 Credit Risk

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

As of December 31, 2014, the company has four main clients which represent individually between 4% and 48% of the total revenues. These are Endesa Group (MCh$121,247), Colbún Group (MCh$41,390), AES Gener Group (MCh$42,317) and Pacific Hydro-LH-LC (MCh$10,811). The total revenues recognized for these clients represent an 86.1% of the total revenues of the company. In the period of comparison, the company had the same structure of clients which represent individually between 13% and 33% of the total revenues, whose amounts reached to MCh$71,492, MCh$60,906, MCh$27,615 and MCh$30,446 respectively, with a percentage of the total incomes of 86.6%.

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

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

6.8 Liquidity Risk

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

a) Risk associated to Company's Management

In order to guarantee that Transelec is able to quickly react financially to investment opportunities and pay its obligations by their maturity dates, in addition to its cash balances and short-term receivables, the Company has committed line of credit for working capital of US$250 million, equivalent to MCh$151,688. As of the balance sheet date, does not register balance of used amounts. This committed line of credit was contracted on July 9, 2012, is granted for a period of three years by a bank syndicate consisting of Scotiabank, Bank of Tokyo-Mitsubishi and DnB NOR. Additionally, this line was renegotiated and extended on October 15, 2014 until October 15, 2017. This time, the bank syndicate was formed by the following banks: Scotiabank, Bank of Tokyo-Mitsubishi, DnB NOR, Citibank, JP Morgan Chase Bank and Export Development Canada. In that renovation, has been improved: (i) the costs not committed (Commitment Fee) from 0.6% to 0.4375%, (ii) the margin or spread for use from 2.35% to 1.25% by withdrawn amount and (iii) other restrictions clauses that resulted more favorable to Transelec.

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

The following table presents the capital amortizations corresponding to the Company's financial liabilities, according to their maturity date, as of December 31, 2014 and December 31, 2013.

DEBT MATURITY (CAPITAL) MCh$	0 TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	5 TO 10 YEARS	MORE THAN 10 YEARS	TOTAL
December 31, 2014	53,259	249,539	97,061	410,285	1,110,499	1,920,643
December 31, 2013	194,098	281,307	71,735	333,619	858,363	1,739,122

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 September 30, 2014, and as of December 31, 2013, was at a fixed rate, corresponding to 99.1% y 99.04% respectively. However, in the case of UF indexed debt, variations in inflation rates could potentially impact the Company's financial expenses.

UF Values

MONTH	AVERAGE 2014 ($)	LAST DAY 2014 ($)	AVERAGE 2013 ($)	LAST DAY 2013 ($)
January	23,369.9	23,435.9	22,811.8	22,807.5
February	23,482.2	23,508.5	22,818.6	22,838.5
March	23,552.5	23,607.0	22,857.3	22,869.4
April	23,685.1	23,773.4	22,898.6	22,940.0
May	23,860.5	23,931.7	22,933.7	22,886.0
June	23,986.2	24,023.6	22,857.1	22,852.7
July	24,048.8	24,062.3	22,949.9	22,888.7
August	24,081.0	24,103.4	23,002.8	23,038.7
September	24,134.1	24,168.0	23,067.9	23,091.0
October	24,237.8	24,326.9	23,133.5	23,186.8
November	24,438.2	24,553.7	23,221.9	23,236.7
December	24,617.6	24,627.1	23,267.2	23,309.6
AVERAGE OF THE PERIOD	**23,957.8**	**24,010.1**	**22,985.0**	**22,995.5**

Subsequent Events:

• On January 23, 2015, an extraordinary Shareholders' Meeting of Transelec S.A. was held. It was agreed to approve the merger of the subsidiary Inversiones Eléctricas Transam Chile with Transelec S.A., in the terms and conditions discussed at the meeting, delegating to the Board of Directors the establishment of the time the merger should be materialized.

• On January 30, 2015, Fitch Ratings has upgraded Transelec to 'BBB' from 'BBB-' internationally and 'AA-' from A+' locally, both corresponding to 1 notch increase from our previous standing.

STATEMENT OF RESPONSIBILITY

The Directors, as well as, the Ceo of Transelec S.A., that subscribe shis statement are responsible, under oath, regarding the veracity of the information provided within the 2014 Annual Report, in Fulfillment of Norm N° 30 issued by the Superintendence Of Securities and Insurance.

Richard Legault
Chairman
Foreigner

Patrick Charbonneau
Director
Foreigner

Brenda Eaton
Director
Foreigner

Mario Valcarce Durán
Director
ID Number: 5.850.832-8

Bruno Philippi Irarrázabal
Director
ID Number: 4.818.243-7

Alfredo Ergas Segal
Director
ID Number: 9.574.296-3

Alejandro Jadresic Marinovic
Director
ID Number: 7.746.199-k

José Ramón Valente Vias
Director
ID Number: 8.533.255-4

Blas Tomic Errázuriz
Director
ID Number: 5.390.891-8

Andrés Kuhlmann Jahn
CEO
ID Number: 6.554.568-3