



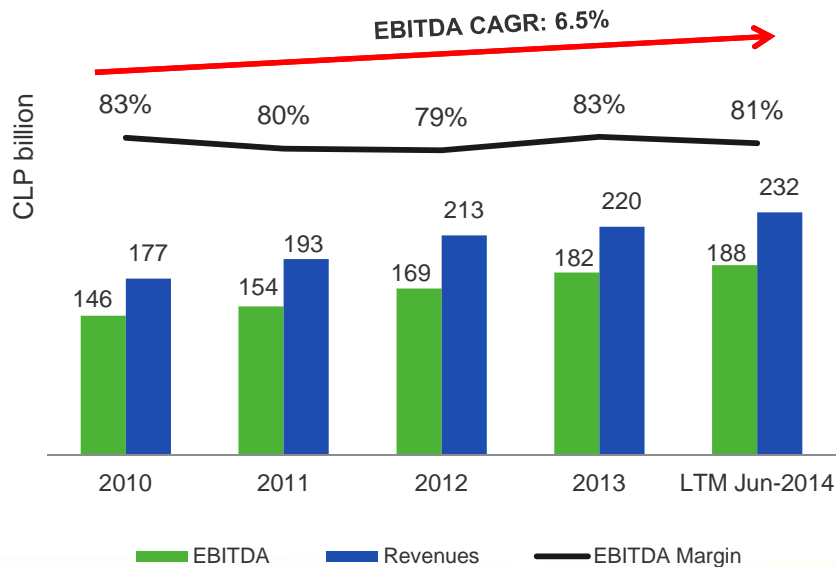
1H 2014 Earnings

transelec

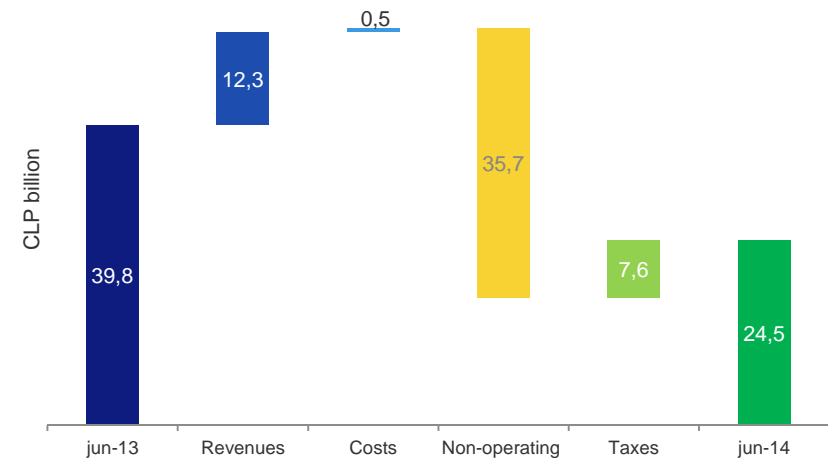
- Transelec is the largest transmission company in Chile with over 9,200 kilometers of transmission lines located in areas that serve approximately 98% of the Chilean population
- The Company continues to generate stable cash flows, and recorded improvements in EBITDA margins (81% in June 2014 on a LTM basis)
- During the first half of 2014, the company added to its portfolio US\$93.5 million of new facilities:
 - US\$38.8 million of new trunk upgrades commissioned, and
 - Acquisition of Maitencillo – Cardones 2x220 kV trunk transmission line from Guacolda S.A with a VI of US\$54.7 million.
- Under the New Law Decree 201, Transelec was assigned an additional USD75 million of new upgrade projects to be commissioned starting in 2015
- On January 20, 2014, in a shareholders meeting Transelec Holdings Rentas Limitada and Rentas Eléctricas I Limitada agreed to a capital reduction in the amount of Ch\$81,589,500,000, equivalent at that time to the U.S.\$150 million loaned to the shareholders in December 2013. The payment of this capital reduction was set off against the intercompany loans on April 22, 2014.
- As of June 30, 2014, Transelec recorded a net income of MCLP24,543 (MUSD44 equiv.) and an EBITDA of MCLP102,280 (MUSD185).

- During the first half of 2014, Transelec recorded a net income 38.4% lower than the same period in 2013 mainly due to:
 - higher loss on indexed assets and liabilities (MCLP26,533 in 2014 and MCLP119 in 2013). Non-cash item arising from a relatively high local CPI (3.1% accumulated in 6 months) compared to 1H 2013 (0.1%).
 - higher loss on foreign exchange differences liabilities (MCLP4,609 in 2014 and MCLP3,299 in 2013) and,
- The company has maintained an EBITDA margin of approximately 81% driven by a low and stable cost structure mainly comprised of labor and maintenance expenses

EBITDA and Revenues

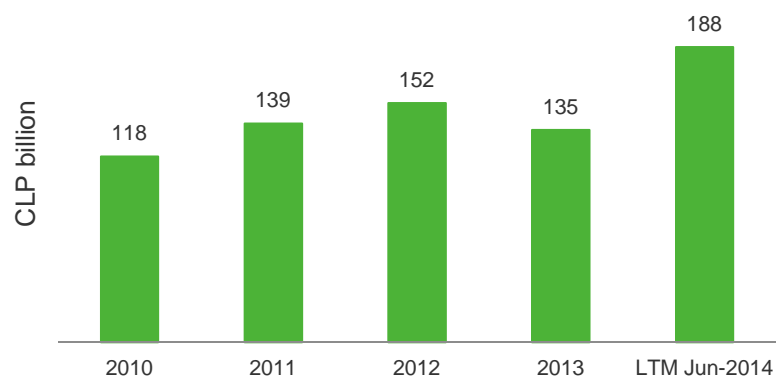


Net Income

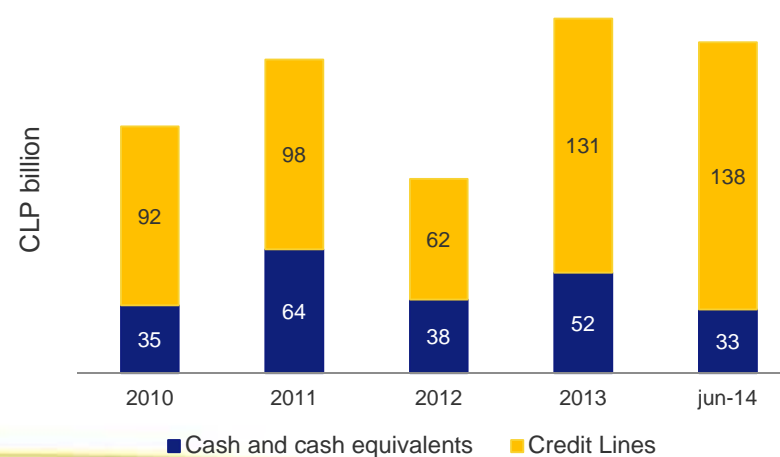


- In June 2014, Transelec's liquidity reached to CLP171 billion (USD310 million)
 - This includes USD250 million available on a committed revolving credit line (completely undrawn).
 - Furthermore, the Company's bonds have a 6-month DSRA, supported by standby letter of credits, which have been fully funded by its shareholders.
- In addition, the company generated CLP177 million of funds from operations (FFO) and CLP188 billion of cash flow from operations (CFO) in the Last Twelve Months (LTM) as of June 30, 2014.
- Transelec also has UF 16.9 million (USD762 million) available under a local shelf registration program.

Cashflow From Operations

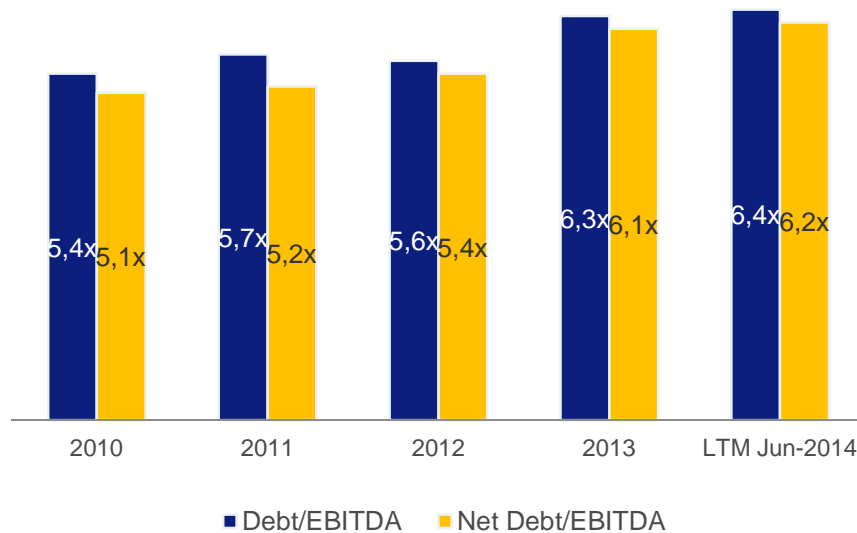


Liquidity

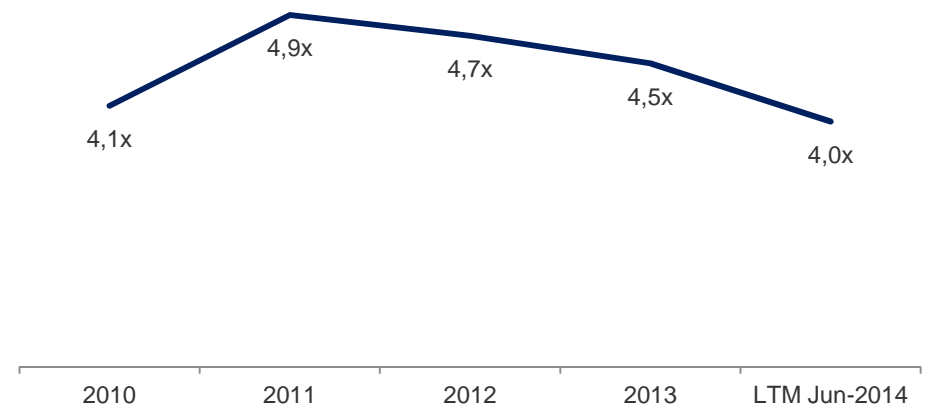


- The company continues to maintain a stable and conservative capital structure
- Debt to EBITDA ratio is in 6.4x, while Interest Expense Coverage has maintained over 4.0x in the past five years.

Leverage



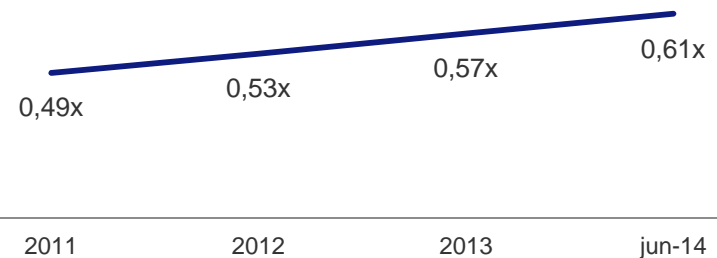
Interest Expense Coverage



Transelec's financial covenants (included in the local bond indentures) are balance sheet focused, which provides significant cushion against short term fluctuations in financial results.

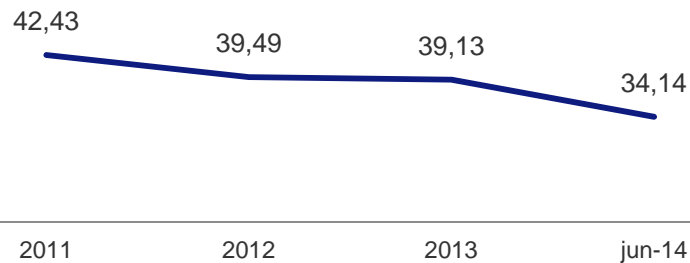
As of June 30, 2014, the company is in full compliance with all debt covenants.

Debt / Capital < 0.7x ⁽¹⁾



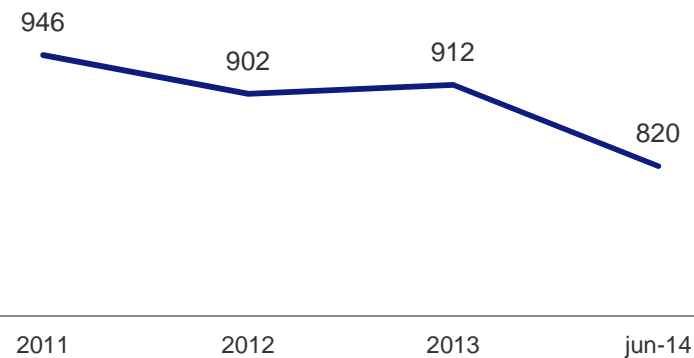
(1) Total Debt / (Total Debt + Interest + Shareholder's Equity + Accumulated amortization of goodwill)

Minimum Equity > UF15 million⁽²⁾



(2) Equity attributable to the owners + Accumulated amortization of goodwill

Minimum Equity > CLP 350 billion ⁽³⁾



(3) Equity attributable to the owners + Accumulated amortization of goodwill

- In July 14, 2014, Transelec issued a very successful 144a/RegS bond @ 4.25%. Use of proceeds (net MUSD370) is completely for debt refinancing.**

 - Principal of Series E and F bonds were totally paid on August 1, 2014.
 - Principal of Serie I bonds was totally paid on September 1, 2014.
- In September 2014, government bidded 9 new projects in the Trunk System. According to its prudent growth strategy, Transelec decided to participate in the bidding of only 2 projects. The Company was successfully awarded with these 2 projects with a total VI of MUSD 124.6.**

2x220kV Line Lo Aguirre – Cerro Navia

**VI
MUSD
92.5**

- This new line of 1500 MVA of capacity, has a length of approximately 18 kilómetros and considers the construction of part of the line underground. This line will help to manage growing demand of the Trunk System and to give more reliability to the Metropolitan Region.

Tercer Banco de AutoTransformadores 500/220 kV, 750 MVA, de la Subestación Alto Jahuel

**VI
MUSD
32.1**

- The project will reinforce the capacity for energy transport from the south to the center of the country. Additionally, security of service will be improved reaching N-1 in this substation, one of the most important in the SIC.

For additional information, please contact:

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You can find additional information in our web page:
<http://www.transelec.cl/index.php/inversionistas-2/>





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