TRANSELEC S.A. AND SUBSIDIARY

MANAGEMENT DISCUSSION AND ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011

INTRODUCTION

During the first six months of 2011, Transelec S.A. and subsidiary recorded net income of MCh$ 22,465 (MCh$ 27,002 in 2010), which is 16.8% lower than the comparison period. Operating revenues totaled MCh$ 92,507, which is 7.5% higher than the comparison period (MCh$ 86,013). EBITDA for the period was MCh$ 76,854, with an EBITDA over revenues margin of 83.1% (82.0% in 2010). The Company's non-operating loss and income taxes for the 2011 period represented a charge of MCh$ 31,945 (MCh$ 20,182 in 2010). This higher non-operating loss can be explained fundamentally by increased financial expenses (MCh$ 16,763 in the first half of 2011 compared to MCh$ 8,403 in the comparison period), and by a higher loss from inflation-indexed assets and liabilities during 2011 (MCh$ 13,690), in contrast to the loss of only MCh$ 6,920 recorded in the first half of 2010.

In January 2011, Transelec issued bonds on the Chilean market for a total of UF 7 million (L series for UF 2.5 million at 3.65% per annum, M series for UF 1.5 million at 4.05% per annum and N series for UF 3.0 million at 3.95% per annum) to raise funds in advance to pay the principal on its Yankee bonds at maturity; the last coupon payment came due April 15, 2011.

Furthermore, in March local banks granted the Company a committed line of credit for UF 3 million intended to finance expenditures for its investment plan.

Transelec S.A. and subsidiary have prepared their financial statements as of June 30, 2011 in accordance with International Financial Reporting Standards (IFRS), which have been adopted wholly, explicitly and without reserves. Figures in this management discussion and analysis are expressed in millions of Chilean pesos, which is the functional currency of Transelec S.A.

1. INCOME STATEMENT ANALYSIS

Items	June 2011 MCh$	June 2010 MCh$	Variation 2011/2010 %
Operating Revenues	92.507	86.013	7,6%
Toll sales	87.445	82.526	6,0%
Work and services	5.062	3.487	45,2%
Operating costs	-34.479	-35.653	-3,3%
Fixed costs	-13.248	-12.949	2,3%
Depreciation	-21.231	-22.704	-6,5%
Administraton and sales expenses	-3.618	-3.176	13,9%
Operating Income	**54.410**	**47.183**	**15,3%**
Financial Income	1.609	561	186,7%
Financial Costs	-16.763	-8.403	99,5%
Foreign exchange differences, net	-882	-1.535	-42,5%
Gain (loss) for indexed assets and liabilities	-13.690	-6.920	97,8%
Others	882	415	112,8%
Non-Operating Income	**-28.844**	**-15.881**	**81,6%**
Income before Income Taxes	**25.566**	**31.302**	**-18,3%**
Income tax	-3.101	-4.300	-27,9%
Net Income	**22.465**	**27.002**	**-16,8%**
EBITDA	**76.853**	**70.490**	**9,0%**

EBITDA= Net Income + abs(Income tax) + abs(Depreciation) + abs(Non-Operating Income) + abs(Other Gains) + Leasing interest.

a) Operating Income

In the first six months of 2011, sales reached MCh$ 92,507 (MCh$ 86,013 in the same period in 2010), which is an increase of 7.5%. It is important to note that revenues are mainly obtained from sales of the transmission capacity of the Company's facilities, but also include sales of services related to its principal activity. During the first half of 2011, the Company provided engineering and other services that accounted for 5.5% of total sales; in the comparison period, such other services only amounted to 4.1% of total revenue.

In 2011, cost of sales reached MCh$ 34,479 (MCh$ 35,653 in 2010). These costs are primarily related to maintaining and operating the Company's facilities. In percentage terms, 62% of the Company's costs correspond to depreciation of property, plant and equipment (64% in 2010), while the remaining 38% (36% in 2010) consists of personnel costs, supplies and services contracted.

Administrative and selling expenses amounted to MCh$ 3,618 (MCh$ 3,176 in 2010) and consist primarily of personnel expenses and expenses for contracted work, supplies and services (94% in 2011 and 94% in 2010), and depreciation (6% in 2011 and 6% in 2010).

b) Non-Operating Income

Net income recorded in the first half of 2011 was negatively impacted by the non-operating loss of MCh$ 28,843 (MCh$ 15,881 in 2010), which was generated mainly by financial expenses of MCh$ 16,763 (MCh$ 8,403 in 2010). This sharp increase in financial expenses is attributable primarily to interest accrued in 2010 being partially offset by the reversal of the difference between the book value of the series B1 and B2 bonds, prepaid in March 2010, and the value actually paid, resulting in a credit for that reversal of MCh$ 6,455 during 2010. Another important item that affected the non-operating loss recorded during the first half of 2011 was a charge from inflation-indexed assets and liabilities of MCh$ 13,690 (compared to a charge of MCh$ 6,920 in 2010).

2. BALANCE SHEET ANALYSIS

Items	June 2011 MCh$	December 2010 MCh$	Variation 2011/2010 %
Current assets	65.340	79.312	-17,6%
Non-current assets	1.742.015	1.676.933	3,9%
Total Assets	**1.807.355**	**1.756.245**	**2,9%**
Current liabilities	55.824	183.111	-69,5%
Non current liabilities	842.245	653.617	28,9%
Equity	909.286	919.517	-1,1%
Total liabilities & Equity	**1.807.355**	**1.756.245**	**2,9%**

The decrease in current assets between December 2010 and June 2011 is due primarily to a decrease in cash because of payments for final dividends for 2010 and interim dividends for 2011 totaling MCh$ 32,366.

The decrease in current liabilities between December 2010 and June 2011 is a result of the Company's US$ 245 million Yankee bond and its related swap having matured in April 2011.

VALUE OF PRINCIPAL OPERATING PROPERTY, PLANT AND EQUIPMENT

Assets	June 2011 MCh$	December 2010 MCh$	Variation 2011/2010 %
Land	20.460	19.949	2,6%
Building, Infraestucture, works in progress	857.812	851.299	0,8%
Machinery and equipment	394.288	390.316	1,0%
Other fixed assets	1.914	1.891	1,2%
Depreciation (less)	-191.328	-168.902	13,3%
Total	**1.083.146**	**1.094.553**	**-1,0%**

OUTSTANDING DEBT

Debt	Currency or index	Interest rate	Type of rate	Amount in original currency (million) Unpaid capital June 2011	December 2010
Yankee bond	US$	7,88%	Fixed	-.-	245,1
Series C bond	UF	3,50%	Fixed	6,0	6,0
Series D bond	UF	4,25%	Fixed	13,5	13,5
Series E bond	UF	3,90%	Fixed	3,3	3,3
Series F bond	CLP	5,70%	Fixed	33.600,0	33.600,0
Series H bond	UF	4,80%	Fixed	3,0	3,0
Series I bond	UF	3,50%	Fixed	1,5	1,5
Series K bond	UF	4,60%	Fixed	1,6	1,6
Series L bond	UF	3,65%	Fixed	2,5	-.-
Series M bond	UF	4,05%	Fixed	1,5	-.-
Series N bond	UF	3,95%	Fixed	3,0	-.-

3. PRINCIPAL CASH FLOWS FOR THE PERIOD

Items	June 2011 MCh$	June 2010 MCh$	Variation 2011/2010 %
Cash flow araising from (used in) operating activities	57.403	53.984	6,3%
Cash flow araising from (used in) investing activities	-39.721	-51.488	-22,9%
Cash flow araising from (used in) financing activities	-34.964	-82.718	-57,7%
Net increase (decrease) of cash and cash equivalent	**-17.282**	**-80.222**	**-78,5%**
Cash and cash equivalent at the begining of the period	35.496	137.897	-74,3%
Cash and cash equivalent at the end of the period	**18.213**	**57.675**	**-68,4%**

In the first half of 2011, financing activities generated negative net cash flows of MCh$ 34,964 due primarily to dividend payments of MCh$ 32,366 and refinancing cost associated with the issuance of Series L, M and N, required to pay the Yankee Bond and its associated swap. In 2010, financing activities generated negative cash flows of MCh$ 82,718 as a result of payments made on the series B bonds totaling UF 3.04 million.

In the first six months of 2011, investing activities generated net negative cash flows of MCh$ 39,721 mainly due to payments in advance for works in progress. In the comparison period, investing activities generated negative cash flows of MCh$ 51,488, as a result of net additions to property, plant and equipment.

The final balance of cash and cash equivalents as of June 30, 2011 amounted to MCh$ 18,213, from an opening balance of MCh$ 35,496. As of June 30, 2010, the final balance of cash and cash equivalents amounted to MCh$ 57,675, from an opening balance of MCh$ 137,897.

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

Bank	Amount (up to)	Maturity	Type of Credit
Scotiabank Sudamericano	US$15.000.000	06-11-2011	Working Capital
DnBNnor	US$30.000.000	28-02-2012	Working Capital
Scotiabank Sudamericano	US$15.000.000	30-05-2012	Working Capital
Scotiabank-Corpbanca	UF 3.000.000	03-03-2012	Project Financing

Committed Line for Capital Investments:

In March 2011, the banks Scotiabank-Sudamericano and Corpbanca granted the Company a committed line of credit for UF 3 million that will cover disbursements for investments in transmission assets during the year. This Company may draw down on this line for a period of 1 year and the drawn down funds will be amortized over a maximum of 7 years.

4. RATIOS

Limit	Covenant	June 2011	December 2010	Status
> 1,5	FNO/Financial Expenses (**)	3,84	5,27	OK
< 0,7	Capitalization Ratio (***)	0,48	0,45	OK
> ThUF15,000	Shareholder's Equity (in ThUF)	42.609	43.089	OK

(*) FNO = Cash flows provided by (used in) operating activities + absolute value of financial expenses + absolute value of income tax expense; this ratio is a test of distribution of restricted payments.
(**) Total capitalization = Total debt + Non-controlling interest + Equity
(***) Shareholders' equity = Total equity attributable to equity holders of the parent + Accumulated amortization of goodwill . Accumulated amortization of goodwill from June 30, 2006 to June 30, 2011 amounts to MCh$ 24,970.

INDICATORS	June 2011	December 2010	Variation 2011/2010
Profitability			
Shareholders' Equity profitability *	4,94%	6,07%	-18,6%
Assets profitability *	2,49%	3,18%	-21,7%
Operating assets profitability *	8,90%	8,16%	9,1%
Earnings per share ($) *	44,92906	55,82505	-19,5%
Liquidity & Indebtedness			
Current Ratio	1,17	0,43	172,1%
Acid-Test Ratio	1,17	0,43	170,2%
Debt to Equity	0,99	0,91	8,8%
% Short term debt	6,22	21,88	-71,6%
% Log term debt	93,78	78,12	20,1%
Financial expenses coverage	4,58	8,39	-45,3%

* Yearly basis

The increase in the Company's liquidity ratios is due to the Yankee bond and associated swap (classified in current liabilities in December 2010) maturing and being replaced by L, M and N series bonds in January 2011 (currently classified in non-current liabilities).

5. MARKET ANALYSIS

Transelec S.A. carries out its activities in the electricity market, which has been divided into three different sectors: generation, transmission and distribution. The generation sector includes companies that are dedicated to generating electricity that will subsequently be used throughout the country by end users. The purpose of the distribution sector is to carry electricity to the physical location where each end user will use the electricity. Lastly, the primary goal of the transmission sector is to transport the generated electricity from where it is produced (electrical power plants) to the "points of entry" of the distribution company networks or those of large end users.

Transelec's business mainly centers on commercializing the capacity of its facilities to transport and transform electricity, in accordance with established quality standards. The transmission system of Transelec S.A. and its subsidiary, which stretches between Arica in Chile's 1st Region to the Island of Chiloé in the 10th Region, encompasses the majority of the trunk transmission lines and substations in the Central Interconnected System (SIC) and the Great North Interconnected System (SING). This transmission system transports the electricity that supplies approximately 99% of Chile's population. The Company owns 100% of the 500 kV electricity transport lines, 45% of the 220 kV lines and 94% of the 154 kV lines.

The legal framework that governs the electrical transmission business in Chile is contained in DFL No. 4/2006, which establishes the modified, coordinated and systemized text of Decree with Force of Law No. 1 from the Ministry of Mining, issued in 1982; and the General Electricity Services Law. (DFL(M) No. 1/82) and its subsequent modifications, including Law 19,940 (Short Law I) published on March 13, 2004, Law 20,018 (Short Law II) published on May 19, 2005 and Law 20,257 (Generation with Non-Conventional Renewable Energy Resources) published April 1, 2008. These standards are complemented by the Regulations of the General Electricity Services Law of 1997 (Supreme Decree No. 327/97 from the Ministry of Mining) and its respective modifications; the Regulations to Establish the Structure, Functioning and Financing of Load Dispatch Centers (Supreme Decree No. 291/2007) and also the Technical Standard on Reliability and Service Quality (Exempt Ministerial Resolution No. 40 of May 16, 2005) and its subsequent modifications.

Law 19,940, also called Short Law I, modified the General Electricity Services Law of 1982 in matters relating to electricity transmission activity, subdividing the transmission network into three types of systems: trunk transmission, sub-transmission and additional transmission. It also establishes that electricity transmission—both by trunk transmission as well as subtransmission systems—is considered a public service and is subject to regulated tariffs.

Finally, Law 19,940 established that the new payment regime for the use of trunk facilities would become effective as of March 13, 2004 and determined a transitory period that was in effect until the first trunk transmission decree was issued. Thus, from 2004 to 2007, collection and payment for use of transmission facilities was carried out provisionally using subsequent recalculations in accordance with legal and regulatory standards in effect until Short Law I was published. On January 15, 2008, a decree from the Ministry of Economy, Development and Reconstruction was published that set the new Investment Value (VI), the Annuity of the Investment Value (AVI), the Operation, Maintenance and Administration Costs (COMA) and the Annual Transmission Value per Segment (VATT) for trunk facilities for the period from March 14, 2004 to December 31, 2010, as well as the indexation formulas applicable during that period. New rates for the trunk transmission system began being applied in April 2008 and during 2008 trunk income was recalculated for the period from March 13, 2004 to December 31, 2007. The determination of trunk facilities and their Annual Transmission Value (VATT) is updated every four years using an internationally-tendered study. The second Trunk Transmission Study was conducted in 2010 to set tariffs for the 2011-2014 period. As of the date of this management discussion and analysis, the decree setting trunk tariffs for the 2011-

2014 period has not yet been issued. In the meantime, the tariffs set in decree 207/2008 will continue to be provisionally applied. The difference between amounts invoiced using these provisional tariffs and the definitive values ultimately established will be recalculated.

Decree No. 320 from the Ministry of Economy, Development and Reconstruction, which sets tariffs for subtransmission facilities, was published in the Official Gazette on January 9, 2009 and the new tariffs begin to be applied on January 14, 2009 and will be in effect until October 31, 2010. The new subtransmission tariffs that will be in effect from November 2010 to October 2014 shall be set by the Ministry of Energy based on valuation studies on subtransmission facilities that began during 2010. As of the date of this management discussion and analysis, the decree setting subtransmission tariffs from November 2011 to October 2014 has not yet been issued. In the meantime, the tariffs set in decree 320/2009 will continue to be provisionally applied. The difference between amounts invoiced using these provisional tariffs and the definitive values ultimately established will be recalculated.

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:

Regulatory Framework

The laws governing the electricity transmission business in Chile were amended by the enactment of Law 19,940, referred to as Short Law I, published March 13, 2004.

Decree 207, published January 15, 2008, established, among other matters, the Annual Transmission Value per Segment (VATT for its Spanish language acronym) and its indexation formulas for the four-year period from 2007 to 2010, as well as the conditions to be applied to determine payments for transmission services along trunk transmission systems. The provisions of this decree define a set of previously pending matters that allow trunk facility owners to receive VATT for their facilities. The second Trunk Transmission Study was conducted in 2010 to set tariffs and indexation formulas for the period from January 2011 to December 2014. The results of this study will be applicable during the second half of 2011 once the following has been completed: a public hearing, a technical report from the National Energy Commission (CNE for its Spanish language acronym) and presentations before the Panel of Experts.

In the case of subtransmission, Decree No. 320 of the Ministry of Economy, Development and Reconstruction, published in the Official Gazette on January 9, 2009, set the subtransmission tariffs and indexation formulas that were applied beginning January 14, 2009. During 2010, Subtransmission Studies were conducted to serve as the basis for setting tariffs and indexation formulas for the period between November 2010 and October 2014. The CNE will issue its Technical Report during the first half of 2011 and the Panel of Experts will then resolve any potential discrepancies and issue a decree containing the new subtransmission tariffs, which will be applied retroactively as of November 1, 2010.

Regulations that will ultimately govern many aspects of both trunk transmission and subtransmission activities, which are currently incorporated in the respective tariff decrees, are pending enactment.

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.

Application of Environmental Standards and / or Policies

The operations of Transelec are governed by Law No. 19,300, Chile's Environmental Bases ("Environmental Law"), enacted in 1994, which was recently modified in 2010. The Environmental Law requires entities that develop projects involving high voltage transmission lines and electricity substations to submit these projects to the Environmental Impact Assessment System (SEIA for its Spanish language acronym) and file Environmental Impact Studies (EIA for its Spanish language acronym) or Environmental Impact Statements (DIA for its Spanish language acronym), as appropriate, for any future project or activity that is likely to have environmental impacts, and to file them with the new Environmental Assessment Service.

As indicated above, the Environmental Law has been modified and has led to changes in environmental institutions in Chile, creating new instruments for environmental management or modifying existing instruments. As a result, Transelec must adapt to these new environmental requirements. These recent modifications, among other matters, created a new institutional structure comprised of: (i) the Ministry of the Environment; (ii) the Council of Ministers on Sustainability; (iii) the Environmental Assessment Service; and (iv) the Superintendency of the Environment, institutions that are charged with regulating, assessing and supervising activities and projects with environmental impact. These new institutions replaced the National Environmental Commission (CONAMA) and the Regional Environmental Commissions and are fully operational with the exception of: (i) supervision by and ability to issue sanctions of the Superintendency of the Environment, which is conditional on the forthcoming creation of the Environmental Courts; and (ii) new requirements for EIA and DIA and new powers given to environmental institutions, which will be applied via Regulations that have yet to be reviewed by Chile's Office of the Comptroller.

Despite the fact that Transelec complies with the requirements of the Environmental Law, it cannot ensure that filings (EIA or DIA) will be approved by government authorities, or that potential public opposition will not generate delays or modifications in the proposed projects, or that the laws and regulations will not change or be interpreted in a manner that could negatively affect the Company's operations and plans, since these new institutions have recently begun to operate.

Delays in Construction of New Transmission Facilities

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

Technological Changes

Transelec is compensated for investments it makes in electrical transmission facilities through an annual valuation of the existing facilities (AVI), which is performed every four years using current market prices. Any important technological changes in the equipment at its facilities could lower this valuation, which could in turn prevent recovery of part of the investments made.

Foreign Exchange Risk

The following factors expose Transelec to foreign exchange risk:

- The functional currency of its subsidiary Transelec Norte is the US dollar.
- Transelec carries out diverse transactions in US dollars (awarding construction contracts, importing, etc.).

- Transelec has a foreign exchange forward to sell dollars in order to cover the risk of future dollar-denominated income. Transelec also has a forward with a related company to finance its subsidiary's dollar-denominated assets.

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

The following table details assets and liabilities denominated in US dollars and Chilean pesos as of each period end:

	June 2011		December 2010	
In million pesos	Assets	Liabilities	Assets	Liabilities
Dollar (amounts associated with balance sheet items)	200	3.582	98.453	100.717
Dollar (amounts associated with income statement items)	0	28.089	-.-	26.677
Chilean peso	1.779.899	861.328	1.655.610	733.826

(*) Indexation polynominals for the Company's revenue should be temporarily applied so that, in the short term, they differ from long-term indexation. In order to ensure that short-term indexation is consistent with long-term indexation, the Company periodically (every six months) sells a percentage of its revenue fixed in dollars using income protection forwards. These forwards are considered income hedges and, therefore, changes in their value are recorded in other reserves within shareholders' equity until realized. Once realized, they are classified in operating income.

EXCHANGE RATE (observed dollar)

Month	Average 2010 ($)	Last day 2010 ($)	Average 2009 ($)	Last day 2009 ($)
January	489,44	483,32	500,66	531,75
February	475,69	475,63	532,56	529,69
March	479,65	482,08	523,16	526,29
April	471,32	460,04	520,62	520,99
May	467,73	467,31	533,21	529,23
June	469,41	471,13	536,67	543,09
Average of the period	**475,54**	**473,25**	**524,48**	**530,17**

The indexation formulas, applied twice yearly, that are incorporated into toll contracts and subtransmission fees, as well as those applied monthly for regulated trunk income, take into account variations in the value of the facilities and of operating, maintenance and administrative costs. In general, those indexation formulas take into consideration variations in the international prices of equipment, materials and local labor.

Credit Risk

Credit risk for receivables from electricity transmission activity is historically very limited given the reduced number of customers, their risk ratings and the short collections term (less than 30 days).

However, Transelec's income is highly concentrated in a small number of customers, which are detailed in the following chart:

Customer	June 2011 MCh$	June 2010 MCh$
Endesa Group	47,361	35,928
AES Gener Group	8,587	17,987
Colbún Group	6,567	15,393
Other	29,992	16,705
Total	**92,507**	**86,013**
% Concentration	**67.58%**	**80.58%**

Income from these companies will generate a large part of the Company's future cash flows and, therefore, a substantial change in their assets, financial condition and/or operating income could negatively affect the Company.

The Company believes no allowance for doubtful accounts is necessary as of period end.

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.

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.

In order to guarantee that Transelec is able to quickly react to investment opportunities and pay its obligations by their maturity dates, in addition to its cash balances and short-term receivables, the Company has committed lines of credit for working capital for US$ 60 million. As of June 30, 2011, these lines have not been used and are expected to be renewed upon maturity. These credit lines were in effect during the entire year 2010 and continue to be in effect as of June 30, 2011.

In addition, beginning in March 2011, the Company has access to a committed line of credit for UF 3 million that will cover disbursements for investments in transmission assets during the year.

The Company is exposed to risks associated with indebtedness, including refinancing risk when its debt matures. These risks are lessened by using long-term debt and appropriately structuring their maturities over time.

The following table outlines capital amortizations for the Company's financial liabilities according to their maturity as of June 30, 2011 and 2010:

In million pesos	0 to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	More than 10 years	Total
June 30, 2011	0	0	193.095	131.092	493.780	817.967
December 31, 2010	123.346	0	136.356	125.200	384.299	769.201

Interest Rate Risk

The Company's assets consist principally of property, plant and equipment and long-lived intangible assets. As a result, financial liabilities used to finance such assets consist mainly of long-term debt at fixed interest 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 financial costs due to interest rate variations and, in that way, reduce volatility in the income statement.

However, increases in inflation in Chile could impact the cost of UF-denominated debt and, therefore, the Company's non-operating income. These impacts are mitigated by the Company's income, which is also partially indexed to local inflation using indexation polynomials.

The Company possesses mercantile current accounts with related companies denominated in Chilean pesos and US dollars that have a fixed interest rate. Therefore, the Company believes that its income is not exposed to risk from changes in market interest rates.