Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

Santiago, Chile
June 30, 2008 and 2007

Consolidated Financial Statements

TRANSELEC S.A. AND SUBSIDIARY

June 30, 2008 and 2007

(Translation of financial statements originally issued in Spanish—See Note 2)

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Detailed Analysis of the Consolidated Statements

ThCh$	:	Thousand of Chilean Pesos
UF	:	Unidad de Fomento (an inflation-indexed, Chilean-peso denominated monetary unit set daily in advance on the basis of the previous month's inflation rate),
ThUS$	:	Thousands of United States Dollars

Report of Independent Auditors

(Translation of a report originally issued in Spanish – See Note 2 b)

To the Directors and Shareholders of
Transelec S.A.:

1. We conducted a review of the accompanying consolidated balance sheets of Transelec S.A. and subsidiary ("The Company") as of June 30, 2008 and 2007 and the related consolidated statements of income and cash flows for the six-month periods then ended. These interim financial statements and the related notes are the responsibility of the Company's management. The attached Ratio Analysis and Relevant Events are not a part of these financial statements and therefore this report will not include information regarding them.

2. We conducted our review in accordance with generally accepted auditing standards in Chile. A review of interim financial information consists primarily of applying analytical review procedures and of inquiries of employees responsible for financial and accounting matters. The scope of our review is substantially less than an audit conducted in accordance with generally accepted auditing standards in Chile, the objective of which is expressing an opinion on the financial statements taken as a whole. Consequently, the interim consolidated financial statements as of June 30, 2008 and 2007 have not been audited and therefore we are in no position to express an opinion on these interim financial statements.

3. Based on our review of the interim consolidated individual financial statements as of June 30, 2008 and 2007, we are not aware of any significant adjustments that should be made to the financial information in conformity with generally accepted accounting principles in Chile.

Miguel Vicencio T. ERNST & YOUNG LTDA.

Santiago, Chile
July 17, 2008

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of June 30,

(Translation of financial statements originally issued in Spanish—See Note 2b)

ASSETS		June 30, 2008 ThCh$	June 30, 2007 ThCh$
Current Assets			
Cash		1,666,608	3,939,097
Time deposits	(33)	13,158,820	39,554,079
Marketable securities	(4)	19,642,653	-
Trade accounts receivable, net	(5)	28,471,959	16,516,983
Miscellaneous receivables	(5)	634,288	880,945
Notes and accounts receivable from related companies	(6)	187,010	27,599,490
Inventory, net		42,397	46,541
Recoverable taxes	(7)	2,283,631	2,106,523
Prepaid expenses		274,980	347,913
Deferred taxes	(7)	4,679,801	4,676,386
Other current assets	(8)	25,728,935	11,569,614
Total current assets		96,771,082	107,237,571
Property Plant and Equipment			
Land		17,062,060	16,757,243
Buildings and infrastructure		771,958,582	763,950,530
Machinery and equipment		318,785,456	302,080,571
Other property, plant and equipment		1,500,123	1,549,647
Accumulated depreciation		(66,695,869)	(32,607,196)
Total property, plant and equipment	(10)	1,042,610,352	1,051,730,795
Other Assets			
Investments in other companies	(11)	202,435	167,722
Goodwill	(12)	335,212,977	265,571,860
Long-term receivables	(5)	1,341,880	10,158,379
Notes and accounts receivable from related companies	(6)	15,430,519	30,160,078
Long-term deferred taxes	(7)	45,330,149	57,374,901
Intangibles	(13)	152,199,087	152,821,134
Less: Amortization	(13)	(7,663,239)	(3,875,253)
Others	(14)	9,350,818	10,236,123
Total other assets		551,404,626	522,614,944
Total Assets		1,690,786,060	1,681,583,310

The accompanying notes 1 to 33 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Balance Sheets

As of June 30,

(Translation of financial statements originally issued in Spanish—See Note 2b)

LIABILITIES AND SHAREHOLDERS' EQUITY		June 30, 2008 ThCh$	June 30, 2007 ThCh$
Current Liabilities			
Short-term bonds	(16)	9,041,591	9,283,721
Dividends payable		20,934,152	-
Accounts payable		46,185,897	9,767,277
Miscellaneous payables		1,214,741	11,500,839
Notes and accounts payable to related companies	(6)	-	1,280,972
Provisions	(17)	2,301,442	2,033,251
Withholdings		3,483,310	2,241,567
Other current liabilities	(15)	3,186,357	86,790
Total current liabilities		86,347,490	36,194,417
Long-term Liabilities			
Long-term bonds	(16)	765,390,173	785,813,520
Miscellaneous accounts payable		-	11,387,098
Long-term provisions	(17)	1,486,861	1,619,192
Other long-term liabilities		1,521,075	19,016,263
Total long-term liabilities		768,398,109	817,836,073
Minority interest	(19)	4,493	4,894
Shareholders' Equity			
Paid-in capital	(20)	787,827,868	798,831,051
Capital revaluation reserve		25,210,492	15,177,790
Retained earnings		500,717	95,362
Net income		34,886,408	21,255,042
Interim dividends		(12,389,517)	(7,811,319)
Total Shareholders' Equity		836,035,968	827,547,926
Total Liabilities and Shareholders' Equity		1,690,786,060	1,681,583,310

The accompanying notes 1 to 33 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statement of Income

As of June 30,

(Translation of the financial statements originally issued in Spanish- See Note 2b)

		June 30, 2008 ThCh$	June 30, 2007 ThCh$
Operating Income			
Operating Income		88,152,443	69,174,645
Operating Cost		(26,094,634)	(25,982,356)
Gross margin		62,500,910	43,192,289
Less: Administration and selling expenses		(2,759,641)	(2,128,992)
Net operating income		59,741,269	41,063,297
Non-operating Income			
Interest income		6,920,671	2,955,473
Other non-operating income	(21)	26,159	1,998,222
Interest expenses		(19,067,745)	(18,619,128)
Less: Amortization of goodwill	(12)	(4,204,843)	(3,470,899)
Other non-operating expenses	(21)	(412,276)	(1,524,729)
Price-level restatement, net	(22)	509,526	607,917
Foreign currency translation, net	(23)	(849,320)	70,741
Non-operating income		(17,077,828)	(17,982,403)
Income before income taxes		42,663,441	23,080,894
Income taxes	(7)	(7,776,950)	(1,825,725)
Income before minority interest		34,886,491	21,255,169
Minority interest	(19)	(83)	(127)
Net Income		34,886,408	21,255,042

The accompanying notes 1 to 33 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statement of Cash Flows

Years ended June 31,

(Translation of financial statements originally issued in Spanish- See note 2b)

		June 30, 2008 ThCh$	June 30, 2007 ThCh$
Cash Flows from Operating Activities			
Net income		34,886,408	21,255,042
Results from sale of assets:		-	221,178
Income on sale of property, plant and equipment		-	221,178
Charges (credits) to income that do not represent cash flows			
Depreciation for the period	(10)	16,983,808	16,244,841
Amortization of intangibles	(13)	1,870,050	1,816,988
Write-offs and provisions		-	346,314
Amortization of goodwill	(12)	4,204,844	3,470,899
Price-level restatement, net	(22)	(509,526)	(607,917)
Foreign currency translation, net	(23)	849,320	(70,741)
Other charges to income other than cash flows		(2,989,416)	(3,600,620)
Other credits to income other than cash flows		-	427,344
(Increase) decrease in assets, that affect cash flows			
Trade accounts receivable		(4,499,622)	3,747,809
Inventory		1,357	545
Other assets		(13,910,658)	(13,037,215)
Increase (decrease) in liabilities that affect cash flows			
Accounts payable related to operating income		714,610	3,008,786
Interest payable		28,453	(1,100,054)
Income taxes payable		12,228,173	805,692
Income taxes payable		2,084,036	433,144
Other liabilities		3,100,000	-
Minority Interest	(19)	83	127
Net cash provided by operating activities		55,041,920	25,866,544
Cash Flows from Financing Activities			
Bonds payable		-	119,490,600
Dividends paid		-	(21,597,920)
Payment of loans		-	(122,038,678)
Bonds payable paid		(640,117)	-
Interim dividends		-	-
Net cash flows used in financing activities		(640,117)	(24,145,998)

The accompanying notes 1 to 33 form an integral part of these financial statements

TRANSELEC S.A. AND SUBSIDIARY

Consolidated Statement of Cash Flows

Years ended June 31,

(Translation of financial statements originally issued in Spanish- See note 2b)

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Cash Flows from Investing Activities		
Sale of property, plant and equipment	-	1,097,263
Collection of documented loans to related companies	75,389,765	-
Collection of other loans to related companies	-	46,251,136
Additions to property, plant and equipment	(14,302,340)	(4,666,972)
Payment of capitalized interest	(1,281,170)	(458,087)
Investments in related companies	-	(64,202)
Documented loans to related companies	(18,648,201)	(58,902,734)
Other investment disbursements	(71,953,113)	-
Net cash flows used in investing activities	(30,795,059)	(16,743,596)
Total Positive (Negative) Net Cash Flows for the Year	23,606,744	(15,023,050)
Effect of Price-level restatement on Cash and Cash Equivalents	1,723,820	(2,044,175)
Net Increase (Decrease) in Cash and Cash Equivalents	25,330,564	(17,067,225)
Cash and Cash Equivalents, Beginning of the Year	33,597,790	71,269,779
Cash and Cash Equivalents, End of the Year	58,928,354	54,202,554

The accompanying notes 1 to 33 form an integral part of these financial statements

Note 1 - Business Description

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

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

On May 16, 2007, the Company was listed as number 974 in the Securities Registry of the 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,

Its subsidiary Transelec Norte S.A., was listed as number 939 in the SVS and is subject to its supervision.

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 electrical transmission business previously conducted by the above mentioned subsidiary,

The Company has the exclusive objective of exploiting and developing electric systems, on its own, or on behalf of third parties, to transport or transmit electrical energy. For this purpose it may obtain, acquire and use the respective concessions and permits and exercise all the rights and faculties that the prevailing legislation confers on electrical companies. It’s line of business also includes: commercialization of the capacity to transport the electricity of the lines and the capacity of the substations and equipment associated with them in order for the generating stations, both domestic and foreign, to be able to transmit the electrical energy they produce and have it reach their withdrawals; providing engineering or management consulting services related with the company’s business line; and developing other business and industrial activities related to the facilities associated with the transmission of electricity. The Company may act directly or through subsidiaries or other related companies, both in Chile and abroad.

Note 2 - Summary of Significant Accounting Principles

a) Period covered

These consolidated financial statements cover the periods ended June 30, 2008 and 2007.

b) Basis of preparation

These consolidated financial statements as of June 30, 2008 and 2007 have been prepared in accordance with generally accepted accounting principles in Chile ("Chilean GAAP") issued by the Chilean Association of Accountants and specific instructions and regulations issued by the SVS. In case of discrepancy, the specific instructions and regulations issued by the SVS will prevail. Certain accounting practices applied by the Company that conform to Chilean GAAP may not conform to generally accepted accounting principles in the United States ("US GAAP") or International Financial Reporting Standards ("IFRS").

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

c) Basis of presentation

For comparison purposes, the figures of the consolidated financial statements for the previous year were restated off-balance sheet by the percentage variation of the Consumers Price Index for the twelve-month period ended on June 30, 2008, which was 8.9%.

For the purpose of recognizing deferred taxes associated to consolidation adjustments due to the valuation of the property, plant and equipment of the subsidiary at fair value, a reclassification was performed in the financial statements for the period ended June 30, 2007, consisting of increasing goodwill by ThCh$3,954,993 to recognize a liability for the same amount in long-term deferred taxes.

d) Basis of consolidation

The effects on unrealized income and transactions and balances with the subsidiary have been eliminated, and the participation percentage of the minority investor has been recognized and presented as Minority Interest.

Note 2 - Summary of Significant Accounting Principles (continued)

d) Basis of consolidation (continued)

With respect to this investment, the difference between the investments maintained in Chilean pesos and the shareholders' equity of the subsidiary in United States dollars has been recognized with a charge to Accumulated Foreign Currency Translation, in Other Shareholders' Equity Reserves.

In accordance with Technical Bulletin No. 64 issued by the Chilean Association of Accountants, the Company has considered bonds issued abroad up to an amount of US$30,002,000 as a foreign exchange fluctuation hedge instrument. Foreign currency translation, net of price-level restatement, has been recorded against Cumulative Translation Adjustment, in the Other Equity Reserves account.

These consolidated financial statements include the balances of the following subsidiary whose participation is as follows:

	Direct Participation	
Corporation	**June 30, 2008 %**	**June 30, 2007 %**
Transelec Norte S.A.	99.99	99.99

e) Price-level restatement

These financial statements have been restated in order to reflect variations in the purchasing power of the Chilean peso during the respective period. For this purpose, and in conformity with current Chilean regulations, non-monetary assets and liabilities and shareholders' equity accounts have been restated in constant year-end pesos and reflected in income. In accordance with Chilean tax regulations and accounting practices, the restatements were calculated based on the official Chilean Consumer Price Index (CPI) for the period ended as informed by the National Institute of Statistics, applied with a one-month lag, which was 3.2% for the 2008 period (1.9% for the 2007 period). In addition, income and expense accounts have been restated to end of period values.

Note 2 - Summary of Significant Accounting Principles (continued)

f) Basis of conversion

Balances in foreign currency have been considered as monetary items and have been converted at the current exchange rate as of financial statement closing date. Indexed balances have been adjusted by the item's adjustability index or by the index agreed upon for that purpose.

As of June 30, 2008 and 2007, assets and liabilities in foreign currency and Unidades de Fomento ("UF") have been translated into Chilean pesos as of the closing exchange or conversion rates, detailed as follows:

	Ch$ per unit	
	June 30, 2008	**June 30, 2007**
Unidad de Fomento	20,252.71	18,624.17
United States dollar	526.05	526.86
Euro	828.16	713.03

g) Time deposits

Investments in time deposits are recorded at price-level restated cost plus accrued interest as of year-end.

h) Marketable securities

Marketable securities include investments in mutual funds valued at the unit price as of year-end.

i) Allowance for doubtful accounts

The Company deems that it is unnecessary to record an allowance for doubtful accounts as of period-end.

Note 2 - Summary of Significant Accounting Principles (continued)

j) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost based on fair value as of June 30, 2006, price-level restated at period-end. Financing costs for property, plant and equipment at construction sites are capitalized during the construction period. During the 2008 period, financial costs amounting to ThCh$1,281,170 have been capitalized (ThCh$458,087 in the 2007 period).

k) Depreciation of property, plant and equipment

The depreciation of property, plant and equipment has been calculated using the straight-line method, based on the estimated useful lives of the respective assets.

l) Lease contract

The financial leasing operation corresponds to assets that were constructed by the Company, at the express request of the lessee. Upon termination of the contract, ownership will be transferred to the lessee, upon payment of an amount equal to the last installment. This contract has been recorded in conformity with Technical Bulletin No. 22 of the Chilean Association of Accountants and is classified in miscellaneous receivables and long-term receivables.

m) Intangibles

Intangibles include rights-of-way, valued at acquisition cost based on their fair value as of June 30, 2006, price-level restated as of the end of the period. These assets are amortized using the straight-line method over a period of 40 years, in conformity with Technical Bulletin No. 55, issued by the Chilean Association of Accountants.

n) Goodwill

Goodwill presents the greater cost incurred on the acquisition of shares of HQI Transelec Chile S.A. (dissolved company) and Transelec Norte S.A. in relation to its equity value calculated as of the purchase date, in accordance with Technical Bulletin No. 72 of the Chilean Association of Accountants.

Note 2 - Summary of Significant Accounting Principles (continued)

n) Goodwill (continued)

This greater cost is amortized over a 40-year period, term which was authorized by the SVS on July 23, 2007, through Official Letter No. 7749 of the same date.

As per the Purchase Agreement of the shares of HQI Transelec Chile S.A. and the publication in the Official Gazette of January 15, 2008 of Decree No. 207 issued by the Ministry of Economy, Economic Development and Reconstruction that sets the installations of the grid system, areas of common influence, annual transmission value; by tranche and its components with their indexation formulas for the 2007-2010 period. The sum of ThUS$160,808 was recognized as of March 31, 2008 as goodwill, due to the price adjustment related to the valuation of certain grid assets. In addition, as of June 30, 2008 the sum of ThCh$7,830,220 was recognized as goodwill for the concept of price adjustments agreed upon on June 30, 2006 and associated to recalculation of regulated grid income for the period from March 13, 2004 to June 30, 2006.

o) Resale agreements

Other current assets include purchase commitments with resale agreements valued at the investment value plus price-level restatements and interest.

p) Bonds payable

The long-term portion of this item includes the liability determined based on the fair value as of June 30, 2006, for the placement of bonds issued by the Company at their par value plus price-level restatement, and the short-term portion includes accrued interest at period-end. The difference between the book value and the placement value is recognized over the term of these liabilities and is shown in Other Current Liabilities and Other Long-term Liabilities.

q) Current and deferred income taxes

The Company has recognized its tax liabilities in accordance with current Chilean tax regulations.

The effects of deferred taxes originated from differences between the financial and tax balance sheets, are recorded for all temporary differences considering the tax rate that will

Note 2 - Summary of Significant Accounting Principles (continued)

q) Current and deferred income taxes (continued)

be effective on the estimated date of reversal, as established in Technical Bulletin No. 60 issued by the Chilean Association of Accountants.

r) Staff severance indemnities

The provision for staff severance indemnities to cover the contractual obligations for personnel having completed 15 years of service is shown based on the present value by applying the accrued cost method, at an annual interest rate of 6.5%, and an average period of service of 40 years, plus an average of 75% of the benefit for staff with less than 15 years of service.

s) Vacation provision

In accordance with Technical Bulletin No. 47 issued by the Chilean Association of Accountants, the Company records personnel vacation on an accrued basis.

t) Operating income

Operating income is mainly income arising from sale of the electric transmission capacity of the installations, which includes the transmission service provided but not billed at each period-end, which is valued at the selling prices as stipulated in current contracts and toll reports issued by the "Centro de Despacho Económico de Carga del Sistema Interconectado Central" (CDEC - SIC) and by the Centro de Despacho Económico de Carga del Sistema Interconectado del Norte Grande (CDEC-SING), which are an autonomous generating industry group that coordinates the operation of electricity generation companies in the SIC, these are two of Chile's major interconnected electricity systems. As of January 1, 2008, operating income also includes income received as a product of recalculation of tolls to tariff income from previous years. Those amounts are shown in Trade Accounts Receivable within Current Assets.

u) Accounting estimates

In the process of its operations, the Company must make accounting estimates to determine its accounts receivable and payable for the concept of tariff income. The final billing of these accounts receivable and payable can exceed one year and originate eventual losses or gains in amounts that are estimated to be insignificant.

Note 2 - Summary of Significant Accounting Principles (continued)

v) Derivative contracts

Future currency and swap contracts have been recorded at their fair value, in accordance with Technical Bulletin No. 57 of the Chilean Association of Accountants.

w) Computer software

Computer software has been acquired in computer packages, which are amortized over a 3-year period.

x) Statements of cash flows

Cash and cash equivalents presented in the statements of cash flows correspond to cash, time deposits, marketable securities and financial titles with resale agreements.

Cash flows from operating activities include all cash flows related to the Company's line of business, and in general all cash flows that are not defined as from investment or financing. It should be noted that the operating concept used in these statements is broader than that used in the statements of income.

Cash flows from financing and investing activities include all those cash flows not defined as operational.

y) Debt security issuance and placement expenses

The Company has recorded the expenses for issuance and placement of debt instruments incurred in the current period under Other Current Assets and Other Long-term Assets. These expenses are amortized using the straight-line method over the duration of the liabilities.

Companies Included in Consolidation:

Taxpayer No.	Company Name	PARTICIPATION PERCENTAJE			
		June 30, 2008			June 30,2007
		Direct	Indirect	Total	Total
99521950-6	Transelec Norte S.A.	99.99	-	99.99	99.99

Note 3 - Accounting Changes

During the period from January 1 to June 30, 2008, the date of these financial statements, there have been no accounting changes in relation to the previous period that could significantly affect their interpretation.

Note 4 - Marketable Securities

Details of marketable securities are as follows:

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Mutual funds units	19,642,653	-
Total marketable securities	19,642,653	-

Note 5 - Short and Long-Term Receivables

Short and long-term receivables correspond to transactions, detailed as follows:

Short-term trade accounts receivable

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Trade accounts receivable from tolls	28,471,959	16,516,983
Total	28,471,959	16,516,983

The following table details receivables between 90 days and 1 year, which include the accruals receivable related to tariff income differences in the amount of ThCh$19,922,378 as of June 30, 2008 (ThCh$6,807,561 for the 2007 period). Accounts Payable includes provisions payable for the differences in value related to tariff income for the amount of ThCh$16,978,675 as of June 30, 2008 and includes recalculation of the 2007 agreement with Endesa in the amount of ThCh$2,624,000 (ThCh$0 in the 2007 period).

Note 5 - Short and Long-term Receivables (continued)

Short and long-term receivables

	Current							Long-Term	
	Up to 90 days		90 days to 1 year		Subtotal	Total current (net)			
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007		June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Trade Receivable	8,549,581	9,709,422	19,922,378	6,807,561	28,471,959	28,471,959	16,516,983	-	-
Misc. Receivables	634,288	880,945	-	-	634,288	634,288	880,945	1,341,880	10,158,379
						Total Long-term Receivables		1,341,880	10,158,379

Note 6 - Balances and Transactions with Related Companies

The most significant transactions and balances with related companies are as follows:

Notes and Accounts Receivable

Rentas Electricas I Limitada

Corresponds to expenses and payments made on behalf of Rentas Eléctricas I Limitada for the amount of ThCh$76,611 as of June 30, 2008 (ThCh$15,536 in the 2007 period).

Transelec Holdings Rentas Limitada

The balance receivable as of June 30, 2008 is mainly due to a series of loans, credited as a mercantile account, amounting to ThCh$15,430,519 (ThCh$ 25,677,874 in the 2007 period).

The loan is expressed and will be paid in US dollars and accrues interest of 5.6%, considering a 360-day year.

There are some credits in mercantile current account in Chilean pesos for an accumulated amount as of June 30, 2007 of ThCh$1,906,080, which accrues an interest of 6.5% considering a 360-day year.

ETC Holdings Ltd.

The accounts receivable corresponds to expenses and payments made on behalf of ETC Holdings Ltd. for ThCh$110,423.

Notes and accounts payable

ETC Holdings Ltd

The balance payable corresponds to a payment made on our behalf for the amount of ThCh$110,413 (ThCh$0 in the 2007 period).

Note 6 - Balances and Transactions with Related Companies (continued)

Notes and accounts payable

Transelec Holdings Rentas Limitada

The balance as of June 30, 2008 of ThCh$1,280,972 corresponds to interest accrued on a loan granted on June 30, 2006, for ThUS$ 400,000, which accrues yearly interest of 6.24%.

The following is the balance and the most relevant transactions with related companies:

a) Notes and accounts receivable

Taxpayer ID	Company	Short-term June 30, 2008 ThCh$	Short-term June 30, 2007 Th$	Long-term June 30, 2008 ThCh$	Long-term June 30, 2007 ThCh$
76.559.580-0	Rentas Eléctricas I Limitada	76,611	15,536	-	-
76.560.200-9	Transelec Holdings Rentas Limitada	-	27,583,954	15,430,519	30,160,078
0-E	ETC Holding Ltd.	110,399	-	-	-
	Total	187,010	27,599,490	15,430,519	30,160,078

b) Notes and accounts payable

Taxpayer ID	Company	Current June 30, 2008 ThCh$	Current June 30, 2007 ThCh$	Long Term June 30, 2008 ThCh$	Long Term June 30, 2007 ThCh$
76.560.200-9	Transelec Holdings Rentas Limitada	-	1,280,972	-	-
	Total	-	1,280,972	-	-

Note 6 - Balances and Transactions with Related Companies (continued)

c) Transactions with related companies

Company	Taxpayer ID	Relationship	Description of the Transaction	June 30, 2008 Amount	June 30, 2008 (Charge)/ Credit to Income	June 30, 2007 Amount	June 30, 2007 (Charge)/Credit to Income
Transelec Holdings Rentas Ltda,	76.560.200-9	Parent	Loans Granted	18,550,748	-	56,393,546	-
Transelec Holdings Rentas Ltda,	76.560.200-9	Parent	Loans Collected	47,207,101	-	45,526,001	-
Transelec Holdings Rentas Ltda,	76.560.200-9	Parent	Interests Earned	1,549,117	(1,549,117)	1,689,105	1,689,105
Rentas Electricas I Ltda,	76.559.580-0	Indirect Parent	Loans Granted	33,537	-	15,286	-
Rentas Electricas I Ltda,	76.559.580-0	Indirect Parent	Interests Earned	1,953	(1,953)	249	249
ETC Holdings Ltda.	0-E	Indirect Parent	Loans Granted	53,410	-	-	-

Nota 7 - Current and Deferred Income Taxes

a) General information

As of June 30, 2008 and 2007, the Parent Company has not accrued any income tax because there is a tax loss of ThCh$26,989,950 for the period. In the 2007 period, there was a tax loss of ThCh$26,398,844.

On June 30, 2007, the Company absorbed its subsidiary Transelec S.A. (formerly Rentas Eléctricas IV S.A.), which at that date recorded a loss of ThCh$2,747,532.

Its subsidiary as of June 30, 2008, has accrued income tax on accrued income for the period for the amount of ThCh$195,950 (ThCh$266,268 in the 2007 period) considering a taxable base of ThCh$1,152,646 (ThCh$1,566,285 in the 2007 period).

As of June 30, 2008 and 2007 the provision is presented under Current Assets under the concept of Recoverable Taxes, according to the following detail:

Recoverable taxes	**June 30, 2008 ThCh$**	**June 30, 2007 ThCh$**
First category tax	(195,950)	(266,268)
Non-deductible expenses Art. 21	(12,363)	(3,934)
Sub-total	(208,313)	(270,202)
Prepaid tax installments due to absorbed net income (third parties)	-	351,711
Monthly prepaid tax installments	2,491,944	2,025,014
Total	2,283,631	2,106,523

b) Deferred taxes

SVS Circular No. 1,466 establishes the application of Technical Bulletin No. 60 issued by the Chilean Association of Accountants starting January 1, 2000.

As described in Note 2p), deferred taxes have been restated as of June 30, 2008 to recognize the effect of the income tax rate changes introduced by the tax reform published in September 2001.

Nota 7 - Current and Deferred Income Taxes (continued)

b) Deferred taxes (continued)

Description	June 30, 2008			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Short-term ThCh$
Vacation provision	97,616	-	-	-
Leased assets		30,792	-	-
Severance indemnities provision	-	-	-	216,929
Other events	10,520	94,429	-	-
Tax loss	4,588,291	-	-	-
Income from bond placement premiums	-	272,623	-	-
Revaluation of property, plant and equipment (absorption)	-	46,104,681	-	-
Fair value bonds and swaps	-	4,038,255	-	-
Bond placement discount	-	257,710	-	-
Forward contracts	-	-	16,626	-
Bond issuance expenses	-	-	-	1,326,142
Fair value adjustment for subsidiary property, plant and equipment	-	-	-	3,925,270
Total	4,696,427	50,798,490	16,626	5,468,341

Nota 7 - Current and Deferred Income Taxes (continued)

b) Deferred taxes (continued)

Description	June 30, 2007			
	Deferred tax assets		Deferred tax liabilities	
Temporary differences	Short-term ThCh$	Long-term ThCh$	Short-term ThCh$	Long-term ThCh$
Vacation provision	116,245	-	-	-
Depreciation of plant, property and equipment	-	-	-	-
Staff severance indemnities	-	-	-	235,745
Other events	8,650	29,963	-	-
Tax loss	4,487,804	-	-	-
Revaluation of plant, property and equipment (absorption)	-	49,015,962	-	-
Fair value bonds and swap	-	5,153,614	-	-
Bond placement discount	-	631,839	-	-
Forward contracts	-	-	5,181	-
Bond issuance expenses	-	-	-	1,420,841
Other property, plant & equipment valuation diff,	-	5,444,361	-	-
Other assets valuation difference	-	340,477	-	-
Leased Liabilities			-	207,374
Goodwill adjustment	-	2,577,638	-	-
Lower income	68,868	-	-	-
Fair value adjustment of subsidiary's PP&E	-	-	-	3,954,993
Total	4,681,567	63,193,854	5,181	5,818,953

c) Income tax

The composition of the net charge to income, after recognizing the effect of deferred taxes as stated in SVS Circular No. 1,466 and Technical Bulletin No. 60 and complementary bulletins issued by the Chilean Association of Accountants, is as follows:

Item	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Income tax expense (income tax provision)	(208,313)	(270,202)
Tax expense adjustment (previous period)	-	-
Effect of deferred tax assets or liabilities for the period	(7,568,637)	(1,555,523)
Total	(7,776,950)	(1,825,725)

Note 8 - Other Current Assets

Details of the other current assets are as follows:

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Securities under resale agreements	24,460,273	10,709,378
Bond issuance expenses	549,677	819,267
Bond placement discount	269,231	-
Forward contracts	97,800	-
Other	351,954	40,969
Total	25,728,935	11,569,614

Note 9 - Information about Investments under Securities Repurchase (VCR) and Resale Agreements (CRV)

As of June 30, 2008, the composition of these transactions is detailed as follows:

	Dates								
Code	**Inception**	**Maturity**	**Counterpart**	**Currency of origin**	**Subscription Value**	**Rate**	**Final Value ThCh$**	**Identification of instruments**	**Market Value ThCh$**
CRV	06/30/2008	07/03/2008	Scotiabank	Dollar	24,460,273	0.15%	24,463,840	BCP	24,460,273

Note 10 - Property, Plant, and Equipment

Property, plant and equipment is detailed as follows

The depreciation expense for the 2008 period amounted to ThCh$16,983,808 (ThCh$16,244,841 in the 2007 period), Th$16,870,348 (ThCh$16,163,978 in the 2007 period), was charged to Operating Costs and ThCh$113,460 (ThCh$80,863 in the 2007 period), was charged to administrative and selling expenses.

Description	Gross value ThCh$	June 30, 2008 Accumulated depreciation ThCh$	Net value ThCh$	Gross value ThCh$	June 30, 2007 Accumulated Depreciation ThCh$	Net Value ThCh$
Land	17,062,060	-	17,062,060	16,757,243	-	16,757,243
Buildings and infrastructure						
Buildings	14,223,058	(785,570)	13,437,488	13,457,773	(441,244)	13,016,529
Access roads	618,261	(19,894)	598,367	240,815	(6,016)	234,799
Lines	589,844,953	(30,586,102)	559,258,851	592,308,047	(13,505,368)	578,802,679
Houses and apartments	91,852	(4,591)	87,261	91,917	(2,295)	89,622
Non-hydraulic civil projects	118,310,060	(6,325,902)	111,984,158	114,249,142	(3,422,931)	110,826,211
Works in progress	48,870,398	-	48,870,398	43,602,836	-	43,602,836
Total Buildings and infrastructure	771,958,582	(37,722,059)	734,236,523	763,950,530	(17,377,854)	746,572,676
Machinery and equipment						
Telecommunications equipment	7,759,279	(1,781,650)	5,977,629	7,066,357	(1,109,110)	5,957,247
Furniture, machinery and office equipment	151,328	(40,706)	110,622	146,033	(14,419)	131,614
Service furniture and equipment	42,890	(5,915)	36,975	29,976	(2,537)	27,439
Tools and instruments	1,308,827	(166,453)	1,142,374	1,201,048	(82,086)	1,118,962
Power generation unit	1,162,232	(156,510)	1,005,722	1,095,257	(83,380)	1,011,877
Electrical equipment	271,456,344	(18,081,638)	253,374,706	258,777,132	(9,866,142)	248,910,990
Mechanical, protection and measurement	33,462,845	(7,316,354)	26,146,491	31,135,918	(3,593,104)	27,542,814
Transport and loading equipment	376,332	(97,858)	278,474	362,967	(47,832)	315,135
Computers	734,850	(380,584)	354,266	608,043	(147,652)	460,391
Software and computer programs	2,330,529	(946,142)	1,384,387	1,657,840	(283,080)	1,374,760
Total machinery and equipment	318,785,456	(28,973,810)	289,811,646	302,080,571	(15,229,342)	286,851,229
Subtotal plant, property and equipment	1,107,806,098	(66,695,869)	1,041,110,229	1,082,788,344	(32,607,196)	1,050,181,1481
Other property, plant and equipment						
Construction materials	1,500,123	-	1,500,123	1,549,647	-	1,549,647
Total other property, plant and equipment	1,500,123	-	1,500,123	1,549,647	-	1,549,647
Total property, plant, and equipment	1,109,306,221	(66,695,869)	1,042,610,352	1,084,337,991	(32,607,196)	1,051,730,795

Note 11 - Investments in Other Companies

The following receivables correspond to Transelec S.A.'s 6.25% participation in Centro de Despacho Económico de Carga del Sistema Eléctrico Interconectado Central Limitada (CDEC-SIC Ltda.), whose exclusive objective is to administrate and operate the power stations and transmission lines that are interconnected within the electric system and coordinate the direction and operation of that electrical system. The value of that investment as of June 30, 2008 is ThCh$38,342 (ThCh$17,886 in the 2007 period). It also includes the 14.29% participation of Transelec Norte S.A. in the CDEC-SING, whose exclusive objective is to manage and operate the Center for Economic Dispatch of the interconnected electrical system in the SING and to manage and operate this electrical system. The value of this investment as of June 30, 2008 amounts to ThCh$164,093 (ThCh$149,836 in the 2007 period).

Taxpayer No.	Company	Participation percentage	Book Value	
			June 30, 2008 ThCh$	June 30, 2007 ThCh$
77.286.570-8	CDEC - SIC LTDA	6.25%	38,342	17,886
77.345.310-1	CDEC - SING LTDA	14.29%	164,093	149,836
	Total		202,435	167,722

Note 12 - Goodwill and Negative Goodwill

a) Goodwill is summarized as follows:

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
HQI Transelec Chile S.A.	275,671,939	276,135,503
Price adjustment provision as of 03/31/2008	72,076,519	-
Price adjustment provision as of 06/30/2008	3,100,000	-
Absorption adjustment as of 06/30/2007	-	(2,577,638)
Adjustment for fair value of subsidiary's PP&E deferred assets	3,757,244	3,954,993
Accumulated amortization of goodwill	(19,392,725)	(11,940,998)
Total	335,212,977	265,571,860

This account corresponds to goodwill on the acquisition of HQI Transelec Chile S.A., by the Company, after adjusting the financial statements of the subsidiary in accordance with Technical Bulletin No. 72 of the Chilean Association of Accountants, As of June 30, 2008 the sum of ThUS$160,808 was provisioned product of the price adjustments related to valuation of certain grid tranches and on June 30 the sum of ThCh$3,100,000 was provisioned for the concept of recalculation of regulated grid income, for the period from March 13, 2004 to June 30, 2006, both provisioned, in accordance with the share sale agreement between Hydro-Quebec and Rentas Eléctricas IV Ltda, currently Transelec, S.A.

This difference will be amortized over a maximum period of 40 years.

The total amount paid on this operation amounted to ThCh$ 942,160,997.

b) The origin of goodwill and its amortization is as follows:

		June 30, 2008		June 30, 2007	
Taxpayer No.	Company	Amortization during the period ThCh$	Balance of goodwill ThCh$	Amortization during the period ThCh$	Balance of goodwill ThCh$
77,498,870-K	HQI Transelec Chile S.A.	(4,204,844)	335,212,977	3,470,899	261,616,867
	Total	(4,204,844)	335,212,977	3,470,899	261,616,867

Note 13 - Intangibles

The composition of intangibles as of June 30, 2008 and 2007 is detailed as follows:

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Right-of-way	152,199,087	152,821,134
Less: Accumulated amortization	(7,663,239)	(3,875,253)
Total	144,535,848	148,945,881

The amortization charge to income amounted to ThCh$1,870,050 (ThCh$1,816,988 in the 2007 period).

Note 14 - Other Assets

The balance as of June 30, 2008 and 2007 is as follows:

	06-30-2008 ThCh$	06-30-2007 ThCh$
Discount on Issuance of UF Bonds	1,929,487	-
Anticipated expenses UF Bonds Series D and C	7,251,161	10,006,841
Anticipated expenses general facilities	117,474	203,803
Other	52,696	25,479
Total	9,350,818	10,236,123

Note 15 - Other Current Liabilities

The balance as of June 30, 2008 mainly corresponds to the provision for adjustment of the balance of the price payable to the previous owners of the Company, for the amount of ThCh$3,100,000, in accordance with the agreement for the acquisition of the shares of HQI Transelec Chile S.A. (dissolved company) and product of the publication on January 15, 2008 of Decree No. 207 issued by the Ministry of Economy, Economic Development and Reconstruction, which set the installations of each grid transmission system and its corresponding valuation.

Note 16 - Short and Long-term Promissory Notes and Bonds

a) During 2001, the Company made a public offering of bonds in the local market according to the following details:

On April 2, 2001 the Company registered the first bond issuance for a maximum of UF 10,000,000 with the SVS under No. 249. From this initial amount, UF 9,200,000 was finally placed on April 11, 2001.

As of June 30, 2008 the risk ratings for this bond issuance are as follows:

Rating Agency	Rating
Fitch Chile Clasificadora de Riesgo Ltda.	A
Feller-Rate Clasificadora de Riesgo Ltda.	A+
Clasificadora de Riesgo Humphreys Ltda.	A+

Terms of Issuance

Issuer: HQI Transelec Chile S.A.

Securities issued: Bearer bonds in Chilean pesos denominated in unidades de fomento,

Maximum issued: Ten million Unidades de Fomento (UF 10,000,000) divided as follows:

Series A

- Series A-1: Up to UF3,000,000, (3,000 bonds of UF1,000 each).
- Series A-2: Up to UF4,000,000, (400 bonds of UF10,000 each).

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

a) During 2001, the Company made a public offering of bonds in the local market according to the following details: (continued)

Series B

- Series B-1: Up to UF1,000,000, (1,000 bonds of UF1,000 each).
- Series B-2: Up to UF3,000,000, (300 bonds of UF10,000 each).

Indexation: Variation of the Unidad de Fomento

Amortization period: Series A, 6 years and Series B, 21 years (6-year grace period and 1 and 15 years for capital amortization, respectively).

Amortization of capital: Series A, in a single installment, upon expiration and Series B, biannual, increasing and as of September 1, 2007.

Early redemption: Series A without early redemption and Series B effective as of September 1, 2009, on any of its denominated dates of payment of interest or interest and capital amortization.

Interest rate: Series A and B bonds accrue a 6.20% annual interest rate on the outstanding capital, expressed in Unidades de Fomento. Interest is calculated over a period of 360 days, upon maturity and payable semi-annually in two semesters of 180 days each.
Interest payments: Semi-annual payments, maturing on March 1 and September 1 yearly, beginning on September 1, 2001. The interest accrued during the 2008 period amounts to ThCh$1,292,854 (ThCh$1,321,520 in the 2007 period) and is presented in Current liabilities.

Guarantees: This issuance has no special guarantees, except the general guarantee on all the issuer's assets.

Placement term: 36 months, as of the date of registration with the SVS.

As of March 1, 2007, the capital of the Series A-1 and A-2 Bonds was paid.

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

b) The Company issued and placed notes in the international market on April 17, 2001, detailed as follows:

The risk ratings obtained as of June 30, 2008 are as follows:

Rating Agency	Rating
Standard and Poor's Rating Group	BBB-
Fitch Ibca, Duff & Phelps	BBB-
Moody's Investors Service Inc.	BAA3

Issuer: HQI Transelec Chile S.A.
Securities issued: US$ Yankee Bonds traded in the United States

Issue value: Four hundred and sixty five million dollars (ThUS$465,000) in a single series.
Indexation: Variation of the United States dollars.
Capital amortization: At maturity on April 15, 2011.
Nominal interest rate: 7.875% annual.

Interest payments: Interest payments are due every six months, on April 15 and October 15 of each year, starting October 15, 2001. Interest accrued for the 2008 period amount to ThCh$4,180,402 (ThCh$4,559,468 in the 2007 period) and is presented in Current liabilities.

c) During 2006, the company issued bonds for public offering in the Chilean market, as follows:

On November 9, 2006 the Company registered the first bond issuance for a maximum of UF 19,500,000 with the SVS under No. 481. From this amount, UF 13,500,000 was finally placed on the market on December 14, 2006.

The bond issuance risk ratings, as of June 30, 2008, are as follows:

Rating Agency	Rating
Fitch Chile Clasificadora de Riesgo Ltda.	A
Feller-Rate Clasificadora de Riesgo Ltda.	A+
Clasificadora de Riesgo Humphreys Ltda.	A+

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

c) During 2006, the company issued bonds for public offering in the Chilean market, as follows: (continued)

Terms of Issuance

Issuer: Nueva Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento.
Maximum Issuance: Thirteen million five hundred thousand Unidades de Fomento (UF 13,500,000).

Series D: Up to UF 13,500,000, (13,500 bonds of UF1,000 each).

Amortization period: 21 years.

Capital Amortization: in one single installment, as of maturity on December 15, 2027.

Early redemption: Total or partial, from December 15, 2011.

Interest Rate: On the outstanding capital expressed in Unidades de Fomento at an annual interest rate of 4.25%, calculated based on a 360-day years, compound semi-annually, each semester consisting of 180 days.

Payment of interest: Interest payments will be due every six months – expired - on June 15, and December 15 of each year starting on June 15, 2007.

Interest accrued for the 2008 period amounts to ThCh$ 511,071 (ThCh$511,803 in the 2007 period) and is presented in Current Liabilities.

These bonds have no specific guarantee, except a general guarantee on all of the Issuer's assets.

Placement term: 36 months from the date of registration in the Securities Registry of the SVS.

Note 16 - Short and Long-term Promissory Notes and Bonds (continued)

d) On March 2007, the absorbed Company issued bonds for public offering in the Chilean market, as follows:

On January 22, 2007 the company registered in the Securities Registry of the SVS under No. 480, the first issuance of bonds for a maximum of UF 6,000,000. On March 21, 2007, UF 6,000,000 was finally placed.

As of June 30, 2008 the bond issuance risk ratings obtained are as follows:

- Feller-Rate Clasificadora de Riesgo Ltda.	A+
- Humphreys Clasificadora de Riesgo Ltda.	A+
- Fitch Ratings Clasificadora de Riesgo Ltda.	A

Terms of Issuance

Issuer: Transelec S.A.

Securities issued: Bearer bonds in Chilean pesos, denominated in Unidades de Fomento.

- Maximum issuance: six million Unidades de Fomento (UF 6,000,000).
- Series C: Up to UF 6,000,000, (6,000 bonds of UF1,000 each).

Amortization period: 9.5 years

Capital Amortization: in one single installment, as of maturity on September 1, 2016.

Early redemption: total or partial, from March 1, 2010.

Interest rate: on the outstanding capital expressed in UF at an annual interest rate of 3.5%, calculated based on a 360-day year, expired, compounded semi-annually, with each semester consisting of 180 days.

Interest payment: interest payment will be due every six months, on March 1, and September 1 of each year beginning on September 1, 2007.

Interest accrued as of 2008 period-end amounts to ThCh$1,405,498 (ThCh$1,407,511 in the 2007 period) and is presented in Current liabilities.

It has no specific guarantee, except a general guarantee on all of the issuer's assets.

Note 16 - Short and Long-term Obligations (Promissory Notes and Bonds) (continued)

Placement term: 36 months from the date of registration in the Securities Registry of the SVS

e) The detail of bonds is as follows:

Registration or identification No. of the instrument	Series	Current nominal amount placed	Bond Indexation unit	Interest rate	Maturity date	Periodicity		Par value June 30, 2008 ThCh$	Par value June 30, 2007 ThCh$	Placement in Chile or abroad
						Interest payment	Amortization payment			
Long term bonds - short term portion										
249	B1	3,990	UF	6.20%	09-01-2008	Semiannually	Semiannually	80,803	82,570	Chile
249	B2	59,846	UF	6.20%	09-01-2008	Semiannually	Semiannually	1,212,051	1,238,558	Chile
First issuance	Single	7,946,777	US$	7.88%	10-15-2008	Semiannually	Upon final payment	4,180,402	4,559,468	Abroad
Swap Contracts	5 Contracts	17,558	UF	6.94%	10-12-2008	Semiannually	Upon final payment	355,594	185,780	Chile
249	B1	2,000	UF	6.20%	03-01-2009	Semiannually	Semiannually	40,505	40,563	Chile
249	B2	30,000	UF	6.20%	03-01-2009	Semiannually	Semiannually	607,581	608,452	Chile
249	B1	2,000	UF	6.20%	09-01-2008	Semiannually	Semiannually	40,505	40,563	Chile
249	B2	30,000	UF	6.20%	09-01-2008	Semiannually	Semiannually	607,581	608,451	Chile
481	D	25,235	UF	4.25%	12-15-2008	Semiannually	Upon final payment	511,071	511,803	Chile
480	C	69,398	UF	3.50%	09-01-2008	Semiannually	Upon final payment	1,405,498	1,407,513	Chile
Total - short-term portion								9,041,591	9,283,721	
Long-term bonds										
249	B1	192,000	UF	6.20%	03-01-2022	Semiannually	Semiannually	4,423,298	4,548,926	Chile
249	B2	2,880,000	UF	6.20%	03-01-2022	Semiannually	Semiannually	66,349,468	68,233,890	Chile
First issuance	Single	465,000,000	US$	7.88%	04-15-2011	Semiannually	Upon final payment	253,173,746	279,426,054	Abroad
481	D	13,500,000	UF	4.25%	12-15-2027	Semiannually	Upon final payment	273,411,585	273,803,235	Chile
480	C	6,000,000	UF	3.50%	09-01-2016	Semiannually	Upon final payment	121,516,260	121,690,327	Chile
Swap Contracts	2 Contracts	3,473,602	UF	7.01%	04-14-2011	Semiannually	Upon final payment	20,672,249	16,819,560	Chile
Swap Contracts	2 Contracts	2,303,243	UF	6.94%	04-14-2011	Semiannually	Upon final payment	11,982,189	9,320,480	Chile
Swap Contracts	1 Contract	1,906,538	UF	6.81%	04-14-2011	Semiannually	Upon final payment	13,861,378	11,971,048	Chile
Total - long-term								765,390,173	785,813,520	

Note 17 - Provisions and Write-offs

Details of provisions as of June 30, 2008 and 2007 are as follows:

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
a) Short-term provisions		
Staff severance indemnities provision (Note 18)	489,545	288,020
Accrued payroll	1,237,688	1,061,433
Vacation accrual	574,209	683,798
Total	2,301,442	2,033,251
b) Long-term provisions		
Staff severance indemnities provision (Note 18)	1,486,861	1,619,192
Total	1,486,861	1,619,192

Note 18 - Staff Severance Indemnities

The balance of the account as of June 30, 2008 and 2007 is as follows:

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Opening balance	1,951,958	1,865,984
Price-level restatement	12,003	35,454
Provisions	110,339	5,774
Payments	(97,894)	-
Total	1,976,406	1,907,212
Short-term	489,545	288,020
Long-term	1,486,861	1,619,192
Total	1,976,406	1,907,212

Note19 - Minority Interest

a) As of June 30, 2008 and 2007, the Minority Interest is the participation of the other shareholders according to the following detail:

	Equity		Participation percentage		Participation	
	June 30, 2008 ThCh$	**June 30, 2007 ThCh$**	**June 30, 2008 ThCh$**	**June 30, 2007 ThCh$**	**June 30, 2008 ThCh$**	**June 30, 2007 ThCh$**
Transelec Holdings Rentas Ltda,	44,930,587	48,935,143	0.01%	0.01%	4,493	4,894

b) The minority interest corresponding to the participation of the other shareholders in the results of the subsidiary Transelec S.A. is as follows:

	Income for the period		Participation percentage		Participation	
	June 30, 2008 ThCh$	**June 30, 2007 ThCh$**	**June 30, 2008 ThCh$**	**June 30, 2007 ThCh$**	**June 30, 2007 ThCh$**	**June 30, 2008 ThCh$**
Transelec Holdings Rentas Ltda,	947,306	1,275,082	0.01%	0.01%	83	127

Note 20 - Changes in Shareholders' Equity

As of June 30, 2008 and 2007, Equity accounts had the following movements:

a) Capital

On June 6, 2006, Rentas Eléctricas III Ltda, was formed with paid-in capital of US$1,600 in its equivalent in local currency, contributed by the partners as follows: Brookfield Power Inc, contributed the sum of US$16.00 corresponding to 1.0% of the company's equity interests, and Brookfield Asset Management Inc, contributed US$1,584, corresponding to 99.0% of the company's equity interests.

Note 20 - Shareholders' Equity (continued)

a) Capital (continued)

On June 15, 2006, Brookfield Asset Management Inc, sold, ceded and transferred 99.0% of the Company's equity interests to Rentas Eléctricas II Ltda, for US$1,584. Brookfield Power Inc, sold, ceded and transferred to 0.99% of the Company's equity interests to Rentas Eléctricas II Ltda,for US$15.84. Brookfield Power Inc, sold, ceded and transferred, 0.01% of the Company's equity interests to Rentas Eléctricas I Ltda for US$0.16. Due to the aforementioned transfers, Brookfield Asset Management Inc, and Brookfield Power Inc, withdrew from the Company, leaving Rentas Eléctricas II Ltda, with 99.99% and Rentas Eléctricas I Ltda, with 0.01% of the equity interests of Rentas Eléctricas III Ltda. In addition, on that date capital was increased to US$ 1,332,441,365.

On September 30, 2006, Rentas Eléctricas II Ltda, and Rentas Eléctricas I Ltda, agreed to increase the company's capital by US$14,156,270. The partners are obligated to contribute pro rata to their participation in the Company, US$14,154,854 and US$1,416 respectively. As of June 30, 2007, those contributions were fully paid.

As per public deed dated March 26, 2007, the Company was transformed from a limited liability company to a corporation, under the name Rentas Eléctricas III S.A., with capital amounting to ThCh$733,545,500, divided in 1,000,000 common shares, with no par value. The referred capital has been subscribed and paid in full by the limited liability company that was transformed, who became shareholders of Rentas Eléctricas III S.A. The beginning schedule of shareholders is as follows: a) Transelec Holdings Rentas Limitada, 999,900 shares, equivalent to Ch$733,472,146,050, and b) Rentas Eléctricas I Limitada, 100 shares, equivalent to Ch$73,354,551, Total shares subscribed and paid in full amounted to 1,000,000.

b) Dividends

The first Ordinary Shareholders' Meeting held on April 30, 2007, agreed to distribute ThCh$12,509,756 as a final dividend for the year ended December 31, 2006, which would be paid on May 10, 2007, As of September 30, 2007 this dividend was fully paid.

The third Extraordinary Board Meeting held on May 4, 2007 agreed to distribute ThCh$7,130,147 (historical value) as an interim dividend with a charge to net income for the period ended March 31, 2007, to be paid as of May 14, 2007. As of September 30, 2007 this dividend is fully paid.

Note 20 - Shareholders' Equity (continued)

b) Dividends (continued)

The Company's Board, in a meeting on October 24, 2007, agreed to distribute a second interim dividend of ThCh$15,315,000 charged to 2007 income. The Company began paying the dividend on November 22, 2007. As of December 31, 2007 all shareholders were paid in full.

The Ordinary Shareholders' Meeting held on April 24, 2008 approved the distribution of ThCh8,894,152 as remainder of the final dividend for 2007, equivalent to Ch$8,894.15 per share, dividend that will be paid as of May 20, 2008 to the shareholders registered in the respective registry on May 13, 2008.

The Company's Board of Directors Meeting held on May 29, 2008 agreed to the distribution of ThCh$12,040,000 as an interim dividend for the period ended March 31, 2008, which will be paid as of June 23, 2008 to the shareholders registered in the respective registry on June 17, 2008.

c) Ownership

The current and sole owners of the Company are:

Transelec Holdings Rentas Limitada, with 99.99%, corresponding to 999,900 shares subscribed and paid in full and Rentas Eléctricas I Limitada, with 0.01%, corresponding to 100 shares subscribed and paid in full.

Note 20 - Shareholders' Equity (continued)

c) Ownership (continued)

The detail of the Company's equity as of June 30, 2008 and 2007 is as follows:

a) The Company's equity as of June 30, 2008 is as follows:

Changes in Equity	Paid Capital ThCh$	Capital Revaluation Reserve	Retained earnings ThCh$	Interim Divid. ThCh$	Net Income ThCh$
Opening balance	787,827,868	-	87,568	(22,880,086)	31,686,669
Distribution of prior year income	-	-	8,806,583	22,880,086	(31,686,669)
Final dividend prior year	-		(8,806,583)	-	-
Price-level restatement of capital	-	25,210,492	413,149	-	-
Net income	-	-	-	-	34,886,408
Interim dividends	-	-		(12,389,517)	
Final balance	787,827,868	25,210,492	500,717	(12,389,517)	34,886,408

b) The Company's equity as of June 30, 2007 is as follows:

Changes in Equity	Paid Capital ThCh$	Capital Revaluation Reserve	Retained earnings ThCh$	Interim Divid. ThCh$	Net Income ThCh$
Opening balance	733,545,501	-	-	(2,338,890)	14,848,646
Distribution of prior year income	-	-	12,509,756	2,338,890	(14,848,646)
Final dividend prior year	-	-	(12,509,756)	-	
Price-level restatement of capital	-	13,937,365	87,568	-	-
Net income	-	-	-	-	19,517,945
Interim dividends	-	-	-	7,172,928	-
Final balance	733,545,501	13,937,365	87,568	7,172,928	19,517,945
Restated balances	798,831,051	15,177,790	95,362	7,811,719	21,255,042

Note 20 - Changes in Shareholders' Equity (continued)

c) Ownership (continued)

Number of shares

Series	No. of shares subscribed	No. of paid shares	No. of voting shares
Single	1,000,000	1,000,000	1,000,000

Capital (amount ThCh$)

Series	Subscribed capital ThCh$	Paid-in capital ThCh$
Single	787,827,868	787,827,868

Note 21 - Other Non-operating Income and Expenses

Other non-operating income and expenses as of June 30, 2008 and 2007 are detailed as follows:

	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Other non-operating income		
Prior year income	21,400	23,499
Miscellaneous extraordinary gains	630	1,022,971
Income from sale of materials	4,129	951,752
Total	26,159	1,998,222
Other non-operating expenses		
Prior year expenses	(34,681)	(209,686)
Directors' fees	(40,750)	(102,110)
Loss from write-off of property, plant, and equipment	(84,404)	(346,313)
Cost of sale of property, plant and equipment	-	(221,178)
Loss on obsolescence of property plant and equipment	(9,423)	-
Amortization of prepaid expenses	(27,109)	(27,142)
Fiscal and judicial fines	(134,835)	(206)
Miscellaneous exceptional losses	-	(618,094)
Foreign currency translation, net	(81,074)	-
Total	(412,276)	(1,524,729)

Note 22 - Price-level Restatement

Price-level restatement generated a net credit to income as of June 30, 2008 for the amount of ThCh$509,526, and in the 2007 period generated a net credit to income of ThCh$607,917 as per the following detail:

Assets (charges) / credits	Indexation	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Inventory	CPI	47,953	29,411
Property, plant and equipment	CPI	29,297,569	16,753,087
Investments in related companies	CPI	1,365,302	939,325
Notes and accounts receivable from related companies	UF	2,616,286	5,793,615
Goodwill	CPI	9,760,187	4,990,816
Deferred taxes	CPI	1,908,018	1,211,677
Rights of way	CPI	4,586,407	2,607,535
Cash	CPI	450,049	534,786
Other non-monetary assets	CPI	360,274	243,939
Expense and cost accounts	CPI	517,942	349,202
Total credits		50,909,987	33,453,393
Liabilities (charges) / credits			
Shareholder's equity	CPI	(25,361,692)	(15,226,564)
Notes and accounts payable to related companies	UF	-	(4,146,778)
Bonds	UF US$	(23,679,674)	(12,602,708)
Non-monetary liabilities	CPI	(12,003)	(3,199)
Income accounts	CPI	(1,347,092)	(866,227)
Total charges		(50,400,461)	(32,845,476)
Gain from price-level restatement		509,526	607,917

Note 23 - Foreign Currency Translation

The effect of foreign currency translation generated a net charge to income in the 2008 period of ThCh$849,320, and a net credit to income in the 2007 period of ThCh$70,741, detailed as follows:

Assets (charges) / credits	**Currency**	**June 30, 2008 ThCh$**	**June 30, 2007 ThCh$**
Time deposits	US$	1,150	(372,862)
Banks	US$	2,346,748	(530,246)
Notes and accounts receivable from related companies	US$	(463,262)	(1,822,103)
Investments in related companies	US$	947,436	(1,465,505)
Forward contracts	US$	60,630	(40,448)
Accounts receivable	US$	113,743	(1,835)
Total charges		3,006,445	(4,232,999)
Liabilities (charges) /credits			
Notes and accounts payable to related companies	US$	-	-
Bonds	US$	(6,723,942)	8,095,385
Swap contracts	US$	3,181,220	(3,830,075)
Lease contracts	US$	59,762	(12,937)
Accounts payable	US$	(372,805)	51,367
Total (charges) credits		(3,855,765)	4,303,740
(Loss) gain on foreign currency translation		(849,320)	70,741

Note 24 - Debt Issuance and Placement Costs

The expenses for issuance and placement of bonds in the local market during the 2008 and 2007 period mainly includes the following concepts: stamp tax expenses, placement commissions, legal advisory expenses, financial advisory expenses, risk rating reports and printing expenses.

Detail	**June 30, 2008 Domestic ThCh$**	**June 30, 2007 Domestic ThCh$**
Placement and issuance expense	8,071,016	11,034,669
Less: amortization	(270,178)	(208,561)
Total	7,800,838	10,826,108
Balance sheet presentation		
Other current assets	549,677	819,267
Other assets - others	7,251,161	10,006,841
Total	7,800,838	10,826,108

Note 25 - Statements of Cash Flows

For future cash flow projections the Company did not consider any transactions or events that are not disclosed in these financial statements and their notes.

Note 26 - Derivative Contracts

As of June 30, 2008, the Company has forward and swap contracts to hedge the exchange rate position of the long-term debt for the bond issuance abroad, detailed as follows:

Description									Affected Accounts			
Type of derivative	Type of contract	Contract Value	Maturity or expiry date	Specific item	Purchase and sale position	Covered item or transaction		Value of hedged items	Asset / Liability		(Charge)/ Credit to income	
						Name	Amount ThCh$	ThCh$	Name	Amount ThCh$	Realized ThCh$	Unrealized ThCh$
S	CCTE	50,000,000	2nd quarter 2011	Exchange Rate (US$)	P	Dollar Bonds	25,622,000	26,302,500	Obligations with the public	13,498,655	(295,837)	178,700
S	CCTE	50,000,000	2nd quarter 2011	Exchange Rate (US$)	P	Dollar Bonds	25,622,000	26,302,500	Obligations with the public	7,340,557	(167,636)	381,794
S	CCTE	50,000,000	3rd quarter 2011	Exchange Rate (US$)	P	Dollar Bonds	35,830,500	26,302,500	Obligations with the public	8,561,757	(194,354)	367,875
S	CCTE	20,000,000	3rd quarter 2011	Exchange Rate (US$)	P	Dollar Bonds	14,110,000	10,521,000	Obligations with the public	3,491,222	(69,396)	151,377
S	CCTE	50,000,000	2nd quarter 2011	Exchange Rate (US$)	P	Dollar Bonds	32,375,000	26,302,500	Obligations with the public	13,979,218	(312,814)	138,945
FR	CCTE	3,000,000	3rd quarter 2008	Exchange Rate (US$)	P	Dollar Bonds	1,480,350	1,578,150	Other Current Assets	97,800	-	97,800

Note 27 - Contingencies and Restrictions

a) Management restrictions

Derived from obligations related to the bond issuance, the Company must comply with some instructions and obligations, detailed below:

- Maintain, for the duration of the bond issuance, assets free of any kind of encumbrance, whose book value is equal to or greater than 1.2 times the book value of all the liabilities and debts of the issuer that are not subject to any liens or guarantees on assets or instruments belonging to it, including among such liabilities, the debt arising from this bond issuance.

- Not to sell, cede, transfer, contribute or in any way give up title to, either for money or for free, of the Essential Assets of the Issuer, for amounts exceeding whether in one or more legal acts, 5% of the Consolidated Assets of the issuer.

- Maintain a level of indebtedness at the individual and consolidated level in which the ratio of Total Demand Liabilities / Total Capitalization and Total Debt / Total Capital is not greater than 0.7, as those terms are defined in the respective prospectuses.

- Maintain at all times during the term of the issuance of the bonds, minimum individual and consolidated shareholders' equity of UF 15 million.

- Maintain in full force and effect the Debt Service Reserve Agreement.

- Not make any direct or indirect capital distribution, dividend payment (other than the dividends established in the Companies Law), any payment of principal or interest on any loan to its shareholders, or any other payment of a similar nature unless the following conditions are met:(i) the Issuer has not been involved in any Event of Default and it continues, (ii)The ratio of Net Operating Cash Flows / Financial Expenses is higher than 1.50, and (iii) the Issuer must be in compliance with the Debt Service Reserve Agreement.

b) Direct commitments

There are no direct commitments.

Note 27 - Contingencies and Restrictions (continued)

c) Indirect commitments

There are no guarantors or guarantees granted pursuant to indirect commitments.

d) Pending lawsuits

As of June 30, 2008 there are other lawsuits pending against the Company for which the corresponding defense has been filed, which altogether represent an amount of ThCh$86,500.

Management believes that the above mentioned lawsuits will not result in significant contingencies.

e) Fines

1. On December 5, 2002, the Superintendency of Electricity and Fuel (SEC) in Ordinary Official Letter No. 7183, charged the Company for its alleged responsibility in the interruption of electrical supply in the Central Interconnected System (SIC) on September 23, 2002. The Company presented the answers in a timely manner and these were added to the corresponding evidence. By Exempt Resolution No. 1438 of August 14, 2003, the Superintendency applied various fines to Transelec for a total of Annual Tax Units (UTA) 2,500 equivalent as of June 30, 2008 to ThCh$1,056,750.As of June 30, 2008, the Company had appealed the complaint before the Santiago Court of Appeals, and placed a deposit of 25% of the original fine. The Company maintains that it is not responsible for this situation since it considers it a case of force majeure.

2. In Ordinary Official Letter No. 1210 dated February 21, 2003 the SEC filed charges for the alleged responsibility of Transelec in the interruption of electric service in the SIC, on January 13, 2003. By Resolution No. 808, of April 27, 2004, the SEC imposed a fine of 560 UTA equivalent as of June 30, 2008, to ThCh$236,712, against which a writ of administrative reconsideration was filed, which was rejected. The Company appealed the complaint before the Santiago Court of Appeals and placed a deposit of 25% of the original fine. The Company maintains that it is not responsible for this situation since it considers it a case of force majeure.

Note 27 - Contingencies and Restrictions (continued)

e) Fines (continued)

3. On June 30, 2005 the SEC through Exempt Resolution No. 1117, applied the following sanctions to the Company: a fine of 560 UTA equivalent as of June 30, 2008 to ThCh$236,712, for allegedly not having coordinated to ensure electric service, as determined in the investigation of the general failure of the SIC on November 7, 2003; a fine of 560 UTA equivalent as of June 30, 2008, to ThCh$236,712, in the Company's condition as the owner of the installations, for allegedly operating the installations without adhering to the operation scheduling set forth by the CDEC-SIC, without justified cause, as determined in the investigation of the general failure of the SIC on November 7, 2003. As of June 30, 2008, the Company had appealed the charges before the SEC, which is pending resolution; Management believes it has no responsibility in these events.

4. On December 17, 2004, the SEC through Exempt Resolution No. 2334 fined the Company 300 UTA, equivalent as of June 30, 2008, to ThCh$126,810, for its alleged responsibility in the interruption of electrical supply south of Temuco, caused by a truck crashing into a structure of the Charrúa - Temuco line. As of June 30, 2008, the Company had filed a motion of invalidation and administrative reconsideration, firmly sustaining that it was a case of force majeure and that the charges are not applicable and should be annulled.

5. On December 31, 2005, the SEC through Official Letter No. 1831, filed charges against the Company for allegedly infringing on various provisions of the electrical regulations while operating its installations, which would have caused the interruption of electrical supply in the SIC on March 21, 2005. By SEC Exempt Resolution SEC No. 220, of February 7, 2006, the Company was fined 560 UTA equivalent as of June 30, 2008, to Th$236,712. An appeal was filed to order generation of power again on February 16, 2006, which is still outstanding. As of June 30, 2008, the Company had presented the required evidence.

   As of December 31, 2007, the Company established a provision for these contingent obligations for the amount of ThCh$1,774,068. This estimation considers the fact that similar cases are being heard in the Appeals Court, and that, the Appeals Court and Supreme Court have confirmed the decision of the SEC in similar cases. In addition, there are similar cases with a reconsideration petition before the SEC for which the SEC has maintained the previously established fine.

Note 27 - Contingencies and Restrictions (continued)

f) Transelec Norte S.A. (subsidiary)

1. **Management restrictions**
   There are no restrictions.

2. **Direct Commitments**
   There are no direct commitments.

3. **Indirect Commitments**
   There are no endorsements or warranties given by the indirect commitments.

4. **Pending Lawsuits**
   There are no lawsuits.

Direct Guarantees

Guarantee Creditor	Debtor Name	Type of Guarantee	Assets Involved Book Value	Balances pending payment as of the financial statement closing date June 30, 2008	June 30, 2007
Santander Santiago	Ministry of Economy Development and Reconstruction	Security	115,205	115,205	125,651
Santander Santiago	Ministry of Economy Development and Reconstruction	Security	164,917	164,917	179,871
Santander Santiago	Ministry of Economy Development and Reconstruction	Security	-	-	125,651
Scotiabank	Ministry of Economy Development and Reconstruction	Security	612,848	612,848	-
Santander Santiago	Ministry of Economy Development and Reconstruction	Security	164,917	164,917	-
Santander Santiago	Ministry of Economy Development and Reconstruction	Security	735,418	735,418	-

Note 28 - Guarantees Obtained from third Parties

As of June 30, 2008, the Company has received financial guarantees from contractors and third parties, mainly to guarantee the completion of works and maintenance work in the amount of ThCh$8,480,303 (ThCh$8,872,278 in the 2007 period). Also to guarantee payment of residential loans, the corresponding mortgages have been granted in favor of the Company.

Note 29 - Chilean and Foreign Currency

Assets and liabilities in foreign currency are expressed in Chilean pesos, based on the respective exchange rates as of year-end (see exchange rate table in Note 2e).

These assets and liabilities are detailed as follows:

Description	Currency	Amount June 30, 2008 ThCh$	Amount June 30, 2007 ThCh$
Current assets			
Cash	Ch$	677,080	3,883,063
Cash	US$	989,528	56,034
Time deposits	US$	13,158,820	32,899,928
Time deposits	UF	-	6,654,151
Marketable securities	Ch$	19,642,653	-
Trade accounts receivables	Ch$	27,666,515	14,611,359
Trade accounts receivables	US$	805,444	1,905,624
Miscellaneous receivables	Ch$	630,371	850,751
Miscellaneous receivables	US$	3,917	30,194
Accounts receivable from related companies	Ch$	64,462	1,921,616
Accounts receivable from related companies	US$	122,548	25,677,874
Inventory	Ch$	42,397	46,541
Recoverable Tax	Ch$	2,283,631	2,106,523
Prepaid expenses	Ch$	274,980	347,913
Deferred taxes	Ch$	4,679,801	4,676,386
Other current assets (Repurchase and Resale agreements)	US$	24,460,273	-
Other current assets (Repurchase and Resale agreements)	UF	-	10,709,381
Other current assets (Bonds)	Ch$	818,908	819,267
Other current assets (Forward Contracts)	US$	97,800	30,474
Other current assets	Ch$	351,954	10,492
Property, plant, and equipment			
Property, Plant, and Equipment	Ch$	947,180,354	944,757,193
Property, Plant, and Equipment	US$	95,429,998	106,973,602
Other assets			
Investments in other companies	Ch$	202,435	167,722
Goodwill	Ch$	335,212,977	265,571,860
Long-term receivables	US$	1,059,956	1,189,653
Long-term receivables	Ch$	281,924	8,935,284
Long-term receivables	UF	-	33,442
Notes and receivable from related companies	UF	-	30,160,078
Notes and receivable from related companies	US$	15,430,519	-
Intangibles	Ch$	146,477,694	146,580,943
Intangibles	US$	5,721,393	6,240,191
Amortization of intangibles	Ch$	(7,377,169)	(3,719,248)
Amortization of intangibles	US$	(286,070)	(156,005)
Deferred taxes, long term	Ch$	45,330,149	57,374,901
Others	UF	9,180,649	-
Others	Ch$	170,169	10,236,123
Total assets	Ch$	1,524,611,285	1,459,178,689
	US$	156,994,126	174,847,569
	UF	9,180,649	47,557,052

Note 29 - Chilean and Foreign Currency (continued)

Description	Currency	Up to 90 days				90 days to 1 year			
		June 30, 2008		June 30, 2007		June 30, 2008		June 30, 2007	
Current liabilities		Amount Thch$	Annual average interest rate	Amount Thch$	Annual average interest rate	Amount Thch$	Annual average interest rate	Amount Thch$	Annual average interest rate
Obligations payable	UF	3,994,524	4.30%	2,728,641	4.72%	511,071	4.72%	511,803	4.72%
Bond interest obligations payable	US$	-	-	-	-	4,180,402	7.88%	4,559,468	7.88%
Public bonds interest	UF	-	-	649,015	-	-	-	649,014	-
SWAP contracts	UF	355,594	-	-	-	-	-	185,780	-
Dividends payable	Ch$	20,934,152	-	-	-	-		-	-
Accounts payable	Ch$	24,947,107	-	3,157,053	-	-	-	-	-
Accounts payable	US$	21,238,790		6,610,224				-	
Miscellaneous payables	Ch$	-	-	-	-	-	-	9,923,390	-
Miscellaneous payables	US$	1,214,741		1,577,449		-		-	
Notes and payable to related companies	US$	-	-	1,280,972	-	-	-	-	-
Provisions	Ch$	2,301,442	-	-	-	-	-	2,033,251	-
Withholdings	Ch$	3,483,310	-	-	-	-	-	2,241,567	-
Other current liabilities	Ch$	3,103,765		-	-	-		86,790	
Other current liabilities	UF	82,592	-	-	-	-	-	-	-
Total current liabilities	UF	4,432,710		3,377,656		511,071	-	1,346,597	-
	US$	22,453,531		9,468,645		4,180,402	-	4,559,468	-
	Ch$	54,769,776		3,157,053		-	-	14,284,998	-

Note 29 - Chilean and Foreign Currency (continued)

Long-term liabilities as of June 30, 2008

Description	Currency	1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
		Amount ThCh$	Yearly average interest rate	Amount ThCh$	Yearly average interest rate	Amount ThCh$	Yearly average interest rate	Amount ThCh$	Yearly average interest rate
Bonds	UF	-	-	-	-	121,516,260	3.50%	344,184,351	7.53%
Bonds	US$	-	-	253,173,746	7.88%	-	-	-	-
SWAP contracts	UF	-	-	46,515,816	9.17%	-	-	-	-
Provisions	Ch$	1,486,861	-	-	-	-	-	-	-
Other long-term liabilities	UF	1,521,075	-	-	-	-	-	-	-
Total long-term liabilities	UF	1,521,075	-	46,515,816	-	121,516,260	-	344,184,351	-
	US$	-	-	253,173,746	-	-	-	-	-
	Ch$	1,486,861	-	-	-	-	-	-	-

Note 29 - Chilean and Foreign Currency (continued)

Long-term liabilities prior period June 30, 2008

Description	Currency	1 to 3 years		3 to 5 years		5 to 10 years		Over 10 years	
		Amount ThCh$	Yearly average interest rate	Amount ThCh$	Yearly average interest rate	Amount ThCh$	Yearly average interest rate	Amount ThCh$	Yearly average interest rate
Bonds	UF	-	-	-	7.88%	121,690,327	3.50%	346,586,049	7.53%
Bonds	US$	-	-	279,426,056	9.17%	-	-	-	-
SWAP bonds	US$	-		38,111,088	-	-	-	-	-
Miscellaneous payables	Ch$	11,387,098		-	-	-	-	-	-
Provisions	Ch$	1,619,192	-	-	-	-	-	-	-
Other long-term liabilities	US$	17,410,682	-	-	-	-	-	-	-
Other long-term liabilities	Ch$	1,605,581	-	-	-	-	-	-	-
Total long-term liabilities	UF	-		-		121,690,327		346,586,049	-
	US$	17,410,682		317,537,144		-		-	-
	Ch$	14,611,871		-		-		-	-

Note 30 - Sanctions

During the 2008 and 2007 period, the Company, its Board and management were not sanctioned by the SVS or other regulatory authorities.

Note 31 - Subsequent Events

Between June 30, 2008 and the date of issuance of these financial statements there have been no significant events of a financial accounting nature that could affect the interpretation of these financial statements.

Note 32 - Environment

During this period, the Company has made disbursements related to the environment, detailed as follows:

	June 30, 2008 ThCh$	**June 30, 2007 ThCh$**
Urgent work	133	1,555
Design of environment management system ISO 14001	-	4,083
Replacement of a static compensator with PCB	607	21,831
Oil pit construction	-	88,158
Environmental impact studies	20,654	4,682
Total	21,394	120,309

Note 33 - Time Deposits

The detail of time deposits is as follows:

Banks	June 30, 2008 ThCh$	June 30, 2007 ThCh$
Banco Créditos e Inversiones	-	2,072,728
Banco Santander Santiago	3,296,430	4,252,536
Banco Chile	9,862,390	2,753,216
Deutsche Bank	-	2,835,930
BNS Toronto T-Bills	-	27,092,613
Scotiabank	-	547,056
Total	13,158,820	39,554,079

Reasoned Analysis

TRANSELEC S.A. AND SUBSIDIARY

REASONED ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2008

A) SUMMARY

In the period from January 1 to June 30, 2008, TRANSELEC S.A. and subsidiary obtained net income of ThCh$34,886,408, which was greater by 64.13% than in the same period for the year 2007. This net income comes from positive operating income of ThCh$59,298,168, negative non-operating income of ThCh$16,634,727, a first category and deferred income tax net charge to income for the amount of ThCh$7,776,950 and minority interest for the amount of ThCh$83. In the 2007 period the Company obtained net income of ThCh$21,255,042 which comes from operating income of ThCh$41,063,297, negative non-operating income of ThCh$17,982,403, a first category and deferred income tax charge to income for the amount of ThCh$1,825,725 and minority interest of ThCh$127.

During this period, operating revenues reached ThCh$88,152,443 (ThCh$69,174,645 in the 2007 period). This operating revenue comes mainly from commercialization of the transmission capacity of the installations, and on this opportunity includes recalculation of tolls for the Grid Transmission System corresponding to 2007, as provided in DS 207 of January 15, 2008 and the Tolls Report for 2007 published by the CDEC-SIC in March 2008 (ThCh$5,258,957) and a recalculation of tolls for the Grid Transmission System corresponding to the period from March 13, 2004 to December 31, 2006, as set forth in the aforementioned decree (ThCh$13,448,311), in addition to related services sold. Additionally, in the semester they registered the income corresponding to the agreement with companies Puyehue S.A and Panguipulli S.A, in order to put a stop to resources before the Appeals Court of Santiago and various executive resources before orindary courts, in relation to payments of tolls owed amounting to ThCh$2,217,208.

Operating costs amount to ThCh$26,094,634 (ThCh$25,982,356 in the 2007 period) and are composed as follows: 64.7% depreciation of property, plant and equipment (62.2% in the 2007 period), 11.2% personnel costs (12.1% in the 2007 period), 17.0% supplies and services hired (18.7% in the 2007 period) and 7.2% amortization of intangibles (7.0% in the 2007 period).

Administration and selling expenses amount to ThCh$2,759,641 (ThCh$2,128,992 in the 2007 period) and are composed mainly of 49.2% personnel expenses (45.7% in the 2007 period), 46.71% works, supplies and hired services expenses (50.5% in the 2007 period) and 4.1% depreciation (3.8% in the 2007 period).

Reasoned Analysis (continued)

Non-operating income for the period recorded a loss of ThCh$16,634,727 (ThCh$17,982,403 in the 2007 period), generated mainly by financial expenses for the amount of ThCh$19,305,203 (ThCh$18,619,128 in the 2007 period) and amortization of goodwill for the amount of ThCh$4,204,844 (ThCh$3,470,899 in the 2007 period). Other important headings that affected non-operating income during the period were financial income for the amount of ThCh$7,601,231 (ThCh$2,955,473 in the 2007 period), foreign currency translation for the period, which was negative for the amount of ThCh$849,320 (positive in the 2007 period for the amount of ThCh$70,741), positive price-level restatement of ThCh$509,526 (positive for the amount of ThCh$607,917 in the 2007 period) and negative other non-operating income for the amount of ThCh$386,117 (negative in the 2007 period for the amount of ThCh$473,493).

B) INCOME

DESCRIPTION	As of June 30, 2008	As of June 30, 2007	Variance June 2008/2007	Variance June 2008/2007
	ThCh$	ThCh$		ThCh$
Operating income	88,152,443	69,174,645	27,43%	18,977,798
Sale of tools	86,818,228	68,206,215	27,29%	18,612,013
Works and services	1,334,215	968,430	37,77%	365,785
Operating costs	(26,094,634)	(25,982,356)	0,43%	(112,278)
Fixed costs	(7,354,236)	(8,001,390)	(8,09%)	647,154
Depreciation	(16,870,348)	(16,163,978)	4,37%	(706,370)
Amortization & intangibles	(1,870,050)	(1,816,988)	(2,92%)	(53,062)
Administration and selling expenses	(2,759,641)	(2,128,992)	29,62%	(630,649)
Operating income	**59,298,168**	**41,063,297**	**44,41%**	**18,234,871**
Non-operating income	**(16,634,727)**	**(17,982,403)**	**(7,49%)**	**1,347,676**
Income taxes	(7,776,950)	(1,825,725)	325,97%	(5,951,225)
Minority interest	(83)	(127)	(34,65%)	44
Net income	**34,886,408**	**21,255,042**	**64,13%**	**13,631,366**
R.A.I.I.D.A.I.E.	77,426,115	60,277,277	28,45%	17,148,838

(1) The operating income on June 30th, 2008, includes extraordinary income corresponding to re-liquidations of previous years for the following concepts: a) Agreement with companies Puyehue S.A and Panguipulli S.A for the amount of ThCh$2,217,208, b) corresponding income for the period from March 2004 to December 2007 derived from Decree N° 207 of the Department Of Economic Affairs and Reconstrucción published January 15, 2008 that determines the new principal rate for the amount of ThCh$13,448,311 and c) corresponding income for the year 2007, derived from the Decree recently mentioned for the amount of ThCh$5,258,957. Also, the non-operating income, was impacted upon in the 2008 period by the interests in the above-mentioned re-liquidations, increasing the interest income toThCh$5,170,783 and the interest expenses to ThCh$2,634,862.

Reasoned Analysis (continued)

PROFITABILITY

INDEXES	As of June 30, 2008	As of June 30, 2007	Variance June 2008/2007
Profitability of equity	4.17%	2.57%	62.26%
Profitability of assets	2.06%	1.26%	63.49%
Profitability of operating assets	5.00%	3.42%	46.20%
Gain per share (Ch$)	34,886.41	21,255.04	64.13%

The calculated indicators as of June 30, 2008 consider the operating income previously mentioned in Point B).

C) BALANCES SHEET ANALYSIS

	As of June 30, 2008	As of June 30, 2007	Variance June 2008/2007	Variance June 2008/2007
	ThCh$	**ThCh$**		**ThCh$**
Current assets	96,771,082	107,237,571	(9.76%)	(10,466,489)
P. P. & E.	1,042,610,352	1,051,730,795	(0.87%)	(9,120,443)
Other assets	551,404,626	522,614,944	5.51%	28,789,682
Total Assets	**1,690,786,060**	**1,681,583,310**	**0.55%**	**9,202,750**
Current liabilities	86,347,490	36,194,417	138.57%	50,153,073
Long-term liabilities	768,398,109	817,836,073	(6.04%)	(49,437,964)
Minority interest	4,493	4,894	(8.19%)	(401)
Shareholders' equity	836,035,968	827,547,926	1.03%	8,488,042
Total Liabilities & Shareholders' Equity	**1,690,786,060**	**1,681,583,310**	**0.55%**	**9,202,750**

Reasoned Analysis (continued)

VALUE OF THE MAIN OPERATING PROPERTY, PLANT AND EQUIPMENT

ASSETS	As of June 30, 2008	As of June 30, 2007	Variance June 2008/2007	Variance June 2008/2007
	ThCh$	ThCh$	%	ThCh$
Land	17,062,060	16,757,243	1.82%	304,817
Buildings and infrastructure	771,958,582	763,950,530	1.05%	8,008,052
Machinery and equipment	318,785,456	302,080,571	5.53%	16,704,885
Other Property, plant & equipment	1,500,123	1,549,647	(3.20%)	(49,524)
Accumulated depreciation	(66,695,869)	(32,607,196)	104.54%	(34,088,673)
Total	**1,042,610,352**	**1,051,730,795**	**(0.87%)**	**(9,120,443)**

As of June 30, 2008 and 2007, property plant and equipment concentrate mainly on land, buildings, infrastructure and machinery and equipment.

The assets of the Company and subsidiary are presented valued in accordance with generally accepted accounting principles in Chile.

DIFFERENCE BETWEEN THE BOOK VALUES AND ECONOMIC AND/OR MARKET VALUES OF THE MAIN ASSETS

Considering that the assets of the Company and its subsidiary were valued at market value in June 2006 in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants, for consolidation purposes, in Transelec Norte, it is estimated that their book value is 35.4% less than their economic and/or market value.

Reasoned Analysis (continued)

LIQUIDITY AND INDEBTEDNESS

RATIOS	As of June 30, 2008	As of June 30, 2007	Variance June 2008/2007
Common liquidity	1.12	2.96	(62.16%)
Acid ratio	0.68	1.50	(54.67%)
Demand liabilities / shareholders' equity	1,02	1.03	(0.97%)
% Short-term debt	10.10	4.24	138.36%
% Long-term debt	89.90	95.76	(6.12%)
Financial expenses coverage	4.00	3.23	23.87%

D) MOST IMPORTANT CHANGES IN THE MARKET IN WHICH THE COMPANY PARTICIPATES

Transelec S.A. carries out its activities in the electricity market, which has been categorized into three different sectors: the generation sector, the transmission sector and the distribution sector. The electric energy generation sector comprises the companies that are dedicated to the generation of electricity, whether that electric energy and power comes from hydroelectric, coal, oil, gas, eolian, or other power plants. The importance of this sector is that it is dedicated to the production of electricity, which subsequently will be used throughout the country by end users. The mission of the distribution center is to carry the electricity to the physical locations where each of the final consumers will use that electricity. For this the distribution companies have electrical meshes or networks that allow that electricity to flow within the cities from the “points of entry” to their networks, to the domicile of each final consumer. Finally the basic objective of the transmission sector is to transport the generated electricity between its production place (electrical power plants), and the “points of entry” to the networks of the distribution companies.

Reasoned Analysis (continued)

The business of Transelec is centered mainly on commercialization of the electricity transportation and transformation capacity of its installations, in accordance with established quality standards. The transmission system of Transelec S.A. and its subsidiary which extends throughout 2,900 kilometers between Arica, in the I Region and the Island of Chiloé in the X Region, includes a majority participation in the grid electrical transmission lines and substations of the Sistema Interconectado Central (SIC) and the Sistema Interconectado del Norte Grande (SING). This transmission system transports the electricity that reaches the zones inhabited by approximately 99% of the population of Chile. The Company owns 100% of the 500 kV electricity transportation lines, 51.1% of the 220 kV lines and 94.5% of the 154 kV lines.

The legal framework that governs the electrical transmission business in Chile is regulated by DFL No. 4/2006, which establishes the Modified, Coordinated and Systemized Text of Decree with Force of Law No. 1 of the Ministry of Mining, issued in 1982, the General Electrical Services Law of 1982 (DFL (M) No. 1/82) and its subsequent modifications, which include Law 19,940 (Short Law I), enacted on March 13, 2004 and Law 20,018 (Short Law II), enacted on May 19, 2005. These regulations are complemented with the Regulations of the General Law on Electrical Services of 1997 (Supreme Decree No. 327/97 issued by the Ministry of Mining) and its respective modifications, and in addition to the Security and Quality of Service Technical Standard (R.M.EXTA No. 40 of May 16, 2005) and its subsequent modifications.

Law 19,940, also denominated Short Law I, modified the General Electrical Services Law of 1982 in matters referring to the electricity transmission activity and established the subdivision of the transmission network into three types of systems: grid transmission, sub-transmission and additional transmission. It also establishes that electricity transportation – both by grid transmission systems as well as sub-transmission – has the nature of a public service and is subject to the application of regulated tariffs.

Reasoned Analysis (continued)

Finally, Law 19,940 contemplates that the new payment regime for the use of the grid installations will come into force as of March 13, 2004 and determines a transitory period that will be in force until enactment of the first grid transmission decree. In this manner, during 2004, 2005, 2006 and 2007, a collection and payment of the transmission installations was carried out in a provisional manner and is to be recalculated in accordance with legal and regulatory standards in force until before the publication of Short Law I. On January 15, 2008, the Decree from the Ministry of Economy, Economic Development and Reconstruction was published, setting the grid tariff for the period beginning March 14, 2004 up to December 31, 2010. As of June 30, 2008, grid income for the period from March 13, 2004 up to December 31, 2007 was fully recalculated. The only recalculation that is still pending is for the period from January to March 2008 which according to current regulation has a maximum recalculation period for March 2009. The decree that will regulate sub-transmission tariffs has not been published yet.

E) <u>MARKET RISK FACTORS</u>

Due to the characteristics of the electrical market and the legislation and regulations governing this sector, the Company is not exposed to significant risks arising from the development of its main business. However, the following risk factors should be mentioned and considered:

Regulatory Framework

The legal standards that govern the electrical transmission business in Chile were modified through the enactment of Law 19,940, denominated Short Law I, published on March 13, 2004.

Although several aspects of the application of Short Law I are matters to be defined in the electrical regulation, which has not been prepared yet, the most relevant methodological aspects that establish the amount of the tolls for the grid installations that each user company must pay, the payment and recalculation mechanisms are contained in Decree No. 207 of July 9, 2007 issued by the Ministry of Economy, Economic Development and Reconstruction, published in the Official Gazette on January 15, 2008. Regarding tolls for sub-transmission installations, although the decree that sets the sub-transmission tariffs and indexation formulas has not been fully processed yet, its text contains the provisions that allow its application once it comes into effect.

Reasoned Analysis (continued)

Concentration of income on a single customer
Seventy two point two percent (72.2%) of Transelec's income is generated by single customer, Empresa Nacional de Electricidad S.A., Endesa, and its subsidiary generating companies. The toll agreements signed with Endesa and its subsidiaries Pangue and Pehuenche will generate a large part of the future cash flows of Transelec and a substantial change in its assets, financial condition or operating income could negatively affect Transelec.

Operating Risks
Notwithstanding that management believes that Transelec maintains adequate risk coverage, in accordance with industry practices, it is not possible to assure that insurance policy coverage will be enough to cover certain operating risks which Transelec is exposed to, including perils of nature, damages to transmission installations, labor accidents and equipment failure. Any of these events could affect the Company's business.

Application of environmental regulations and/or policies
Transelec is also subject to regulatory standards of an environmental nature which, among other things, require that it carry out environmental impact studies on future projects and obtain the corresponding regulatory authorizations. It is not possible to assure that these environmental impact studies will be approved by the government authorities, or that 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 sense that could adversely affect the Company's operations and plans

Delays in the construction of new transmission installations
The success of the program for transmission network Extension and New Works will depend on numerous factors, including financing cost and availability. Although Transelec has experience in large scale construction projects, the construction of new installations could be negatively affected by factors commonly associated to projects including delays in obtaining regulatory authorizations; scarcity of equipment, materials, labor or changes in their prices; adverse weather conditions; natural catastrophes; and unforeseen circumstances and difficulties in obtaining financing at reasonable rates. Any of the factors described could cause delays in the partial or total completion of the capital investment program, and could increase the costs of the contemplated projects.

Reasoned Analysis (continued)

Technological Changes
The remuneration of the investments that Transelec carries out in electrical transmission installations is obtained through an annual valuation of the existing installations. Should there be important technological progress in the equipment that composes the installations of Transelec, that valuation could be decreased, which in turn would prevent full recovery of the investments made.

F) FOREIGN EXCHANGE AND INTEREST RATE RISK

Foreign Exchange Risk
Depending on the market and other considerations, Transelec has carried out, when necessary, certain hedging activities such as cross currency swaps and currency forwards in order to cover the risk of fluctuations in the UF-dollar exchange for its bonds denominated in United States dollars. However one cannot assure that Transelec will be fully protected by maintaining foreign exchange hedge contracts. In addition, cross currency swaps and forwards contain counterparty credit risks, cash requirements on the maturity dates and other associated risks.

As of June 30, 2008, the Company and its subsidiary had a part of their fair value debt denominated in United States dollars due to the placement of bonds abroad for an amount of ThUS$489,220 (includes accrued interest) in addition to other short-term liabilities for the amount of ThUS$44,647. On the other hand, assets denominated in United States dollars correspond to the credit on mercantile current account of Transelec Holdings Rentas Limitada for a total amount of ThUS$29,566 (includes interest earned), short-term investments in the financial market for the amount of ThUS$73,380 (includes interest earned), swap contracts at fair value in the amount of ThUS$231,357, trade accounts receivable and other current assets for the amount of ThUS$1,597, forward contracts for the amount of ThUS$3,000 and property, plant and equipment and intangibles at fair value for the amount of ThUS$193,752, which are lower than the respective liability by ThUS$1,215.

Reasoned Analysis (continued)

As of June 30, 2007, the Company had part of its debt denominated in United States dollars due to the placement of bonds abroad for the amount of ThUS$494,963 (includes accrued interest), in addition to other liabilities for the amount of ThUS$46,848. Assets denominated in United States dollars correspond to credit in mercantile current account of Transelec Holdings Rentas Limitada for the amount of ThUS$44,754 (includes interest earned), short-term investments in the financial market for the amount of ThUS$57,439 (includes interest earned), trade accounts receivable for the amount of ThUS$3,321, swap contracts for the amount of ThUS$234,111 (includes accrued interest), lease contracts for the amount of ThUS$2,126, property, plant and equipment for the amount of ThUS$197,050 and forward contracts for the amount of ThUS$17,400. Therefore assets denominated in United States dollars exceed the respective liabilities by ThUS$ 14,390.

Exposure to the exchange rate is partially mitigated by the fact that toll income is expressed in United States dollars and indexed twice a year using indexation formulas partially connected to the US dollar.

Toll contracts are denominated in United States dollars, but monthly invoices are sent expressed in the Chilean peso equivalent, using the average monthly observed United States dollar exchange rate for approximately 93.85% of the contracts and the current observed United States dollar exchange rate for the last day of the month for 4.92% of contracts. The following table shows the corresponding foreign exchange rates:

FOREIGN EXCHANGE RATE

MONTH	**Average 2008 (Ch$)**	**Last day 2008 (Ch$)**	**Average 2007 (Ch$)**	**Last day 2007 (Ch$)**
January	480.90	465.30	540.51	545.18
February	467.22	458.02	542.27	538.42
March	442.94	439.09	538.49	539.37
April	446.43	459.16	532.30	527.08
May	470.10	479.66	522.02	527.52
June	493.61	520.14	526.72	527.46
Average for the Period	**466.87**	**470.23**	**522.47**	**521.95**

Reasoned Analysis (continued)

The indexation formulas applied twice yearly incorporated in the toll contracts reflect the variations in the value of the installations and of operating, maintenance and administration costs. In general, those indexation formulas contemplate the variations in the international prices of the equipment, prices of materials and local labor.

For the 2008 period the indexation effect on average increased the value of tolls by 7.61% compared to the 2007 period.

Interest rate risk

The Company has debts contemplating fixed interest rates. In effect, the debt denominated in United States dollars contemplates a fixed equal 7.875% annual interest rate. On the other hand, all debts denominated in UF were placed at fixed interest rates varying from 4.25% to 6.2%, depending on each bond. Likewise, the Company has a mercantile current account with related companies that is denominated in Chilean pesos, UF and United States dollars, which also contemplates a fixed interest rate. In this manner the Company deems that it is not exposed to a risk that could affect its income due to a change in market interest rates.

G) MAIN CASH FLOWS FOR THE PERIOD

In the period from January 1 to June 30, 2008, positive net cash flows were generated for the amount of ThCh$23,606,744 as follows: operating activities for the amount of ThCh$55,041,920, financing activities in the negative amount of ThCh$640,117, and investing activities for the negative amount of ThCh$30,795,059. In the period from January 1 to June 30, 2007, cash flows were negative for the amount of ThCh$15,023,050 as follows: operating activities for a positive amount of ThCh$25,866,544, financing activities for a negative amount of ThCh$24,145,998 and investing activities for a negative amount of ThCh$16,743,596.

Net cash flows from financing activities during the period from January 1 to June 30, 2008 were negative amounting to ThCh$640,117, product of payment of obligations with the public. In the 2007 period, financing activities reached a negative amount of ThCh$ 24,145,998 mainly as a product of payment of the amortization of the total capital of Series A bonds in UF, in March 2007 for the amount of ThCh$122,038,678, and offset with the new placement of Series C bonds in UF in March 2007 for an amount of ThCh$119,490,600. In addition, dividends for the amount of ThCh$21,597,920 were paid in the period.

Reasoned Analysis (continued)

In this period, investing activities generated negative net cash flows for the amount of ThCh$30,795,059, mainly as a product of other investment disbursements due to price adjustment with HydroQuebec amounting to ThCh$71,953,113 and additions to property, plant and equipment in the amount of ThCh$14,302,340, which were positively affected by net cash flows with related entities for the amount of Ch$56,741,564. In the 2007 period, cash flows from investing activities were negative in the amount of ThCh$16,743,596 mainly due to negative net cash flows from other loans to related companies for the amount of ThCh$12,651,598 and additions to property, plant and equipment for the amount of ThCh$4,666,972.

In this period the effect of inflation on cash and cash equivalents was negative for the amount of ThCh$1,723,820. In the 2007 period the effect was negative for the amount of ThCh$2,044,175.

The final balance of cash and cash equivalents as of March 31, 2008 amounted to ThCh$58,928,354 considering an opening balance of ThCh$33,597,790. In the 2007 period the final balance of cash and cash equivalents amounted to ThCh$54,202,553 considering an opening balance of ThCh$71,269,778.

Relevant Events

During the period ended as of June 30, 2008, and in accordance with General Character Standard No. 30, the Company has informed the SVS about the following essential or relevant events:

On January 25, 2008 the following was informed as an essential event: at ordinary meeting No. 15 held on January 24, 2008 the Company's Board became aware of the resignation presented by director Mr, Mario Marcel Cullell, and accepted such resignation effective as of March 1, 2008.

On March 20, 2008, the convocation of the Extraordinary Shareholders' Meeting for April 4, 2008 at 9:00 hours at the offices located at Av, Apoquindo 3721, 6th Floor, Las Condes was informed as an essential event.

The object of the convocation is to inform the following and submit it to the approval of the shareholders:
Payment of the price adjustment of the Investment Value, in accordance with the HQI Transelec Chile S.A. share purchase agreement signed in June 2006.

On March 27, 2008, the meeting held on March 27, 2008 agreed to inform the SVS the essential event consisting in convocation to Ordinary Shareholders' Meeting for April 24, 2008, at 9:00 hours, at the offices located at Av, Apoquindo 3721, 6th Floor, Las Condes.

The object of the citation is to inform and get the approval of the shareholders in respect to the following matters:

1) Annual Report, Balance Sheet, Financial Statements and Report of External Auditors, corresponding to the period ended as of December 31, 2007.
2) Distribution of final dividend
3) Dividends policy and information regarding the payment procedures to be used
4) Remuneration of the Board and the Audit Committee
5) Designation of External Auditors
6) Newspaper to be used to publish convocation to Shareholders' Meetings
7) Other matters of interest of the Company that come under the jurisdiction of the Meeting

Relevant Events (continued)

On April 7, 2008, the SVS was informed of the following:

Complying with the agreement in number 1,7 of the Share Purchase Agreement signed on June 30, 2006 between HQ Puno Ltda., Hydro Quebec Internacional Transmisión Sudamérica S.A. and International Finance Corporation as sellers and Rentas Eléctricas IV Limitada, as purchaser (which in virtue of the various modifications today corresponds to Transelec S.A.), it is informed that the parties have reached an agreement regarding the partial value of the price adjustment indicated in the mentioned number 1.7 which amounts to US$155,529,900, amount that will be paid by Transelec S.A. to the seller in accordance with the following detail:

- HQI Transmisión Sudamérica S.A.	US$143,071,985
- HQ Puno Ltda.,	US$ 15,553
- International Finance Corporation	US$ 12,442,392

The financing of these payments will come from partial prepayment of the mercantile account that Transelec Holdings Rentas Limitada (main shareholder of Transelec S.A. with 99,99% of the shares) owes this company.
We note that these payments were made on April 4, 2008. In addition we inform that as part of the agreement signed between the aforementioned selling and purchasing parties, the definition of an eventual payment for the adjustment denominated "Cardones-Maintencillo Reactives" is pending, which could amount to US$5,278,000, whose payment is subject to compliance with certain conditions that could occur in the future.

On April 25, 2008, the Superintendent was informed that on April 24, 2008, the Company held its Ordinary Shareholders' Meeting which agreed to the following:

1) Approve the Annual Report, Balance Sheet, Financial Statements and the Report of Independent Auditors, corresponding to the period ended December 31, 2007.
2) Approve the distribution of Ch$8,894,151,513, equivalent to Ch$8,894,151513 per share as the remainder of the final dividend for 2007, dividend that will be paid starting on May 20, 2008 to the shareholders registered in the respective registry on May 13, 2008.
3) The dividends policy for 2008 was informed.
4) The remunerations of the Board of Directors and Audit Committee were set.
5) The designation of Ernst & Young as external auditors of the Company for 2008 was approved.
6) Designation of the Financial Newspaper to be used to publish citation to general shareholders' meeting notices was approved.

Relevant Events (continued)

On May 30, 2008, it was informed that the Board of Directors Meeting held on May 29, 2008 agreed to the distribution of an interim dividend for the period ended March 31, 2008 of the sum of Ch$12,040,000,000 which will be paid starting on June 23, 2008 to the shareholders registered in the respective registry on June 17, 2008.

On June 27, 2008, the Superintendent was informed that the Board of Transelec S.A. at the meeting held on June 26, 2008 agreed to inform that Superintendency of the essential event consisting in the convocation to Extraordinary Shareholders' Meeting to be held on July 21, 2008 at 9:00 hours, at the offices located at Av, Apoquindo 3721, 6th Floor, Las Condes.

The object of the citation is to inform and submit to the shareholders approval of the following point:

- Revoke all the current members of the Board and elect new regular and deputy directors.

Transelec Norte S.A. (subsidiary)

During the period from January 1 to March 31, 2008 and in accordance with General Character Standard No. 30, the Company informed the SVS of the following essential or relevant events:

On January 25, 2008 the SVS was informed that at the Ordinary meeting No. 42, held on January 24, 2008 the Company's Board was informed of the resignation presented by Mr. Mario Marcel Cullell and accepted that resignation effective as of March 1, 2008.

On March 27, 2008 the SVS was informed that the Board of Transelec Norte S.A. at the meeting held on March 27, 2008 agreed to inform that Superintendency of essential event consisting in the citation to an Extraordinary Shareholders' Meeting for April 24, 2008, at 10:00 hours, at the offices located at Av, Apoquindo 3721, 6th Floor, Las Condes.

The object of the citation is to inform and get the approval of the shareholders in respect to the following matters:

1) Annual Report, Balance Sheet, Financial Statements and Report of External Auditors, corresponding to the period ended as of December 31, 2007.
2) Distribution of final dividend
3) Dividends policy and information regarding the payment procedures to be used
4) Board of Directors fees
5) Designation of External Auditors
6) Newspaper to be used to publish convocation to Shareholders' Meetings
7) Other matters of interest of the Company that come under the jurisdiction of the Meeting

Relevant Events (continued)

On April 25, 2008, the Superintendent was informed that on April 24, 2008, the Company held it's Ordinary Shareholders' Meeting which agreed to the following:

1) Approve the Annual Report, Balance Sheet, Financial Statements and the Report of Independent Auditors,, corresponding to the period ended December 31, 2007.
2) Approve the distribution of US$2,850,781,23 as the remainder of the final dividend for 2007. dividend that will be paid starting on May 20, 2008 to the shareholders registered in the respective registry on May 13, 2008,
3) The dividends policy for 2008 was informed
4) The Board fees were set
5) The designation of Ernst & Young as external auditors of the Company for 2008 was approved
6) Designation of the Financial Newspaper to be used to publish citation to general shareholders' meeting notices was approved.

On June 27, 2008, the Superintendent was informed that the meeting of the Board of Directors of Transelec Norte S.A. held on June 26, 2008 agreed to inform that Superintendency of essential event consisting in the citation to an Extraordinary Shareholders' Meeting for July 21, 2008, at 10:00 hours at the offices located at Av, Apoquindo 3721, 6th Floor, Las Condes.

The object of the citation is to inform and subject the following point to the approval of the shareholders:
- Revoke all the current members of the Board and elect new regular and deputy directors