

OFFERING MEMORANDUM



**U.S.\$500,000,000**

**Empresa de Transporte de Pasajeros Metro S.A.**  
*(incorporated in the Republic of Chile as a closed stock corporation)*

**4.750% Notes due 2024**

We issued U.S.\$500,000,000 aggregate principal amount of our 4.750% notes due 2024, or the notes. The notes will mature on February 4, 2024. Interest on the notes will accrue from February 4, 2014 and will be payable on February 4 and August 4 of each year, commencing on August 4, 2014.

We may redeem the notes in whole or in part by paying the greater of the outstanding principal amount of the notes to be redeemed and a “make-whole” amount, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. We may also redeem the notes in whole, but not in part, at any time, if certain changes relating to Chilean tax laws occur, as set forth in this offering memorandum. See “Description of the Notes.”

The notes will be our direct, unconditional, unsecured and unsubordinated obligations and will rank, at all times, equally in right of payment with all of our other existing and future unsecured and unsubordinated indebtedness (other than obligations preferred by statute or by operation of law). The notes will not be entitled to the benefit of any sinking fund and will be effectively subordinated to all of our secured indebtedness with respect to the value of our assets securing such secured indebtedness. Although we are 100% owned by the Republic of Chile, the Republic of Chile is not liable for our obligations under the notes.

No public market currently exists for the notes. We have applied to have the notes listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange. This offering memorandum constitutes a prospectus for the purpose of the Luxembourg law, as amended, dated July 10, 2005 on prospectuses for securities.

The notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or the Securities Act. The notes may not be offered and sold within the United States or to U.S. persons, except to qualified institutional buyers, or QIBs, in reliance on the exemption from registration provided by Rule 144A under the Securities Act and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. You are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See “Plan of Distribution” and “Transfer Restrictions” for a description of the restrictions regarding the purchase and transfer of the notes.

**Investing in the notes involves risks. See “Risk Factors” beginning on page 15.**

**Neither the U.S. Securities and Exchange Commission, or SEC, nor any U.S. state securities commission has approved or disapproved of these securities or determined if this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense. The notes may not be publicly offered or sold, directly or indirectly, in Chile, or to any resident of Chile.**

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**Price: 99.246% plus accrued interest, if any, from February 4, 2014.**

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The notes were delivered to investors on February 4, 2014, only in book-entry form through the facilities of The Depository Trust Company, or DTC, and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Euroclear, and Clearstream Banking, *société anonyme*, or Clearstream, Luxembourg.

*Joint Bookrunners*

**BBVA**

**Deutsche Bank Securities**

The date of this offering memorandum is February 12, 2014



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Unless otherwise indicated or the context otherwise requires:

- all references to “we,” “us,” “our,” “our company,” “ourselves,” “Metro S.A.,” “Metro Santiago” are to Empresa de Transporte de Pasajeros Metro S.A.;
- all references to the “2012 Transantiago Ancillary Services Agreement” are to the Agreement for Ancillary Services of Issuance, Post-sale and Sales Channel of the Common Ticketing System of the Public Passenger Transportation System of Santiago (*Contrato de Prestación de los Servicios Complementarios Emisión y Post-venta del Medio de Acceso y Provisión de Red de Comercialización y Carga del Medio de Acceso al Sistema de Transporte Público de Pasajeros Santiago*) dated as of December 14, 2012, as amended as of June 14, 2013, between the Chilean Ministry of Transportation and Telecommunications (*Ministerio de Transporte y Telecomunicaciones*), or MTT, and Metro Santiago;
- all references to the “2012 Transantiago Transportation Services Agreement” are to the Public Transportation System of Santiago Service Agreement (*Convenio Para la Prestación de Servicios de Transporte al Sistema de Transporte Público de Santiago*) dated as of December 14, 2012, between the MTT and Metro Santiago;
- all references to the “2013 Transantiago Transportation Services Agreement” are to the Public Transportation System of Santiago Service Agreement (*Convenio Para la Prestación de Servicios de Transporte al Sistema de Transporte Público de Santiago*) dated as of June 26, 2013, between the MTT and Metro Santiago;

- all references to the “Transantiago Transportation Services Agreements” are to the 2012 Transantiago Transportation Services Agreement and the 2013 Transantiago Transportation Services Agreement, collectively;
- all references to “Transantiago” are to the Integrated Public Transportation System of Santiago (*Sistema Integrado de Transporte Público de Pasajeros de Santiago*); and
- all references to “Chile” are to the Republic of Chile.

Our management has furnished the information in this offering memorandum to the best of their knowledge. See “Summary” for the address of our principal office. This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the securities described in this offering memorandum. BBVA Securities Inc. and Deutsche Bank Securities Inc. will act as initial purchasers with respect to the offering of the notes. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. You are authorized to use this offering memorandum solely for the purpose of considering the purchase of our notes, which is the sole purpose for which it has been published.

**You should rely only on the information contained in this offering memorandum. Neither we nor the initial purchasers have authorized anyone to provide any information other than that contained in this offering memorandum prepared by or on behalf of us or to which we have referred you. The initial purchasers and we take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate at any date other than the date on the front cover of this offering memorandum.**

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No representation or warranty, express or implied, is made by the initial purchasers as to the accuracy or completeness of the information contained in this offering memorandum, and nothing contained herein is, or shall be relied upon as, a promise or representation by the initial purchasers. The initial purchasers assume no responsibility for its accuracy or completeness and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement. In making an investment decision, you should rely on your own evaluation of our company, the notes and the terms of the offering, including the merits and risks involved.

No person has been authorized to give any information or to make any representations other than those contained in this offering memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

Neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this offering memorandum comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the notes, and the transfer restrictions to which they are subject, see “Plan of Distribution” and “Transfer Restrictions.”

We are relying upon an exemption from registration under the Securities Act for an offer and sale of securities that do not involve a public offering. By purchasing the notes, you will be deemed to have made the acknowledgments, representations and agreements described under “Transfer Restrictions” in this offering memorandum. Neither we nor the initial purchasers are making an offer to sell the notes in any jurisdiction except where such an offer or sale is permitted. You should understand that you may be required to bear the financial risks of your investment for an indefinite period of time.

We have submitted this offering memorandum solely to a limited number of institutional investors in the United States and to certain investors outside the United States so that they can consider a purchase of the notes. We have not authorized the use of this offering memorandum for any other purpose. We make no representation to any purchaser regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, financial, business or tax advice. You should consult your own counsel, accountant, business advisor and tax advisor for legal, financial, business and tax advice regarding any investment in the notes.

We reserve the right to withdraw this offering of notes at any time and we and the initial purchasers reserve the right to reject any commitment to subscribe for the notes in whole or in part and to allot to any prospective investor less than the full amount of notes sought by that investor. The initial purchasers and certain related entities may acquire for their own account a portion of the notes. In addition, we cannot assure you that there will be sufficient investor demand to sell the number of notes indicated on the cover of this offering memorandum.

The notes offered through this offering memorandum are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the terms of the Securities Act and applicable U.S. state securities laws pursuant to registration or exemption from them.

You must comply with all applicable laws and regulations in force in the jurisdiction to which you are subject and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither us nor the initial purchasers will have responsibility therefrom.

Notwithstanding anything in this offering memorandum to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the offering.

This communication is directed only to persons who (1) are outside the United Kingdom or (2) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, or the Order, or (3) are persons falling within Article 49(2)(a) to (d) (high net worth companies, incorporated associations, etc.) of the Order (all such persons together are being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

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## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR**

**CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

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**NOTICE TO CHILEAN INVESTORS**

**RULE N° 336 OF THE CHILEAN SUPERINTENDENCY OF SECURITIES AND INSURANCE  
DISCLAIMER**

**DATE OF COMMENCEMENT OF THE OFFER: JANUARY 28, 2014. THE OFFER OF THE NOTES IS SUBJECT TO GENERAL RULE N° 336 ISSUED BY THE SUPERINTENDENCY OF SECURITIES AND INSURANCE OF CHILE (*SUPERINTENDENCIA DE VALORES Y SEGUROS*) (“SVS”). THE SUBJECT MATTER OF THIS OFFER ARE SECURITIES NOT REGISTERED WITH THE SECURITIES REGISTRY (*REGISTRO DE VALORES*) OF THE SVS, NOR WITH THE FOREIGN SECURITIES REGISTRY (*REGISTRO DE VALORES EXTRANJEROS*) OF THE SVS; THEREFORE, SUCH NOTES ARE NOT SUBJECT TO THE SUPERVISION OF THE SVS. SINCE THE SECURITIES ARE NOT REGISTERED IN CHILE, THERE IS NO OBLIGATION OF THE ISSUER TO MAKE PUBLICLY AVAILABLE INFORMATION ABOUT THE NOTES IN CHILE. THE NOTES SHALL NOT BE SUBJECT TO PUBLIC OFFERING IN CHILE UNLESS REGISTERED WITH THE RELEVANT SECURITIES REGISTRY OF THE SVS.**

***FECHA DE INICIO DE LA OFERTA: JANUARY 28, 2014. LA OFERTA DE LOS BONOS SE ACOGE A LA NORMA DE CARÁCTER GENERAL N°336 DE LA SUPERINTENDENCIA DE VALORES Y SEGUROS (“SVS”). LOS BONOS QUE SE OFRECEN NO ESTÁN INSCRITOS BAJO LA LEY DE MERCADO DE VALORES EN EL REGISTRO DE VALORES O EN EL REGISTRO DE VALORES EXTRANJEROS QUE LLEVA LA SVS, POR LO QUE TALES VALORES NO ESTÁN SUJETOS A LA FISCALIZACIÓN DE ÉSTA. POR TRATARSE DE VALORES NO INSCRITOS, NO EXISTE OBLIGACIÓN POR PARTE DEL EMISOR DE ENTREGAR EN CHILE INFORMACIÓN PÚBLICA RESPECTO DE ESTOS VALORES. LOS BONOS NO PODRÁN SER OBJETO DE OFERTA PÚBLICA EN CHILE MIENTRAS NO SEAN INSCRITOS EN EL REGISTRO DE VALORES CORRESPONDIENTE.***

## ENFORCEMENT OF CIVIL LIABILITIES

We are a closed stock corporation (*sociedad anónima cerrada*) organized under the laws of Chile. All of our directors and executive officers reside outside of the United States. All or a substantial portion of our assets and the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States on, or bring actions or enforce foreign judgments against us or such persons in U.S. courts.

We have been advised by our Chilean counsel, Guerrero, Olivos, Novoa y Errázuriz, that no treaty exists between the United States and Chile for the reciprocal enforcement of foreign judgments. Chilean courts, however, have enforced final judgments rendered in the United States, without reviewing the merits of the subject matter of the case, by virtue of the legal principles of reciprocity and comity, subject to the review in Chile of the United States judgment in order to ascertain whether certain basic principles of due process and public policy have been respected. If a U.S. court grants a final judgment, enforceability of this judgment in Chile will be subject to the obtainment of the relevant *exequatur* (*i.e.*, recognition and enforcement of the foreign judgment) according to Chilean civil procedure law in force at that time and, consequently, subject to the satisfaction of certain factors. Currently, the most important of these factors are:

- (1) the existence of reciprocity absent which the foreign judgment may not be enforced in Chile;
- (2) the absence of any conflict between the foreign judgment and Chilean laws (excluding for this purpose the laws of civil procedure) and public policy;
- (3) the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances;
- (4) the observance of all applicable laws to serve process on the defendant and protect the defendant's right to defense; and
- (5) that the foreign judgment is enforceable pursuant to the laws of the respective country.

We have been advised by our Chilean counsel that there is doubt as to the enforceability, in original actions in Chilean courts, of liabilities predicated solely upon the federal securities laws of the United States and as to the enforceability in Chilean courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws.

In addition, Article 445 No. 17 of the Chilean Civil Procedure Code sets forth that the assets that are used in the performance of a service that cannot be suspended without harming transit or public health may not be seized or attached. Accordingly, this provision affects our main assets, such as trains and subway stations.

We have appointed the Consul General of Chile in the New York, New York as our authorized agent upon which process may be served in any action which may be instituted in any United States federal or state court having subject matter jurisdiction in the Borough of Manhattan, New York, New York, arising out of or based upon the indenture governing the notes or the notes. See "Description of the Notes."

## PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

### Financial Statements

This offering memorandum includes:

- our unaudited interim consolidated financial statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012, together with the notes thereto, or our unaudited interim consolidated financial statements; and
- our annual audited consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010, together with the notes thereto, or our audited consolidated financial statements.

The consolidated financial information as of and for each of the years ended December 31, 2012 and 2011 presented in this offering memorandum has been derived from our audited consolidated financial statements appearing elsewhere in this offering memorandum, which have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesoría Ltda., independent auditors. The consolidated financial information as of and for the year ended December 31, 2010 presented in this offering memorandum has been derived from our audited consolidated financial statements appearing elsewhere in this offering memorandum, which have been audited by KPMG Auditores Consultores Ltda, independent auditors. Unless otherwise indicated, all references herein to “our financial statements,” and “our consolidated financial statements,” are to our unaudited interim consolidated financial statements and our audited consolidated financial statements, in each case, included elsewhere in this offering memorandum.

### Accounting Principles

We maintain our financial books and records in Chilean pesos. We prepare our consolidated financial statements in accordance with the specific rules and regulations issued by the SVS under Official Pronouncement No. 6158, dated March 5, 2012, which are based on International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, and pursuant to which we are permitted to apply International Public Sector Accounting Standard No. 21, or IPSAS 21, instead of International Accounting Standard No. 36, or IAS 36. We refer to these accounting practices collectively as “Applicable GAAP.” For additional information on our application of IPSAS 21, see “—Application of IPSAS 21” below and notes 2.8 and 2.9 to our unaudited interim consolidated financial statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012 and our annual consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010, respectively.

### Application of IPSAS 21

The technical fee (*tarifa técnica*) per passenger, or technical fee, we receive from Transantiago is intended to ensure that we recover our operational costs, debt service costs (including principal and interest) and our costs relating to replacement of property, plant and equipment with useful lives of 40 years or less. No other costs are recoverable through the technical fee. However, we incur certain other capital expenses in property, plant and equipment relating to civil construction and such costs are not taken into account when determining our technical fees, even though a portion of these property, plant and equipment assets can only be used to provide passenger transportation service. Because such assets do not generate other types of cash flows and because capital expenses in these assets are not addressed by the technical fee, our cash flows are not sufficient to cover the capital expenditure requirements relating to these civil construction-related assets.

Under IAS 36, the recoverable amount of property, plant and equipment is the greater of fair value (less costs still to be incurred to sale the asset) and the discounted cash flows generated by the asset or cash-generating unit to which the asset belongs. Accordingly, if we were to apply IAS 36, many of our assets would be impaired because their recoverable amount would be below their carrying amount, due to the insufficiency of cash flows they are able to generate.

In order to address this, the SVS, by means of Official Pronouncement No. 6158, dated March 5, 2012, exempted us from the application of IAS 36, such that we would not have to apply a discounted cash flow approach

when carrying out the impairment test on these civil construction-related assets. The SVS, recognizing that certain of our assets would not be recovered via cash flows, but through other means, including periodic capital contributions by the Chilean government, authorized us to use IPSAS 21. Unlike IAS 36, IPSAS 21 provides for the determination of the recoverable amount of assets pursuant to the depreciated replacement costs approach, the restoration cost approach or the service units approach.

IPSAS 21 is part of the International Public Sector Accounting Standards, or IPSAS, which are issued by the International Public Sector Accounting Standards Board, or IPSASB, an independent organ of the International Federation of Accountants, or IFAC. IPSAS 21, like other IPSAS, reflects the efforts of the IPSASB to adapt certain IFRS to a public sector context when appropriate to reflect the fact that sometimes governmental entities carry out activities which are not primarily intended to generate profit, but rather are seen as public services, such as the public transportation infrastructure that we provide.

As a result of the foregoing, our assets related to civil construction amounting net carrying amounts of Ch\$1,435,600 million, Ch\$1,448,581 million, Ch\$1,463,876 million and Ch\$1,237,535 million as of September 30, 2013, and December 31, 2012, 2011 and 2010, respectively, are accounted for under depreciated historical costs, in accordance with IPSAS 21. If we had applied IAS 36 to these assets and carried out an impairment test under this standard, the result could have a significant negative impact on our financial results as compared to the application of IPSAS 21.

### **Special Note Regarding Non-GAAP Financial Measures**

The body of generally accepted accounting principles is commonly referred to as “GAAP.” For this purpose, a non-GAAP financial measure is generally defined by the U.S. Securities and Exchange Commission, or SEC, as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. In this offering memorandum, we present Adjusted EBITDA and adjusted operating profit (loss), which are non-GAAP financial measures. We define (1) Adjusted EBITDA as gross profit *less* administrative expenses *plus* depreciation and amortization and (2) adjusted operating profit (loss) as gross profit *less* administrative expenses. We present Adjusted EBITDA and adjusted operating profit because we believe they provide investors with a supplemental measure of the financial performance of our operations that facilitates period-on-period comparisons on a consistent basis. Our management also uses Adjusted EBITDA and adjusted operating profit, among other measures, for internal planning and performance measurement purposes. Adjusted EBITDA and adjusted operating profit should not be construed as an alternative to net income, as an indicator of operating performance, as an alternative to cash flow provided by operating activities or as measures of liquidity. Adjusted EBITDA and adjusted operating profit (loss), as we calculated them, may not be comparable to similarly titled measures reported by other companies. For a calculation of Adjusted EBITDA and adjusted operating profit (loss) and a reconciliation of Adjusted EBITDA and adjusted operating profit (loss) to our net income (loss), see “Selected Consolidated Financial and Other Information—Non-GAAP financial measures and reconciliation.”

### **Currency and Other Information**

Unless otherwise stated, the financial information appearing in this offering memorandum is presented in Chilean pesos. In this offering memorandum references to “Chilean pesos” or “Ch\$” are to Chilean pesos, the lawful currency of Chile, and references to “U.S. dollars,” “dollars” or “U.S.\$” are to United States dollars.

References to “UF” are to *Unidades de Fomento*, a daily indexed Chilean peso-denominated monetary unit which is linked to, and adjusted daily to reflect changes in, the official consumer price index, or CPI, of the Chilean National Institute of Statistics (*Instituto Nacional de Estadísticas*), or INE. The UF is revalued in monthly cycles. Each day in the period beginning on the tenth day of the current month through the ninth day of the succeeding month, the nominal peso value of the UF is indexed up (or down in the event of deflation) in order to reflect a proportionate amount of the change in the Chilean consumer price index during the prior calendar month. As of December 31, 2012, 2011 and 2010 and as of September 30, 2013, the value of the UF was Ch\$22,840.75, Ch\$22,294.03, Ch\$21,455.55 and Ch\$23,091.03, respectively.

This offering memorandum contains translations of certain Chilean peso amounts into U.S. dollars at a specified rate solely for the convenience of the reader. The exchange rate translations contained in this offering memorandum

should not be construed as representations that the peso amounts actually represent the U.S. dollar amounts presented or could be converted into U.S. dollars at the rate indicated as of the dates mentioned herein or at any other rate. Unless otherwise indicated, the exchange rate used in converting Chilean pesos into U.S. dollars for amounts presented as of and for the nine-month period ended September 30, 2013, and as of and for the year ended December 31, 2012, was the observed exchange rate (*dólar observado*) reported by the Central Bank of Chile, or the Chilean Central Bank, for September 30, 2013, which was Ch\$504.20 per U.S.\$1.00. The rate reported by the Central Bank for September 30, 2013 is based upon the observed exchange rate published by the Central Bank on the first business day following the respective period. Accordingly, we have converted original Chilean peso amounts into U.S. dollars at the observed exchange rate as published by the Central Bank on October 1, 2013. Therefore, although the exchange rate reported by the Central Bank on September 30, 2013 was Ch\$502.97 per U.S.\$1.00, for conversion purposes in this document, we have consistently used Ch\$504.20 per U.S.\$1.00, which was the exchange rate reported by the Central Bank on October 1, 2013, which applies to all transactions made on the immediately next day. The observed exchange rate for any given day equals the average exchange rate of the transactions conducted in the formal exchange market on the immediately preceding banking day, as certified by the Chilean Central Bank. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

In addition, UF amounts that have been translated from pesos have been so translated at a conversion rate of Ch\$23,091.03 per UF, as published on September 30, 2013 by the Chilean Central Bank.

See “Exchange Rates” for information regarding rates of exchange between the peso and the U.S. dollar and the conversion rates between the peso and UF for the periods specified therein.

In this offering memorandum, where information is presented in millions or billions of Chilean pesos or thousands, millions or billions of U.S. dollars, amounts of less than one thousand, one million, or one billion, as the case may be, have been truncated unless otherwise specified. All percentages have been rounded to the nearest percent, one-tenth of one percent or one-hundredth of one percent, as the case may be. In some cases, amounts and percentages presented in tables in this offering memorandum may not add up due to such rounding adjustments or truncating.

### **Industry and Market Data**

Market data and other statistical information (other than with respect to our financial results and performance) used throughout this offering memorandum are based on independent industry publications, government publications, reports by market research firms or other published independent sources.

Some data are also based on our estimates, which are derived from our review of internal surveys and analyses, as well as independent sources, including the Chilean Central Bank, the Chilean National Institute of Statistics (*Instituto Nacional de Estadísticas*), or INE, and the Community of Metros, or CoMet, a system of international railway benchmarking of which we are a member. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy or completeness. In addition, these sources may use different definitions of the relevant markets and other categories than those we present. Data regarding our industry are intended to provide general guidance but are inherently imprecise. Though we believe these estimates were reasonably derived, you should not place undue reliance on estimates, as they are inherently uncertain.

### **Rounding**

Certain figures included in this offering memorandum have been rounded for ease of presentation. Percentage figures included in this offering memorandum have not in all cases been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, certain percentage amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our consolidated financial statements. Certain other amounts that appear in this offering memorandum may not sum due to rounding.

### **Other Information Presented**

The standard measure of length and distance in Chile is the kilometer, while in the United States the standard measure is the mile. Unless otherwise specified, all units of length and distance shown in this offering memorandum are expressed in terms of kilometer (km). One kilometer is equal to 0.6214 of a mile.

We measured service offering as traffic flow in vehicle-kilometer (car-kms), which is determined by multiplying the number of cars on our network of tracks by the average length of their trips measured in kilometers.

When we refer to “passengers” in this offering memorandum, we are referring to passenger trips on the Santiago subway. Accordingly, during the course of any period measured, an individual passenger can account for multiple passenger trips, and is counted as a “passenger” each time such person makes a trip.

## FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts contained in this offering memorandum, including statements regarding our future financial position and results of operations, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the date of this offering memorandum, we do not provide any assurance with respect to such statements. Our ability to achieve our projected results is dependent on many factors that are outside management’s control. Actual results may differ materially from and be more negative than those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions. Factors that could cause actual results to differ materially and adversely include, but are not limited to:

- changes in the policies of the Chilean government, which controls us;
- changes in capital market conditions in general that may affect policies or attitudes towards lending to Chile or Chilean companies;
- the economic performance of Chile and changes in general economic conditions in Chile, including, for example inflation, interests rates, exchange rates and population growth;
- our ability to implement our capital expenditures program, including our ability to obtain financing when required;
- changes in our costs and expenses, including costs of services and operational costs;
- regulatory developments and changes in applicable Chilean law;
- our ability to carry out our strategic plan;
- our level of indebtedness, financing conditions and our ability to meet our financial obligations;
- currency and interest rate fluctuations;
- natural disasters, including earthquakes; and
- the risk factors discussed under “Risk Factors.”

Should one or more of these factors or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, forecast or intended.

Prospective investors should read the sections of this offering memorandum entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” for a more complete discussion of the factors that could affect our future performance.

In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur. Additional factors affecting our business emerge from time to time and it is not possible for us to predict all of these factors, nor can we assess the impact of all such factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Although we believe the plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that those plans, intentions or expectations will be achieved. In addition, you should not interpret statements regarding past trends or activities as assurances that those trends or activities will continue in the future. All written, oral and electronic forward-looking

statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

In any event, these statements speak only as of their dates, and we do not undertake any obligation to update or revise any of them as a result of new information, future events or otherwise.

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## SUMMARY

*Below we present a summary of our business, financial and operational information, competitive advantages and strategies. This summary does not contain all the information you should consider before investing in the notes. You should read this entire offering memorandum carefully, especially the risks of investing in the notes discussed under the “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business” and our consolidated financial statements and related notes, before investing in the notes.*

### Overview

We are the owner and sole operator of the subway system in the metropolitan region of Santiago, Chile, which we refer to herein as the Santiago subway, and we are 100% owned by the government of Chile. We were incorporated as a closed stock corporation in 1990 by the government of Chile and the Chilean government’s *Corporación de Fomento de la Producción*, or CORFO, having become the assignee of all rights and obligations of the Department of the Metro (*Dirección General de Metro*). As of September 30, 2013, CORFO held 61.66% of our outstanding shares and the Ministry of Finance held the remaining 38.34% of our outstanding shares.

As of September 30, 2013, we operated five subway lines in the metropolitan region of Santiago, the largest center of economic activity in Chile with 6.9 million inhabitants, representing 40.3% of the total population of Chile as of December 31, 2012, according to the INE. As of September 30, 2013, we had 103.5 kilometers of subway tracks, 108 subway stations and 156 trains consisting of 1,093 cars. We transport an average of 2.3 million passengers per business day, and in the nine-month period ended September 30, 2013 and during the fiscal year 2012, we transported approximately 487.8 million and 648.7 million passengers, respectively. During the nine-month period ended September 30, 2013, we recorded gross profit of Ch\$20,807.5 million (U.S.\$41.3 million) and our Adjusted EBITDA was Ch\$59,287.5 million (U.S.\$117.6 million). In 2012, we recorded gross profit of Ch\$37,390.6 million (U.S.\$74.2 million) and our Adjusted EBITDA was Ch\$83,072.1 million (U.S.\$164.8 million).

The Santiago subway is a critical part of Transantiago, the integrated transport system offering ground transportation by bus and underground transportation by subway in the metropolitan region of Santiago created by the Chilean government in 2007 and administered by the Department of Metropolitan Public Transportation (*Directorio de Transporte Público Metropolitano*). As of September 30, 2013, Transantiago’s ground transportation services included 374 bus routes operated by seven private companies covering 34 neighborhoods and 2,766 kilometers of roads, with more than 3.1 million daily trips.

Transantiago uses a common ticketing service that allows for the use of a single touchless smart card (*Tarjeta Bip!*) for payment on city buses and the Santiago subway. In addition to providing the subway services of Transantiago, we are the exclusive sales channel for the Transantiago *Tarjeta Bip!* through our underground and ground points of sale and collect 100% of the fares paid by Transantiago passengers. As of January 2013, 61.2%, of the total daily passenger trips of Transantiago included a trip on the Santiago subway.

We believe that we are one of the most efficient urban passenger transportation service providers in the world, with 98.9% of our fleet operating during peak hours, maximizing the use of our assets. Our customers have recognized the high quality of our service, which differentiates us from other methods of urban transportation, by ranking us as best passenger transport and Bronze Category winner in the 12<sup>th</sup> Chilean Annual Corporate Reputation Ranking in 2013, an annual survey by Hill+Knowlton Strategies, GFK Adimark and *La Tercera* (a Chilean newspaper) that researches 70 companies in Chile in 22 different industries. In 2012, we were named best subway system in the Americas by Metro Rail magazine.

We have successfully implemented dynamic operational strategies to increase the availability and quality of our transportation service, such as:

- optimizing the fleet during peak times through the relocation of trains among our lines, the availability of empty stand-by trains at high-traffic stations and the operation of express trains and loops;
- reducing the intervals between trains and controlling the regularity of our trains; and
- installing corrective maintenance outposts strategically distributed throughout the Santiago subway system in order to minimize the response time in case of operational problems.

### ***Our Operations***

We operate one of the largest subway systems in Latin America in terms of passenger trips and network extension, according to data from CoMet. As of September 30, 2013, we operated five subway lines in the metropolitan region of Santiago, reaching 21 neighborhoods, and we had 108 stations, 156 trains with 1,093 cars, covering a total distance of 103.5 kilometers of track. In addition to our transportation services, we offer 400 commercial and retail spaces for rent in our stations and over 10,000 advertising spaces for rent in our trains and stations.

During the nine-months ended September 30, 2013 and in the year ended December 31, 2012, 83.4% and 85.8%, respectively, of our revenues were derived from fare revenues, and the remaining 16.6% and 14.2%, respectively, from non-fare revenues. Our fare revenues consist exclusively of the technical fees we receive from Transantiago, while our non-fare revenues mainly include:

- sales channel services for Transantiago *Tarjeta Bip!* sales and recharges;
- sale of advertising space in our stations and trains; and
- leasing of space to stores in our stations.

## Our Network and Subway Lines

The map below shows the distribution of our subway lines:



**Line 1.** This line, known as the red line, connects four neighborhoods of Santiago running from west to east on 20.7 km of tracks through downtown Santiago and the financial district, with 27 stations, including stations at the University of Chile, the Catholic University of Chile and the University of Santiago, three of the main universities in Chile, among other locations. Passengers on line 1 have access to more than 22 green spaces, 23 cultural centers, 19 theatres and 3,000 commercial points of interest, as well as access to various services including a bicycle storage service, or *BiciMetro*, and a public library service for passengers, or *BiblioMetro*.

**Line 2.** This line, known as the yellow line, connects four neighborhoods of Santiago running from north to south on 20.5 kms of tracks, with 22 stations, including intermodal stations at the Lo Ovalle and Vespucio Norte, among other locations. Passengers on line 2 have access to an intermodal station offering connecting bus service

outside of the Transantiago system via eight bus operators to other areas of the city, as well as access to *BiciMetro* services at all of the terminal stations.

*Lines 4/4A.* Our lines 4, known as the blue line, and 4A, known as the light blue line, offer service to some of the fastest-growing and more densely populated neighborhoods, including the two most populous neighborhoods in Santiago—Puente Alto and La Florida, among others. Line 4 has 23 stations and 25.7 kms of tracks, and line 4A has six stations and 8.5 km of tracks. Line 4A connects with line 2 at the La Cisterna station. Passengers on lines 4 and 4A have access to more than 500 educational institutions and 2,000 commercial points of interest, as well as access to various services including *BiciMetro* and *BiblioMetro*.

*Line 5.* Our line 5, known as the green line, stretches across Santiago from south to west on 29.9 kms of tracks, running parallel to our line 1 through downtown Santiago, with 30 stations including the terminal station of Vicente Valdés, which connects lines 4 and 5, and the terminal station of Plaza de Maipú, among others. Line 5 shares two stations (Baquedano and San Pablo) with line 1, one station (Santa Ana) with line 2 and one station (Vicente Valdés) with line L4. Passengers on line 5 have access to 51 tourist sites, including the National Museum of Fine Arts, among others, as well as access to *BiciMetro* and *BiblioMetro* services.

#### *Technical Fee*

Pursuant to the terms of the 2013 Transantiago Transportation Services Agreement, in exchange for providing subway transportation services to Transantiago passengers, we receive from Transantiago a technical fee for each confirmed passenger. Since January 1, 2013, this technical fee corresponds to a flat rate of Ch\$302.06 (in Chilean pesos as of September 2012) per passenger, which fee is updated on a monthly basis in accordance with an adjustment formula that takes into account our long-term costs structure, and which considers, among other variables, inflation, currency fluctuations and the price of electric power. The technical fee per passenger we receive from Transantiago is different from the fare passengers pay to use Transantiago. For a more detailed description of our technical fee, see “Management’s Discussion of Financial Condition and Results of Operations—Factors Affecting Our Operations—Our Technical Fees” and “Business—Our Business—Integrated Payment System—Commercial Fares / Technical Fees.”

#### *Transantiago Sales Channel*

The *Tarjeta Bip!*, a smartcard that operates on a touchless system, is the official form of payment for access to Transantiago. We are the exclusive sales channel for the Transantiago *Tarjeta Bip!* through our underground and ground points of sale and collect 100% of the sales and recharges of these cards. Passengers may purchase and recharge *Tarjetas Bip!* at our underground subway stations, as well as over 1,000 retail locations throughout the city of Santiago. The use of the *Tarjeta Bip!* for both ground and subway transportation allows for seamless tracking of passengers and monitoring of transfers between buses and the Santiago subway, allowing passengers up to two transfers in a two-hour time period for the price of one trip. We receive a monthly fee from Transantiago for our sales channel services, which is calculated as a percentage of the total amounts collected by us for sales and recharges of *Tarjeta Bip!* and single-ride tickets. Additionally, we are able to setoff amounts due to us from Transantiago for technical fees for each confirmed passenger of the Santiago subway against the total amount that we collect from the sales channel for the *Tarjeta Bip!*. The funds collected for sales of the *Tarjetas Bip!* and the sale of single-ride tickets is settled daily by validating the number of confirmed passengers based on turnstile counts. We transfer any remaining amounts to the Transantiago Financial Manager (*Administrador Financiero de Transantiago*), or AFT. During the nine-month period ended September 30, 2013 and in the year ended December 31, 2012, our sales channel fee revenue represented 53.2% and 46.6%, respectively, of our non-fare revenues, and 8.8% and 6.6%, respectively, of our total revenues.

#### ***Capital Expenditures Program***

We expect to invest a total of approximately Ch\$1,102,838.0 million (U.S.\$2,187.3 million) during 2014, 2015 and 2016 in an expansion project to increase our service offering and network extension and to upgrade our existing rolling stock and infrastructure. We expect to finance two-thirds of these capital expenditures with capital contributions from our shareholder, the government of Chile, and the remaining with the proceeds from lines of credit with financial institutions and from this offering.

Our expansion project corresponds to the construction of our new subway lines 3 and 6, or Project 63, which represents our most significant undertaking and expansion effort since the inauguration of the Santiago subway. We expect to invest approximately Ch\$978,359.6 million (U.S.\$1,940.4 million) during 2014, 2015 and 2016 in Project 63, of which Ch\$447,258.5 million (U.S.\$887.1 million) correspond to line 6 and Ch\$531,101.1 million (U.S.\$1,053.4 million) to line 3. In September 2012, we began construction of lines 3 and 6, including 37 kilometers of track extensions and the addition of 28 new stations, nine of which are transfer stations that provide improved connection to the existing network. As a result, we plan to increase the current ratio of kilometers of track per resident, which we believe will allow us to continue to provide a high quality service to our passengers and to the city of Santiago. In addition, these new lines are part of an innovative project that incorporates the best practices of international subway systems in order to create a world-class subway system. We estimate that Project 63 will be completed in 2018, with a total investment of approximately Ch\$1,396,545.8 million (U.S.\$2,769.8 million).

We also expect to invest approximately Ch\$124,478.4 million (U.S.\$246.9 million) during 2014, 2015 and 2016 in our “network strengthening program,” which seeks to increase our installed capacity by 126 cars on lines 1, 2 and 5, representing a 20% increase in capacity on these lines, install air conditioning on 100% of the trains on our line 1 and 60% of the trains on our lines 2 and 5, modernize our NS74 trains thereby extending their useful lives by 20 years, and add elevators to improve handicapped accessibility at the stations that currently lack such amenities.

For more detail information on our capital expenditures programs, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures” and “Business—Investment Plans and Expansion.”

## **Our Strengths**

### ***Support of the Chilean government, our sole shareholder.***

We are wholly-owned by the Chilean government and have been granted the exclusive right to develop, construct and operate the underground subway system in the city of Santiago. The Chilean government is known as one of the most stable and transparent in Latin America, and this reputation benefits us and enhances our credibility among the population we serve and the investment community.

While we are self-sufficient and do not require direct subsidies or government loans, we benefit from the Chilean government’s support, from time to time, in the form of capital contributions. For instance, between 2009 and 2010, the Chilean government, through our direct shareholders, approved and subscribed for capital increases in an aggregate amount of Ch\$195,767.1 million (U.S.\$388.3 million), the proceeds of which were used to finance the expansion of our line 5 to Maipú and our line 1 to Los Dominicos. In addition, on August 23, 2011, the Chilean government authorized the financing of up to two-thirds, corresponding to approximately Ch\$1,063,862.0 million (U.S.\$2,110.0 million), of our capital expenditures related to Project 63 and our network strengthening program with capital contributions to be made by the government of Chile and CORFO, and the remaining one-third to be financed with additional indebtedness incurred directly by us and to be repaid through an adjustment in our technical fee. Between 2011 and 2013, our shareholders approved and subscribed for capital increases in an aggregate amount of Ch\$472,328.9 million (U.S.\$936.8 million), relating to Project 63 and our network strengthening program.

### ***The Santiago subway serves as the backbone of Transantiago and is poised to benefit from growth in commercial and residential areas of the metropolitan region.***

The Santiago subway connects many of the major business, retail and residential communities of Santiago, making it a popular mode of transportation for residents and tourists alike. We believe that the broad reach of our network provides our customers with the widest range of destination options within the Santiago metropolitan area. We evaluate our routes and establish the frequency of our service based upon the extent and type of demand in the areas we serve. The Santiago subway serves, among other areas, Providencia, Las Condes, Estación Central, La Cisterna, Recoleta, La Florida, Maipú, Lo Prado and San Joaquín neighborhoods; the financial and business district, comprised of over 50 high-rise office towers and located in surrounding areas of the Las Condes, Providencia and Vitacura neighborhoods; and the largest commercial centers including the Costanera Center, Apumanque, Santiago Centro and Mall Plaza Vespucio. The central location of the Santiago subway and its connections to many destinations in the heart of Santiago enable us to function as the “backbone” of Transantiago, connecting to other

modes of transportation such as bus service. The Santiago subway's intermodal stations increase revenue from fares, as these linkages increase ridership due to the added convenience of having bus routes feed into the subway system.

Moreover, a substantial number of growing commercial and residential areas are within close proximity to the Santiago subway. Compared to other ground transportation solutions, including automobiles and buses, the Santiago subway offers comfortable, safe and punctual transportation that is not subject to traffic congestion, a problem that tends to worsen as a result of urban growth and development. As a result, we believe that the Santiago subway is well-positioned to continue to grow as the preferred transportation option for passengers because of its coverage of key destinations within the Santiago metropolitan area.

***Strong revenue base with a proven record of increasing revenue growth.***

Historically, we have been focused on growing our core operations through the expansion of our network and service offering. We have been committed to growth through expansion projects, such as the extension of existing subway lines or the construction of additional lines, which has allowed us to increase our passenger base and technical fee base. We have financed these investments in a prudent manner, including with the support of the Chilean government through capital contributions to partially fund our capital expenditures program. This has resulted in a solid financial position and a higher passenger base that has enabled us to take advantage of opportunities to expand while producing steady revenue increases. During the past 18 years, we have generated adjusted operating profit without the need for government subsidies. Our Adjusted EBITDA has grown by 13.3% between December 2010 and December 2011 and 0.8% between December 2011 and December 2012, and our revenues have grown by 7.1% and 4.1% between December 2010 and December 2011 and between December 2011 and December 2012, respectively.

***Our technical fee is adjusted to respond to changes in our long-term costs.***

Through Transantiago, the Chilean government has established an integrated fare system in the metropolitan region of Santiago, which allows passengers to travel and transfer freely between the subway system and city buses. Pursuant to the terms of the agreements executed with MTT in connection with our integration to Transantiago, in exchange for subway transportation services to Transantiago, we receive a technical fee from Transantiago for each confirmed passenger. Between February 2007 and December 2012, we had a three-tier technical fee structure that depended on traffic volume. Since January 1, 2013, the technical fee corresponds to a flat fee of Ch\$302.06 (in Chilean pesos as of September 2012) per confirmed passenger. Under the 2013 Transantiago Transportation Services Agreement, our flat-rate technical fee is updated on a monthly basis in accordance with an adjustment formula that takes into account our long-term costs structure, and variables such as inflation, currency fluctuations and the price of electric power. As of September 30, 2013, our technical fee was Ch\$305.7.

Under the 2013 Transantiago Transportation Services Agreement, we and MTT will review and consider revisions to the technical fee in three-year intervals. These revisions to the fee structure will take into account changes in our long-term costs, including increases in our installed capacity and our other services, our hours of operations, the purchase of new trains, the incorporation of new technology, the modernization of our fleet of trains to provide air conditioning, the expansion of infrastructure at our stations, the extension or construction of new lines, or any other asset replacement or debt service costs. For instance, technical fee adjustments are currently being contemplated for several of our most significant capital expenditure projects, including the construction of our new subway lines 3 and 6, as well as the updating of our train cars to provide air conditioning for our passengers' comfort. By adjusting the technical fee, we expect to be able to cover increases in our operating costs, asset replacement costs and debt service costs resulting from the expansion of our capacity.

**Our Strategy**

***Continue to expand our coverage network with additional routes and cost-efficient trains.***

We intend to increase our passenger base by expanding our reach into high-demand and underserved areas, most notably through our construction plans for new subway lines 3 and 6, which we expect to complete by 2018. We expect these new subway lines to add 37 kilometers of track and 28 subway stations, in addition to expanding our subway service to five new neighborhoods.

In addition, we continue to modernize our fleet, which improves service quality and increases our passenger capacity. With the newer fleet, we expect that we will be able to increase efficiency, improve reliability and transport passengers in greater comfort, enhancing our overall value to our passengers. Moreover, as part of our fleet modernization, we expect to optimize our fleet with a lower number of train “families,” without compromising the flexibility of the fleet or other operating conditions, in order to keep maintenance and operating costs at a low level and maximize train usage rates. We expect to complete the fleet modernization by 2018.

We are currently in the process of converting the signaling system used on line 1 to a communications-based train control, or CBTC, signaling system. CBTC uses telecommunications between the train and the track equipment to monitor the exact position of the train along the tracks. Because the CBTC signaling system provides more accurate information than traditional signaling systems, we expect that the timing and reliability of our service will improve. This will allow us to avoid unnecessary delays and to reduce the distance between trains, thereby increasing passenger capacity and improving energy efficiency.

***Continue to grow our non-fare revenue opportunities.***

We believe that, while our fare revenues cover our operating expenses, our non-fare revenues have allowed us, and will continue to allow us, to generate adjusted operating profits. In an effort to diversify our revenue from sources other than the technical fee and increase our profitability, we have sought to increase our sales and leases of marketing and commercial spaces (including for retail, telecommunications, land and intermodal connection and other services) throughout our tunnels, stations and trains by increasing our use of digital advertising media throughout our trains and stations, as well as improving and modernizing the infrastructure of our retail spaces, including the installation of updated electrical and plumbing access and remodeling storefronts, to encourage our retail partners to continue to lease our commercial spaces. For the nine-month period ended September 30, 2013, revenues from the lease of commercial and advertising spaces accounted for 20.7% and 8.8%, respectively, of our total non-fare revenues, compared to 23.6% and 10.4%, respectively, for the same period on 2012. We believe that the expansion of our stations, the construction of new stations and the modernization of our trains will provide us with ample opportunities to increase the availability of commercial and advertising space. In addition, as the exclusive sales channel of Transantiago’s *Tarjeta Bip!*, both through our underground stations as well as at above ground locations, we are well positioned to continue to generate additional non-fare revenues.

***Maintain our focus on improving operational metrics and performance.***

We believe that our success is largely attributable to our dedication to providing our passengers with a high level of service. In 2012, we operated our trains at approximately 98.9% of capacity during peak times. Despite this high utilization rate, during the same period, the number of delays in excess of five minutes attributable to mechanical breakdowns of the trains that we experienced decreased by 15.2% to approximately 1.89 delays per million kilometers traveled by our trains, ranking the Santiago subway seventh among the world’s subways in terms of reliability, according to CoMet. In addition, in 2012 we experienced only eight train delays in excess of 30 minutes (averaging approximately one major delay every 45 days). We continue to strive to improve our operating performance to provide our passengers with a reliable and high quality experience, while continuing to meet increases in demand. For instance, in order to further improve the customer experience and improve reliability, we have recently launched MetroMobile, a free smartphone application that passengers can download which provides up-to-the-minute information about our network and the services we offer to our passengers at particular locations.

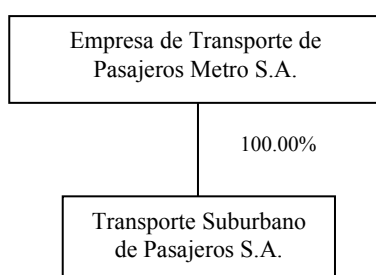
***Continue to reduce our operating costs.***

We continue to seek ways to reduce our costs, including by maintaining various vital systems ourselves rather than using third party service providers. For example, we have taken over control and operation of the automated fare collection system for Transantiago, which uses the *Tarjeta Bip!* smart card system for fare sales in the entire intermodal transportation system that serves the metropolitan region. In addition, we plan to continue to reduce our capital costs per available kilometer by increasing the distance between stations, while incurring low maintenance and electric power costs.

## Ownership Structure

We are a stock corporation that is wholly owned by the government of Chile. As of September 30, 2013, CORFO, a 100% government-owned entity, held 61.66%, of our outstanding shares, and the Chilean government through the Ministry of Finance (*Ministerio de Hacienda*), held the remaining 38.34%, of our outstanding shares. We have one subsidiary, Transporte Suburbano de Pasajeros S.A., or Transub S.A., a company of unlimited duration. Transub S.A. was created with the objective of providing suburban passenger transport services. However, as of the date of this offering memorandum, Transub S.A. is inactive and has no operations, assets or liabilities.

The following chart presents our corporate structure:



## Corporate Information

We were created as a closed stock corporation (*sociedad anónima cerrada*) by public deed of incorporation dated January 24, 1990 granted by the government of Chile and CORFO under the name “Empresa de Transporte de Pasajeros Metro S.A.” Pursuant to Law No. 18,722 enacted on January 28, 1989, the Chilean Congress authorized the conversion of the Department of Metro into a government-owned stock corporation. Pursuant to this law, we are the assignee of all rights and obligations of the Department of the Metro (*Dirección General de Metro*). The Department of Metro (*Dirección General de Metro*), our predecessor, was created by the government of Chile by Decree Law No. 257 published in the official gazette on January 22, 1974, to provide metropolitan subway passenger transportation services in Santiago.

Our corporate headquarters are at Av. Libertador Bernardo O’Higgins 1414, Santiago, Chile. Our corporate purpose includes all activities related to passenger transport by metropolitan rail and other complementary electrical means, including any act or operation related to the corporate purpose. We are registered in the Securities Registry under number 421, and we are subject to the supervision of the SVS. Our telephone number is +56 (2) 2937 2000 and our website address is [www.metrosantiago.cl](http://www.metrosantiago.cl). None of the information contained in our website or connected thereto shall be deemed to be incorporated by reference or otherwise into this offering memorandum.

## THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the notes, see “Description of the Notes.”

Issuer .....	Empresa de Transporte de Pasajeros Metro S.A.
Notes Offered .....	U.S.\$500,000,000 in an aggregate principal amount of 4.750% notes due 2024.
Maturity .....	February 4, 2024.
Interest Rate .....	4.750%
Issue Date .....	February 4, 2014.
Issue Price .....	99.246% plus accrued interest, if any, from February 4, 2014.
Interest Payment Dates .....	February 4 and August 4 of each year, commencing on August 4, 2014.
Ranking .....	<p>The notes will be our direct, unconditional and unsecured general obligations and will, other than in the case of certain obligations granted preferential treatment pursuant to Chilean law, at all times rank <i>pari passu</i> in right of payment with all of our other unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to all of our secured indebtedness with respect to the value of our assets securing such secured indebtedness and to all of the existing and future liabilities of our subsidiaries, including trade payables of our subsidiaries. Although we are wholly-owned by the Republic of Chile, the Republic of Chile is not liable for our obligations under the notes, nor do such obligations form any part of the public debt of the Republic of Chile.</p> <p>As of September 30, 2013, we had approximately Ch\$1,183,639.5 million (approximately U.S.\$2,347.6 million) aggregate principal amount of indebtedness outstanding that ranked <i>pari passu</i> with the notes, Ch\$23,267.3 million (U.S.\$46.1 million) of secured indebtedness that ranked effectively senior to the notes and Ch\$608,209.1 million (U.S.\$1,206.3 million) of indebtedness that is guaranteed by the government of Chile.</p>
Additional Amounts .....	<p>Under current Chilean laws and regulations, payments of interest to a foreign holder of the notes that is not a resident of Chile for purposes of Chilean taxation will generally be subject to Chilean withholding tax assessed at a rate of 4.0%. Subject to certain exceptions, we will pay additional amounts so that the amount received by the foreign holder that is not a resident of Chile, after Chilean withholding tax, will equal the amount that would have been received if no such taxes had been applicable. For a discussion of the tax consequences of, and limitations on, the payment of additional amounts with respect to any withholding taxes, see “Description of the Notes—Payment of Additional Amounts” and “Taxation—Chilean Tax Considerations.”</p>

Make-whole Redemption .....	We may redeem the notes, in whole or in part, at any time and from time to time, at our option, at a redemption price equal to the greater of (1) 100% of the then outstanding principal amount of the notes to be redeemed, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 30 basis points, in each case plus accrued and unpaid interest to the date of redemption. See “Description of the Notes—Make-whole Redemption.”
Tax Redemption .....	We may redeem the notes at our option in whole (but not in part), at any time, at the principal amount thereof plus accrued and unpaid interest, if the laws or regulations affecting taxes in the Republic of Chile change in certain respects. See “Description of the Notes—Redemption for Taxation Reasons” and “Taxation—Chilean Tax Considerations.”
Change of Control .....	Upon the occurrence of a change of control event as described in “Description of the Notes,” you will have the right to require us to purchase all or a portion of your notes at a purchase price in cash equal to 100% of the principal amount plus accrued and unpaid interest to the date of repurchase. See “Description of the Notes—Change of Control.”
Certain Covenants.....	The indenture under which the notes will be issued contains certain covenants, including limitations on liens and limitations on sale and leaseback transactions. These covenants are subject to important exceptions and qualifications that are described under the heading “Description of the Notes—Covenants.”
Form and Denomination.....	The notes will be issued in fully registered book-entry form, with a minimum denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. It should be noted that under New York law, the prescription or statute of limitations for claims against debt is six years.
Governing Law .....	Our contractual rights and obligations and the rights of the holders of the notes arising out of, or in connection with, the indenture and the notes are governed by, and will be construed in accordance with, the laws of the State of New York, without giving effect to any conflict of law principles.
Transfer Restrictions.....	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on transfer. See “Transfer Restrictions.”
Use of Proceeds .....	We estimate that the net proceeds from the offering will be approximately U.S.\$492,230,000, after deducting estimated commissions and expenses. We intend to use the net proceeds to fund a portion of our capital expenditures related to Project 63 and our network strengthening program and for general corporate purposes. See “Use of Proceeds.”

Clearance and Settlement ..... The notes will be represented by one or more global securities registered in the name of a nominee of DTC. You will hold beneficial interests in the notes through DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg, and DTC and its direct and indirect participants will record your beneficial interest on their books.

Listing ..... We have applied to have the notes listed on the Luxembourg Stock Exchange.

Trustee ..... Deutsche Bank Trust Company Americas.

**Risk Factors**

Investing in the notes involves substantial risks. You should carefully consider all the information in this offering memorandum prior to investing in the notes. In particular, we urge you to consider carefully the factors set forth under “Risk Factors.”

## SUMMARY CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present certain summary consolidated financial information and operating data as of the dates and for each of the periods indicated. This information is qualified in its entirety by reference to, and should be read together with, “Presentation of Certain Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this offering memorandum. The summary consolidated financial information as of and for the years ended December 31, 2012 and 2011 presented in this offering memorandum has been derived from our audited consolidated financial statements appearing elsewhere in this offering memorandum, which have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesoría Ltda., independent auditors. The summary consolidated financial information as of and for the year ended December 31, 2010 presented in this offering memorandum has been derived from our consolidated financial statements appearing elsewhere in this offering memorandum, which have been audited by KPMG Auditores Consultores Ltda., independent auditors. The consolidated financial information as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012 has been derived from our unaudited interim consolidated financial statements appearing elsewhere in this offering memorandum. Our audited consolidated financial statements and our unaudited interim consolidated financial statements appearing elsewhere in this offering memorandum have been prepared in accordance with Applicable GAAP. See “Presentation of Certain Financial and Other Information—Accounting Principles.”

The results of operations for the nine-month period ended September 30, 2013 are not necessarily indicative of the results to be expected for the year ending December 31, 2013 or for any other period.

	For the nine-month period ended September 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010(2)
	<i>(in millions of U.S.\$) (1)</i>	<i>(in millions of Ch\$)</i>	<i>(in millions of U.S.\$) (1)</i>	<i>(in millions of U.S.\$) (1)</i>	<i>(in millions of Ch\$)</i>		
<b>Statement of Income Data:</b>							
Revenues .....	360.2	181,590.4	175,900.2	472.8	238,396.1	228,962.2	213,842.4
Cost of sales .....	(318.9)	(160,782.9)	(146,093.3)	(398.7)	(201,005.4)	(196,748.1)	(190,773.6)
Gross profit .....	41.3	20,807.5	29,806.8	74.2	37,390.6	32,214.1	23,068.8
Other income, by function .....	2.3	1,134.8	677.6	2.0	1,011.7	3,330.4	839.6
Administrative expenses .....	(32.9)	(16,586.5)	(18,614.3)	(51.3)	(25,880.4)	(20,037.6)	(13,562.8)
Other expenses, by function .....	(1.2)	(617.5)	(197.8)	(0.4)	(217.5)	(3,828.2)	(747.0)
Other profits (losses) .....	2.9	1,448.6	(8,134.2)	(14.2)	(7,157.8)	3,277.4	—
Financial income (3) .....	12.5	6,297.2	6,024.2	16.8	8,470.2	8,157.8	18,022.0
Financial expenses (3) .....	(74.3)	(37,481.6)	(37,939.0)	(100.4)	(50,640.8)	(47,798.9)	(54,417.9)
Foreign exchange variation .....	(30.6)	(15,437.3)	35,866.5	62.2	31,346.0	(43,822.6)	35,215.9
Income (loss) from <i>Unidades de Fomento</i> .....	(17.8)	(8,982.7)	(10,446.6)	(38.5)	(19,431.2)	(29,220.4)	(20,406.9)
Income (loss) before income taxes .....	(98.0)	(49,417.5)	(2,956.8)	(49.8)	(25,109.2)	(97,728.1)	(11,988.4)
Income taxes .....	—	—	—	—	—	—	—
<b>Net income (loss) .....</b>	<b>(98.0)</b>	<b>(49,417.5)</b>	<b>(2,956.8)</b>	<b>(49.8)</b>	<b>(25,109.2)</b>	<b>(97,728.1)</b>	<b>(11,988.4)</b>

(1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See “Exchange Rates” for further information about recent fluctuations in exchange rates.

(2) The statement of income data for the year ended December 31, 2010 is not directly comparable to the respective information for the years ended December 31, 2012 and 2011, as certain reclassifications were carried out between 2011 and 2010.

(3) Until December 31, 2010, we classified financial income and financial expenses related to derivative instruments on a gross basis. Beginning January 1, 2011, we classify these financial income and expenses on a net basis. The respective reclassification decreased our financial income in 2011, while at the same time decreasing our financial expenses in 2011 by Ch\$7,589.3 million.

	As of September 30,		As of December 31,			
	2013	2013	2012	2012	2011	2010(2)
	<i>(in millions of U.S.\$) (1)</i>	<i>(in millions of Ch\$)</i>	<i>(in millions of U.S.\$) (1)</i>	<i>(in millions of Ch\$)</i>		
<b>Balance Sheet Data:</b>						
Cash and cash equivalents.....	391.6	197,450.5	322.3	162,517.7	118,151.5	88,589.1
Property, plant and equipment (3).....	5,506.4	2,776,333.5	5,322.1	2,683,391.4	2,645,362.3	2,652,326.3
Investment properties (3).....	26.4	13,334.8	26.8	13,496.3	12,806.5	7,365.5
Total assets.....	6,138.6	3,095,103.5	5,905.5	2,977,550.3	2,831,121.2	2,810,458.7
Other current financial liabilities (4).....	216.0	108,912.1	143.5	72,332.1	77,411.2	73,213.0
Total current liabilities.....	326.6	164,685.9	253.5	127,799.7	127,511.3	130,218.9
Other non-current financial liabilities (4).....	2,177.7	1,097,994.8	2,295.1	1,157,188.7	1,187,089.5	1,151,245.9
Total liabilities.....	2,728.9	1,375,909.5	2,593.9	1,307,867.8	1,341,290.5	1,309,935.5
Capital stock.....	3,719.3	1,875,247.7	3,522.5	1,776,047.7	1,571,086.7	1,484,403.7
Accumulated profits (losses).....	(378.8)	(191,000.1)	(280.3)	(141,311.6)	(116,202.4)	(14,206.2)
Other reserves (5).....	69.3	34,957.1	69.3	34,957.1	34,957.1	30,336.4
Total equity.....	3,409.7	1,719,194.0	3,311.6	1,669,682.5	1,489,830.7	1,500,523.2
Total liabilities and equity.....	6,138.6	3,095,103.5	5,905.5	2,977,550.3	2,831,121.2	2,810,458.7

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- (2) The balance sheet data as of December 31, 2010 is not directly comparable to the respective information for the years ended December 31, 2012 and 2011, as certain reclassifications were carried out between 2011 and 2010.
- (3) Until December 31, 2010, we included Ch1,142.9 million related to certain items of investment property within property, plant and equipment, which subsequently was reclassified to the line item "Investment properties."
- (4) Other financial liabilities include our bank loans, debt securities and derivatives transactions.
- (5) As of December 31, 2010, "other reserves" included Ch\$4,911.7 million related to a revaluation adjustment of land which was carried out as part of our implementation of Applicable GAAP. Subsequently, these amounts were reclassified to accumulated profits (losses) in accordance with our accounting framework.

	As of and for the nine-month period ended September 30,			As of and for the year ended December 31,			
	2013	2013	2012	2012	2011	2010	
	<i>(in millions of U.S.\$) (1)</i>	<i>(in millions of Ch\$)</i>		<i>(in millions of U.S.\$) (1)</i>	<i>(in millions of Ch\$)</i>		
<b>Other Financial Data:</b>							
Capital expenditures.....	253.4	127,777.0	71,859.8	288.9	145,655.6	68,149.5	161,671.3
Depreciation and amortization.....	(109.2)	(55,066.5)	(53,503.8)	(141.9)	(71,561.9)	(70,261.2)	(63,239.0)
Net cash flows from operating activities.....	104.8	52,819.6	53,295.9	127.6	64,314.1	79,517.5	74,462.5
Net cash flows used in investing activities.....	(256.4)	(129,289.9)	(71,859.8)	(288.9)	(145,655.6)	(66,403.1)	(161,671.3)
Net cash flows from financing activities.....	216.2	108,985.6	43,041.7	255.5	128,819.1	11,377.8	75,956.7
Total financial debt (2).....	2,393.7	1,206,906.8	1,230,142.0	2,438.6	1,229,520.8	1,264,500.7	1,224,458.9
Adjusted EBITDA (3).....	117.6	59,287.5	64,696.3	164.8	83,072.1	82,437.7	72,745.0
Adjusted operating profit (3).....	8.4	4,221.0	11,192.5	22.8	11,510.2	12,176.5	9,506.0
Debt to equity ratio (4).....		0.8	0.8		0.8	0.9	0.9

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- (2) Total financial debt is the sum of our other current and non-current financial liabilities. Includes our bank loans, debt securities and derivatives transactions.
- (3) Adjusted EBITDA and adjusted operating profit are not recognized measures under GAAP or Applicable GAAP, and should not be considered in isolation or as an alternative to net income or cash flow, as operating performance measurements or as indicators of liquidity. Other companies may calculate their Adjusted EBITDA and adjusted operating profit differently than we do and therefore our presentation of Adjusted EBITDA and adjusted operating profit may not be comparable to other similarly titled measures of other companies. We define Adjusted EBITDA as gross profit less administrative expenses plus depreciation and amortization and (2) adjusted operating profit (loss) as gross profit less administrative expenses. Our Adjusted EBITDA and adjusted operating profit (loss) definitions have limitations that restrict its usefulness as a measurement of our profitability and as a measurement of our free cash flow, as it does not consider certain of our cash requirements, such as interest payments, tax payments and debt service payments. For a reconciliation of our Adjusted EBITDA and

adjusted operating profit (loss) to our net income (loss), see “Selected Consolidated Financial and Other Information—Non-GAAP financial measures and reconciliation.”

(4) Calculated as total debt divided by total equity

	As of September 30,		As of December 31,		
	2013	2012	2012	2011	2010
<b>Operating Data:</b>					
Number of cars .....	1,093	985	1,030	967	967
Kilometers of track .....	103.5	103.5	103.5	103.5	95.1
Number of stations .....	108	108	108	108	101
Number of passengers (in millions) .....	487.8	477.4	648.7	639.9	620.7
Average number of trips per day (in millions) .....	2.22	2.17	2.20	2.15	2.08
Number of employees .....	3,580	3,338	3,401	3,266	3,300
Car / Kilometers (in millions)(1) .....	106.4	97.9	132.0	131.1	119.0

(1) We calculate car-km by multiplying the number of cars on our network of tracks by the average length of their trips measured in kilometers.

## RISK FACTORS

*An investment in the notes is subject to a number of risks. You should consider carefully all the risks described below and the other information in this offering memorandum before deciding to invest in the notes. There are a number of factors, including those described below, which may adversely affect the issuer's ability to make payments under the notes. Furthermore, the risks and uncertainties described may not be the only ones we may face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations.*

### **Risk Factors Related to Our Business**

***We may be unable to obtain sufficient funds in the form of debt or capital to implement our growth strategy.***

The business of subway transportation is capital-intensive and, therefore, our growth strategy requires significant resource availability. We expect to fund a substantial portion of our expansion and modernization projects with capital contributions from our shareholders, and the proceeds from this offering. However, we cannot assure you that in the future our shareholders will continue to fund a portion of our capital expenditures programs or that we will generate sufficient cash flow resulting from our operations and this offering to finance all investments that we consider necessary, including the construction of our new lines 3 and 6. In this case, we may need additional resources. Failure to generate or raise sufficient funds may require us to delay or abandon some expansion plans or expenditures, which could harm our business and competitive position. We estimate that our aggregate expenditure requirements in 2014 will include budgeted investments of Ch\$447,727.4 million (U.S.\$888.0 million). Our ability to raise capital will likely depend on our level of indebtedness and market conditions. Additional capital may not be available or may not have acceptable conditions. If we obtain funding through the issuance of debt securities or bank financing, we increase our level of indebtedness, which could adversely affect our financial condition.

***Reduced passenger traffic volumes could have a material adverse effect on our results of operations and financial condition.***

We derive substantially all of our revenues from the technical fees paid to us by Transantiago. These revenues are dependent primarily on the number of confirmed passengers. In turn, passenger volumes depend on a number of factors, including the quality, convenience and travel time on alternate forms of transportation not operated by us, the construction of roads, the quality and state of repair of our subway lines, the economic climate and changes in electric power and fuel prices in Chile, weather and the existence of alternative means of transportation. There can be no assurance that passenger volumes will not decrease or experience lower than expected increases, and any such effect on traffic volumes could have a material adverse effect on our results of operations or financial condition.

Competition from other mass transportation operators or the development or improvement of alternative transportation, including toll-free motorways, or urban mass transit provided by bus, may decrease traffic volumes on our subway lines or limit our ability to expand, thereby materially adversely affecting our revenues and growth.

In addition to the factors listed above, an increase in the accessibility or convenience of private transportation could reduce the number of passengers that use our subways and Transantiago generally. For example, a change in fuel taxes, vehicle importation taxes, auto loans, transportation infrastructure, toll roads or parking policies could decrease the number of passengers who choose to use our subways.

For the above reasons, the number of passengers traveling on our subways or on Transantiago in general may decrease, or may not remain stable or increase, and any reduction in the level of passengers on our trains or on Transantiago in general may have an adverse effect on us

***Our financial condition and results of operations are vulnerable to fluctuations in the technical fee structure.***

We are part of Transantiago and the technical fees we collect are dependent upon the number of confirmed passengers using the subway lines and the established technical fee structure. The technical fee is revised on a monthly basis based on several variables, including inflation, the value of the U.S. dollar, the value of the Euro, the index of imported products and energy prices. Significant downward adjustments to the technical fee could have a material adverse effect on our business, results of operations or financial condition. For more detailed information

on the fee structure, see “Business—Our Business—Integrated Payment System—Commercial Fares / Technical Fees—Technical Fees.”

***Our subway lines utilize technological systems and such systems are vulnerable to service interruptions and the risks associated with automated failures.***

Our subway lines utilize technological systems such as the SACEM and MASTRIA integrated systems for automatic speed control. If we experience a service failure or the technology does not operate properly for a prolonged period, we may be unable to collect revenues properly. We cannot assure you that a material service interruption will not occur in the future or that any continuity plan that we have in place will be completely effective.

***We may face increases in maintenance costs, which could have a material adverse effect on our results of operations or financial condition.***

Ongoing repair and maintenance obligations of our subway lines, stations and equipment may require certain expenditures. Such required expenditures, however, do not contemplate additional projects or delays that may arise in connection with a force majeure event. If our plans or assumptions change or prove to be inaccurate or we experience unanticipated costs, our results of operations or financial condition could be materially adversely affected.

***We may not achieve the expected benefits of our new subway lines on a timely basis or at all.***

As part of our business strategy, we expect to invest an aggregate amount of Ch\$1,396,545.8 million (U.S.\$2,758.5 million) to construct our new lines 6 and 3. We expect the new line 6 to become operational in 2016 and the new line 3 to become operational in 2018. Following this offering, we believe we will have access to sufficient funds to support this project. However, similar to other large capital expenditure projects, we are at risk to many factors beyond our control that may prevent or hinder our implementation of the new subway lines or lead to cost overruns, including new or more expensive obligations to comply with environmental regulations, technical or mechanical problems, construction delays, shortages of equipment, materials or skilled labor, lack of available capital and other factors. Even if we effectively implement this project, we may not be able to capitalize on the additional capacity the subway lines will provide, which may result in lower revenues and operating profits than anticipated. Failure to successfully implement this business strategy on a timely basis or at all may adversely affect our business prospects and results of operations.

***Rising electric power costs could materially adversely affect our business.***

Electric power costs comprised approximately 13.9%, 14.6% and 15.1% of our cost of sales for the nine-month period ended September 30, 2013 and for the years ended December 31, 2012 and 2011, respectively. Electric power prices and supply are influenced significantly by political and economic circumstances. If unusual price volatility were to arise for any reason, the resulting higher electric power prices would significantly increase our operating costs, which could adversely affect our results of operations and financial condition. Increases in electric power prices may be covered through an increase in our technical fee, though often with delayed effect. However, there are no assurances that these increases will cover the entire electric power price increase for a given period.

***We provide a broadly used public service that is subject to intense public scrutiny, especially in the case of disruption.***

The majority of people in the Santiago metropolitan area use public transportation as their primary means of transportation. As a result, the Santiago public depends on public transportation providers, including us, for consistent, uninterrupted service, and the activities of the public transportation providers are under constant and intense public scrutiny. Due to this scrutiny, any disruption in our services, regardless of the cause, may create negative public sentiment toward us and therefore could have an adverse effect on us beyond that caused directly by the disruption.

***Future acts of terrorism or war, as well as the threat of war, may cause significant disruptions in our business operations.***

Terrorist attacks, such as those that occurred on September 11, 2001, as well as the more recent attacks on the transportation systems in Madrid and London, and government response to those types of attacks and war or risk of war may adversely affect our results of operations, financial condition or liquidity. Our subway lines, stations and facilities could be direct targets or indirect casualties of an act or acts of terror. Such acts could cause significant business interruption and result in increased costs and liabilities and decreased revenues, which could have an adverse effect on our operating results and financial condition. Such effects could be magnified where releases of hazardous materials are involved. Any act of terror, retaliatory strike, sustained military campaign or war or risk of war may have an adverse effect on our operating results and financial condition by causing or resulting in unpredictable operating or financial conditions, including disruptions of subway lines, volatility of electric power prices, general economic decline and instability or weakness of financial markets which could restrict our ability to raise capital. In addition, insurance premiums charged for some or all of our coverage could increase dramatically or certain coverage may not be available to us in the future.

***Our continued growth requires us to attract and retain specialized personnel.***

Our results of operations and financial condition are dependent on our capacity to attract and retain qualified personnel, particularly those with expertise in the subway and public transportation sectors. The loss of key personnel without prompt replacements could therefore have a material adverse effect on our results of operations and financial condition. In addition, we cannot assure you that we will continue to be able to retain or attract a sufficient number of skilled personnel on attractive terms or at all. Any inability to recruit, train or retain such personnel could hinder our ability to successfully operate our business, which could have a material adverse effect on our results of operations and financial condition.

***We are party to legal proceedings which could have a material adverse effect on our results of operations and financial condition.***

From time to time, we become involved in arbitration, litigation, tax and other proceedings relating to claims arising from our operations in the normal course of business. We cannot assure you that these proceedings will not materially affect our ability to conduct our business in the manner that we expect or otherwise have a material adverse effect on our business, financial condition and results of operations should an unfavorable ruling occur. See “Business—Legal and Administrative Proceedings.”

As of September 30, 2013, we maintained provisions in the total amount of Ch\$1,110.5 million to cover litigation and tax proceedings. To the extent we are not successful in some or all of these matters, or in future legal challenges (including potential class actions), or we do not prevail in reversing or nullifying adverse government decisions which are material to our business, our results of operations and financial condition may be materially adversely affected.

***We face possible catastrophic loss and liability, and our insurance may not be sufficient to cover our damages or damages to others.***

The operation of any subway carries with it an inherent risk of catastrophe, mechanical failure, collision, and property loss. In the course of our operations, accidents, business interruption due to political developments, as well as labor disputes, and strikes could result in a loss of revenues or increased liabilities and costs. Collisions, explosions or other accidents can cause serious bodily injury, death, and extensive property damage, particularly when such accidents occur in heavily populated areas. Additionally, our operations may be affected from time to time by natural disasters such as earthquakes. The occurrence of a major natural disaster could have a material adverse effect on our operations and financial condition. Insurance may not be sufficient to cover our damages or damages to others, and our insurance may not continue to be available at commercially reasonable rates. In addition, we are subject to the risk that one or more of our insurers may become insolvent and would be unable to pay a claim that may be made in the future. Even with insurance, if any catastrophic interruption of service occurs, we may not be able to restore service without a significant interruption to operations which could have an adverse effect on our financial condition.

***We may face liability for casualty losses that are not covered by insurance.***

We have obtained insurance coverage for losses sustained by us arising from personal injury and for property damage in the event of derailments or other incidents. Personal injury claims made by our subway employees may be subject to Titles XII (Contract Liability) and XXXV (Torts Liability) of Book IV of the Chilean Civil Code, the Chilean Labor Code, Law No. 16,744 (Labor Accidents and Occupational Disease Act) and *Decreto Supremo* No. 594 of 2,000 (regulating health and sanitary conditions of working sites). We have obtained insurance coverage in the amount of UF 30,000 per incident in the event that we are held civilly liable for the acts of our employees. Severe accidents or personal injuries could cause our liability to exceed our insurance limits, which might have a material adverse effect on our business and financial condition. In addition, adverse events directly and indirectly attributable to us, including such things as derailments, accidents or other like occurrences in the industry, can be expected to result in increases in our insurance premiums or our self-insured retentions and could result in limitations to the coverage under our existing policies.

***A system failure could cause delays or interruptions of service, which could cause us to lose passengers.***

To provide effective service, we will need to continue to provide our passengers with reliable service over our subway system. Some of the risks to our subway system and infrastructure include, but are not limited to, physical damage to infrastructure and networks from natural disasters such as earthquakes, floods and volcanic eruptions, among others; and power surges or outages. Our operations rely on a stable supply of utilities. In the past, there has been instability in the provision of supplies, including the supply of gas from Argentina, resulting in electric power rationing in Chile. We cannot assure you that future supply instability or interruptions will not impair our ability to procure required utility services in the future, which could adversely impact our operations.

Prolonged service interruptions could affect our business. We rely heavily on our subway equipment and ancillary services to support all of our functions and for substantially all of our revenues. We are able to deliver services only to the extent that we can protect our network systems against damage from power failures, natural disasters, unauthorized access, terrorist acts and other disruptions.

***We have a significant amount of indebtedness.***

We have a significant amount of long-term indebtedness, which amounted to Ch\$1,097,994.8 million (U.S.\$2,177.7 million) as of September 30, 2013. The potential significant consequences on our financial condition and results of operations that could result from our substantial debt include:

- limiting our ability to obtain additional financing to fund our capital expenditures, debt service, general corporate or other obligations;
- requiring a substantial portion of our cash flows from operations be used for the repayment of principal and interest on our debt, reducing funds available to us for operations or other capital needs;
- increasing our vulnerability to general adverse economic and industry conditions because, during periods in which we experience lower earnings and cash flow, we will be required to devote a proportionally greater amount of our cash flow to paying principal and interest on our debt; and
- making it difficult for us to refinance our indebtedness or to refinance such indebtedness on competitive terms.

Any borrowings we make at variable interest rates leave us vulnerable to increases in interest rates generally, which may increase our debt burden and the possibility of each of the consequences above. More importantly, we do not expect to be able to repay our outstanding indebtedness solely from cash flow generated by our operations and, if we are unable to incur additional indebtedness or secure an equity contribution from our shareholder in order to repay our indebtedness as it matures, our business may be adversely affected.

***We could be adversely affected if major suppliers fail to provide needed equipment and services on a timely basis.***

We rely on a few strategic suppliers to provide us with equipment, materials and services that we need in order to operate our subway lines and business. There are a limited number of suppliers who can provide the equipment that our operations and expansion plans demand or the services that we need to maintain our extensive and geographically widespread subway network. In addition, because the supply of subway equipment requires detailed supply planning, it would be difficult for us to replace the suppliers of this equipment.

We also depend on key suppliers and vendors, including maintenance services providers, equipment suppliers for network infrastructure to satisfy our operating needs. Many suppliers rely heavily on labor; therefore, any work stoppage or labor relations problems affecting our suppliers could adversely affect our operations. Suppliers may, among other things, extend delivery times, raise prices and limit supply due to their own shortages and business requirements. If our suppliers fail to deliver products and services on a timely basis that satisfies our demands, we could experience disruptions, which could have an adverse effect on our business, financial condition and results of operations.

We have no effective means to ensure that these suppliers or service providers will continue to perform these services to our satisfaction, in a manner satisfactory to us, or on commercially reasonable terms. We could become dissatisfied with the suppliers, service providers, or their cost levels and refuse to utilize them in the future. If a service provider is not able to provide the agreed services at the level of quality we require, we may not be able to replace such service provider on short notice, which may have a material adverse effect on our business.

***We could incur material costs to maintain compliance with or resolve liabilities under environmental regulations.***

A wide range of general and industry-specific Chilean environmental laws and regulations regulate our operations, equipment and facilities, including requirements governing the preparation of environmental impact assessments for our projects, the generation, storage, handling and disposal of hazardous materials, the discharge of pollutants to air and water, the remediation of contamination and the protection of worker safety. Numerous Chilean government entities have issued rules and regulations that are often difficult and costly to comply with and carry substantial penalties for non-compliance.

Chilean environmental regulations have become increasingly stringent in recent years, particularly in connection with the approval of new projects, and this trend is likely to continue. Accordingly, we may be subject to stricter enforcement or interpretation of existing Chilean environmental laws and regulations, and such laws and regulations may become more stringent in the future. We have made, and expect to continue to make, significant expenditures to comply with new and existing environmental requirements. In addition, compliance with environmental laws may require us to change our development plans and, thus, may adversely affect the manner in which we seek to implement our business strategy and our ability to accomplish our expansion plan. Future developments in the establishment or implementation of environmental requirements, or in the interpretation of such requirements, could result in substantially increased capital, operating or compliance costs or otherwise adversely affect our business, financial condition and results of operations.

From time to time we may not be in compliance with all such requirements. Violations of the aforementioned laws and regulations could result in substantial costs or liabilities, including claims for damages and/or civil or criminal penalties or fines.

The Chilean Environmental Law (*Ley No. 19,300 Sobre Bases Generales del Medio Ambiente*) provides that Chilean companies are responsible for any environmental damage caused by their negligence and may be subject to monetary fines as a result. Consequently, we could be subject to fines, or could be required to remediate contamination or pay compensation, including economic, moral or environmental damages caused by our operations.

Given the possibility of unanticipated regulatory or other developments, including more stringent environmental laws, the amount and timing of future environmental compliance expenditures could vary substantially from their current levels. These variations could limit the availability of our funds and resources for other purposes.

Pursuant to the Chilean Environmental Law, we are required to submit our projects for new subway lines to an environmental impact assessment procedure, which provides the community with an opportunity to request information, make comments and file complaints.

***Labor disputes, strikes, work stoppages and protests could lead to increased operating costs.***

As of September 30, 2013, approximately 81% of our employees were members of unions. If our workers were to strike, the resulting work stoppages could have an adverse effect on us. We would incur losses as a result of business interruptions caused by labor action. As a result, our results of operations and financial condition could be adversely affected by future strikes, work stoppages, protests or similar activities.

The most relevant labor, health and safety laws and regulations that apply to the company are the Chilean Labor Code, Law No. 16,744 (Labor Accidents and Occupational Diseases Act), *Decreto Supremo* No. 594 of 2000 (regulating health and sanitary conditions of working sites), and Titles XII (Contract Liability) and XXXV (Tort Liability) of Book IV of the Chilean Civil Code. Amendments to these regulations could increase the costs of the company in the future. Compliance with labor, health and safety rules may be enforced judicially, usually by imposing fines. If any person is injured as a result of a breach of these obligations, we may have to compensate such person for damages, including moral damages.

**Risk Factors Relating to Our Relationship with the Chilean Government**

***The development of our projects depends materially on the annual public budget approved by the Congress.***

The Chilean government provides financing to our projects through the public budget, which is prepared by the government and approved by the Chilean Congress on an annual basis. See “Principal Shareholders.” The public budget for the financial year ended December 31, 2014 has been approved and was published in the Official Chilean Gazette on December 18, 2013. If the budget approved for a particular period does not provide us with sufficient funds, we may not be able to finance for our capital expansion projects.

***Important corporate governance matters, our annual investment budget and financing programs are determined by or subject to the approval of the President of Chile and the Chilean Congress.***

We are a stock corporation wholly owned by the government of Chile. Our relationship with the Ministry of Finance (*Ministerio de Hacienda*) and CORFO is governed by Law No. 18,772. The President of Chile is indirectly vested with the authority analogous to that of the shareholders of a corporation (*sociedad anónima*) under Chilean law. In the case of the interest held through CORFO, the authority of the President is delegated to the Sistema de Empresas Públicas, or SEP, a committee of CORFO in charge of the corporate governance of certain Chilean government-owned companies. Both CORFO and SEP are under the control of the President of Chile. Pursuant to such authority, the President of Chile names our directors and approves any amendments to our bylaws. Our senior management and administration are vested in our board of directors and further delegated to our Chief Executive Officer. Our board of directors must submit our proposed annual investment budget to the Treasury Department for its approval and possible revision, and for its inclusion in the annual public budget of the Chilean government submitted by the President of Chile to the Chilean Congress for its approval. There is no guarantee that actions taken with respect to the appointment of our directors, amendments to our bylaws, and revision and approval of our investment budget are or will be the same as they would be in a privately owned company. In addition, there is no guarantee that Congress will approve the annual public budget of the Chilean government in the terms submitted by the President of Chile. See “Management” and “Regulatory Framework.”

***Statutory amendments could be proposed that would allow private ownership of the Company.***

We are 100% owned by the Chilean government. Pursuant to Act No. 18,772, the Chilean government and CORFO may allow private participation in the Company; however, the total participation of the Chilean government cannot be less than 51%. A new law passed by the Chilean Congress would be required to allow private participation in excess of such percentage. Although there has been no formal governmental action to permit private investment in us, no assurance can be given that private ownership will not be allowed by the Chilean Congress in the future. See “Regulatory Framework—Regulatory Regime.”

## **Risk Factors Related to Chile**

***Our business, results of operations and financial condition can be impacted by earthquakes and other natural disasters.***

Chile lies on the Nazca tectonic plate, one of the world's most seismically active regions. Chile has been adversely affected by powerful earthquakes in the past, including an 8.0 magnitude earthquake that struck the country in 1985 and a 9.5 magnitude earthquake in 1960.

On February 27, 2010, an 8.8-magnitude earthquake struck the south-central portion of Chile, causing a tsunami and recurring aftershocks, which caused significant damage to infrastructure, homes and industry. Nearly half of the regions in Chile were declared "catastrophic zones" by the Government and curfews were imposed in several areas where there was looting and public disorder. According to an assessment by the Government, the repair of the resulting damage is likely to last until March 2014 and the assessment of reconstruction costs indicates that such costs could total approximately U.S.\$30 billion, equivalent to 18% of the gross domestic product, or GDP.

A major earthquake, like the one that struck in 2010 which affected our operations for one day, could have significant negative consequences for our operations and for the general infrastructure in Chile, including electric power and subway access.

***The Chilean economy is exposed to regional and international markets; global or regional adverse events may negatively affect our performance and results.***

The Chilean economy has been influenced, to varying degrees, by economic conditions in other emerging market countries. Changes in Chilean economic growth in the future or future developments in or affecting the Chilean economy, including consequences of economic difficulties in Brazil and other emerging markets or a deceleration in the economic growth of Asian or other developed nations to which Chile exports a majority of its goods, could materially and adversely affect our business, financial condition and results of operations.

We are directly exposed to risks related to the weakness and volatility of the economic and political situation in Latin America, especially in Argentina and Brazil. If Argentina's economic environment significantly deteriorates or does not improve, the economy in Chile, as both a neighboring country and a trading partner, could also be affected and could experience slower growth than in recent years. Crises and political uncertainties in other Latin American countries could also have an adverse effect on Chile, the market value of our securities or have a material adverse effect on our business, financial condition and results of operations.

Developments and the perception of risks in other countries, especially emerging market countries, may affect the Chilean economy, our business and the market price of Chilean securities, including the notes. Furthermore, although economic conditions are different in each country, investors' reactions to developments in one country may affect the securities of issuers in other countries, including Chile. Starting in September 2008, the economic and financial crisis in the United States and Europe sparked a series of financial institution failures throughout the globe. This resulted in a liquidity crisis and a reduction in growth of the global economy as financial institutions tightened risk policies and reduced lending to banks, corporations and individuals. Consequently, Chile was affected by a strong decrease in growth during the fourth quarter of 2008 and in 2009 as its trading partners entered into recession affecting local corporate sales, employment levels, plans for investment and the price of exports. In 2011, the Chilean economy recovered with high levels of growth, low unemployment, low inflation and low interest rates that contributed to the positive trends experienced by the retail industry during 2011 and 2012. Nonetheless, a global financial crisis could affect the Chilean economy and have a material adverse effect on our business, financial condition and results of operations and the market value of our securities.

***Inflation could have a material adverse effect on our business, results of operations and financial condition.***

In Chile, the inflation rate is measured by the Chilean Consumer Price Index, which is calculated by the INE. This index includes prices of a selected group of goods and services typically consumed by Chilean families. In the past, Chile has experienced high levels of inflation. For the years 2010, 2011 and 2012, the inflation rate in Chile was 3.0%, 4.4% and 1.5%, respectively, and for the nine months ended September 30, 2013, the inflation rate was 1.9%. The measures taken by the Chilean Central Bank to control inflation have often included maintaining a tight

monetary policy with high interest rates, thereby restricting the availability of credit and retarding economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have also contributed materially to economic uncertainty in Chile and to heightened volatility in its securities markets. Periods of higher inflation may also slow the growth rate of the Chilean economy and could lead to reduced demand for our products and services and decreased sales. Any future increases in the rate of inflation could depress economic activity and consumer demand in Chile, which would adversely affect demand for our products and services.

Although Chilean inflation has been relatively stable in recent years, Chile has experienced higher relative levels of inflation in the past decades. High levels of inflation in Chile could adversely affect passenger traffic and the Chilean economy and have a material adverse effect on our results of operations and financial condition.

We cannot assure you that Chilean inflation will not increase significantly from its current level or that our business, results of operations and financial condition will not be materially adversely affected by inflation.

***Currency devaluations and foreign exchange fluctuations may have a material adverse effect on us.***

The Chilean peso has been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. The main driver of exchange rate volatility in the past years was the significant devaluations in other Latin American countries, mainly Brazil, as well as general uncertainty and trade imbalances in the global markets. In 2007, the Chilean peso appreciation was driven by an improvement in Chilean economic indicators and record commodities prices, together with a weak performance of the U.S. dollar. More recently, the primary driver of exchange rate volatility has been the substantial appreciation of Latin American currencies, including the Chilean peso, against the U.S. dollar. The value of the Chilean peso against the U.S. dollar may continue to fluctuate significantly in the future.

Historically, a significant portion of our indebtedness has been denominated in U.S. dollars, while a substantial part of our revenues and operating expenses has been denominated in Chilean pesos. If the Chilean peso's value declines against the dollar, we will need more Chilean pesos to repay the same amount of dollar-denominated debt. As a result, fluctuations in the Chilean peso to U.S. dollar exchange rate may affect us. As of December 31, 2012 and September 30, 2013, 30.5% and 29.7%, respectively, of our financial debt (bank loans and bonds) was denominated in U.S. dollars, and as of September 30, 2013, 27.9% of such debt was hedged against exchange rate variations between the Chilean peso and the U.S. dollar through financial instruments such as cross-currency swaps. The remainder of our interest-bearing debt is primarily UF-denominated and therefore not subject to exchange rate risk. Our hedging policy against foreign exchange fluctuations is disclosed in "Management's Discussion and Analysis of Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Fluctuations in Exchange Rates and Inflation." We cannot assure you that our hedging policies will avoid future losses related to exchange rate variations.

Any significant currency devaluation or foreign exchange fluctuation in the future may adversely affect the performance of the Chilean economy and have a material adverse effect on us.

***Chile has different accounting and disclosure standards than holders may be familiar with in the United States of America or elsewhere.***

The accounting, financial reporting and securities disclosure requirements in Chile differ from those in the United States in some significant respects. In terms of accounting principles, we do not apply generally accepted accounting principles in the United States, or U.S. GAAP. Our Applicable GAAP is based on IFRS except that pursuant to specific rules issued by the SVS, we, as a company providing a public service, are permitted to apply IPSAS 21, instead of IAS 36, which effectively exempts us from applying a discounted cash flow approach when carrying out the impairment test on certain of our assets. See "Presentation of Certain Financial and Other Information—Application of IPSAS 21" for additional details on the effects of this exemption. We have not prepared a reconciliation of our financial statements from Applicable GAAP to U.S. GAAP or to IFRS. Any such reconciliation would result in material differences in our financial statements as compared to those prepared under Applicable GAAP and included in this offering memorandum.

The securities laws of Chile have as a principal objective promoting disclosure of all material corporate information to the public. Chilean disclosure requirements, however, differ from those in the United States in some

important respects. In addition, although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean laws are different from those in the United States and in certain respects the Chilean securities markets are not as highly regulated and supervised as the U.S. securities markets.

### **Risk Factors Related to the Notes**

***The notes are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the notes does not develop.***

The offer and sale of the notes have not been registered under the Securities Act or the securities laws of any other jurisdiction and the notes are being offered and sold only to QIBs within the meaning of Rule 144A and in offshore transactions to persons other than U.S. persons pursuant to Regulation S. The notes constitute a new issue of securities, for which there is no existing market. We have applied to have the notes listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange. The initial purchasers are not under any obligation to make a market with respect to the notes, and we cannot assure you that trading markets will develop or be maintained, that holders of the notes will be able to sell their notes, or the price at which such holders may be able to sell their notes. If an active trading market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, prospects for other companies in our industry, political and economic developments in and affecting Chile, the risk associated with Chilean issuers of similar securities and the market for similar securities. If an active trading market for the notes does not develop or is interrupted, the market price and liquidity of the notes may be materially and adversely affected.

***There are restrictions on your ability to transfer the notes.***

The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to QIBs as defined under Rule 144A. Furthermore, the notes will not be registered under Law 18,045, as amended, of Chile with the SVS and, accordingly, the notes cannot and will not be offered or sold to persons in Chile except in circumstances which have not resulted and will not result in a public offering under Chilean law, and in compliance with Rule 336 of the SVS. For a discussion of certain restrictions on resale and transfer, see “Plan of Distribution” and “Transfer Restrictions.” Consequently, a holder of notes and an owner of beneficial interests in those notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

***We may incur additional indebtedness ranking equally to the notes or secured indebtedness.***

The indenture does not limit our ability to incur additional debt that ranks on an equal and ratable basis with the notes. If we incur any additional debt that ranks on an equal and ratable basis with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you. Subject to certain limitations, we also have the ability to incur collateralized debt and such debt would be effectively senior to the notes to the extent of such collateral. See “Description of the Notes—Covenants—Limitation on Liens.”

***Payments on the notes will be effectively subordinated to any secured debt obligations of the issuer.***

The notes will constitute senior unsecured obligations of the issuer and will be effectively subordinated to all existing and future secured obligations of the issuer, to the extent of the value of the assets securing such obligations. As of September 30, 2013, our total outstanding indebtedness was Ch\$1,206,906.8 million, of which Ch\$608,209.1 million was secured.

***The obligations under the notes will be subordinated to certain statutory liabilities***

Under Chilean bankruptcy law, the obligations under the notes are subordinated to certain statutory preferences. In the event of liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the notes.

***Any reduction in our credit ratings could materially adversely affect us.***

The notes have been assigned a rating by Standard & Poor's and Fitch Ratings. The ratings address the likelihood of payment of principal at the notes' maturity. The ratings also address the timely payment of interest on each interest payment date. The ratings of the notes are not a recommendation to purchase, hold or sell the notes, and the ratings do not comment on market price or suitability for any particular investor. We cannot assure you that the rating of the notes will remain for any given period of time or that the rating will not be lowered or withdrawn. The assigned ratings may be raised or lowered depending, among other factors, on the rating agencies' respective assessment of our financial strength, as well as their assessment of Chilean sovereign risk generally.

In addition, credit ratings impact the interest rates we pay on funds that we borrow and the market's perception of our financial strength. If the ratings on the notes were reduced and the market were to perceive any such reduction as a deterioration of our financial strength, our cost of borrowing would likely increase and our net income could decrease, all of which could have a material adverse effect on us.

***It may be difficult to enforce civil liabilities against us or our directors and executive officers or to attach or seize our assets.***

All or a substantial portion of our assets and those of our directors and executive officers, all of whom are non-residents of the United States, are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States on these persons with respect to matters arising under U.S. federal securities laws, or to enforce outside the U.S. judgments obtained against us or these persons in U.S. courts, including actions predicated upon the civil liability provisions of the U.S. federal securities laws, see "Enforcement of Civil Liabilities."

In addition, Article 445 No. 17 of the Chilean Civil Procedure Code sets forth that assets that are used in the performance of a service that cannot be suspended without harming transit or public health may not be seized or attached. The Chilean courts may interpret this provision as applicable to our main assets, such as trains and subway stations. As a result, it may be difficult or impossible for investors to have our assets seized or attached and liquidated to obtain any payment from us.

***We will not have guaranteed access to U.S. dollars for repayment of the Notes.***

Under Chilean laws and Chilean Central Bank regulations, we will not have guaranteed access to the formal exchange market (*mercado cambiario formal*), which is comprised of banks and other financial entities authorized by the Chilean Central Bank to purchase and sell foreign currencies, for payments of interest and principal on the notes in U.S. dollars. However, we are permitted to purchase U.S. dollars to make payments of interest and principal on the notes. Future Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile could restrict or prevent us from purchasing U.S. dollars for purposes of making payments under the notes. See "Exchange Controls."

***Payments claimed in Chile on the notes, pursuant to a judgment or otherwise, may be in Chilean pesos.***

In the event that proceedings are brought against us in Chile, either to enforce a judgment or as a result of an original action brought in Chile, we would not be required to discharge those obligations in a currency other than Chilean currency. Such obligation may be satisfied in Chilean currency at the rate of exchange in effect on the date on which payments are made. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment in Chile.

***Although we are wholly owned by the government of Chile, the government is not a guarantor of the notes. In addition, the interests of the government of Chile may not coincide with the interests of the holders of the notes.***

We are wholly-owned by the government of Chile. As of September 30, 2013, approximately Ch\$608,209.1 million (US\$1,206.3 million), or 50.4%, of our indebtedness was guaranteed by the government of Chile. However, the government of Chile is not a guarantor of, and is not liable for, any of our obligations under the notes. Moreover, we cannot assure you that your interests as holders of the notes will always align with those of the government of Chile in its capacity as our shareholder. The government of Chile could require us to, among other things, make investments, incur costs and/or pursue projects that prioritize the country's social, political and/or economic objectives, and which may not be profitable. As a result, these investments, costs and projects may not be in the best interests of our noteholders.

## EXCHANGE RATES

Chile has two currency markets, the formal exchange market (*mercado cambiario formal*), comprised of banks and other entities authorized by the Chilean Central Bank, and the informal exchange market (*mercado cambiario informal*), comprised of entities that are not expressly authorized to operate in the formal exchange market, such as certain foreign exchange houses and travel agencies, among others. Purchases and sales of foreign currencies that may be conducted outside the formal exchange market can be carried out on the informal exchange market at the “spot rate.” Pursuant to current Chilean regulations, the Chilean Central Bank must be informed of certain transactions, and it is empowered to determine that certain purchases and sales of foreign currencies be carried out on the formal exchange market. Both the formal and informal exchange markets are driven by free market forces.

The observed exchange rate (*dólar observado*), which is reported by the Chilean Central Bank and published daily in the Official Gazette (*Diario Oficial*), is computed by taking the weighted average of the previous business day’s transactions on the formal exchange market. The Chilean Central Bank has the power to intervene by buying or selling foreign currency on the formal exchange market to attempt to maintain the observed exchange rate within a desired range. During the past few years, the Chilean Central Bank has intervened to keep the observed exchange rate within a certain range only under special circumstances. Although the Chilean Central Bank is not required to purchase or sell dollars at any specific exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorized transactions at spot rates as well.

The informal exchange market reflects transactions carried out at an informal exchange rate. There are no limits imposed on the extent to which the rate of exchange on the informal exchange market can fluctuate above or below the observed exchange rate. In recent years, the variation between the observed exchange rate and the informal exchange rate has not been significant.

We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. On February 10, 2014, the observed exchange rate was Ch\$555.35 per U.S.\$1.00. The following table sets forth the annual low, high, average and period-end observed exchange rate for U.S. dollars for each year starting in 2009, as reported by the Chilean Central Bank.

Year	Observed Exchange Rates (Ch\$ per U.S.\$1.00) <sup>(1)(2)</sup>			
	Low	High	Average	Period-End
2009 .....	491.09	643.87	559.67	507.10
2010 .....	468.37	549.17	510.38	468.01
2011 .....	455.91	533.74	483.36	519.20
2012 .....	469.65	519.69	486.75	479.96
2013 .....	466.50	533.95	495.04	524.61

(1) The table presents the annual low, high, average and period-end observed rates for each year.

(2) Reported on the first business day of the following month.

Month	Observed Exchange Rates (Ch\$ per U.S.\$1.00) <sup>(1)(2)</sup>			
	Low	High	Average	Period-End
July 2013 .....	497.79	514.34	504.96	515.42
August 2013 .....	506.78	516.83	512.59	509.74
September 2013 .....	496.49	510.38	504.57	504.20
October 2013 .....	493.36	508.58	500.81	507.64
November 2013 .....	507.64	528.19	519.25	529.64
December 2013 .....	523.76	533.95	529.20	524.61
January 2014 .....	527.53	553.84	538.36	553.84
February 2014 (through February 10).....	553.16	559.24	556.33	555.35

(1) The table presents the annual low, high, average and period-end observed rates for each month.

(2) Reported on the first business day of the following month.

We make no representation that the Chilean peso or the UF amounts referred to herein could have been or could be converted into UF or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. The following table sets forth the annual low, high, average and period-end exchange rate for UF, as reported by the Chilean Central Bank.

<b>Year</b>	<b>Exchange Rates (Ch\$ per UF)<sup>(1) (2)</sup></b>			
	<b>Low</b>	<b>High</b>	<b>Average</b>	<b>Period End</b>
2009 .....	20,809.42	21,451.88	21,007.40	20,942.88
2010 .....	20,849.68	21,455.55	21,171.80	21,455.55
2011 .....	21,456.25	22,294.03	21,846.38	22,294.03
2012 .....	22,296.19	22,922.15	22,598.85	22,840.75
2013 .....	22,807.54	23,309.56	22,980.90	23,309.56

- (1) The table presents the annual low, high, average and period-end UF for each year.  
(2) UF values for the tenth day of the current month to the ninth day of the following month are reported at the beginning of the current month.

<b>Month</b>	<b>Exchange Rates (Ch\$ per UF)<sup>(1) (2)</sup></b>			
	<b>Low</b>	<b>High</b>	<b>Average</b>	<b>Period End</b>
July 2013 .....	22,852.67	22,949.89	22,888.71	22,949.89
August 2013 .....	22,954.32	23,038.71	23,002.78	23,038.71
September 2013 .....	23,040.94	23,091.03	23,067.92	23,091.03
October 2013 .....	23,092.57	23,186.81	23,133.47	23,186.81
November 2013 .....	23,190.54	23,236.65	23,221.88	23,236.65
December 2013 .....	23,238.20	23,309.56	23,267.17	23,309.56
January 2014 .....	23,312.57	23,435.87	23,369.91	23,435.87
February 2014 (through February 9).....	23,440.40	23,476.61	23,458.50	23,476.61

- (1) The table presents the annual low, high, average and period-end UF for each month.  
(2) UF values for the tenth day of the current month to the ninth day of the following month are reported at the beginning of the current month.

## EXCHANGE CONTROLS

The Chilean Central Bank is the entity responsible for monetary policies and exchange controls in Chile. Chilean issuers are authorized to offer securities internationally provided they comply with, among other things, the provisions of Chapter XIV of the Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales*) of the Chilean Central Bank, or the Central Bank Compendium.

Pursuant to the provisions of Chapter XIV of the Central Bank Compendium, it is not necessary to seek the Chilean Central Bank's prior approval in order to issue the notes. The Chilean Central Bank only requires that: (1) the remittance of funds obtained from the sale of the notes into Chile be made through the formal exchange market and disclosed to the Chilean Central Bank as described below; and (2) all remittances of funds to make payments under the notes made from Chile be made through the formal exchange market and disclosed to the Chilean Central Bank as described below.

The proceeds of the sale of the notes may be brought into Chile or held abroad. If we remit the funds obtained from the sale of the notes into Chile, such remittance must be made through the formal exchange market and we must deliver to the Chilean Central Bank directly or through an entity of the formal exchange market an annex providing information about the transaction, together with a letter instructing such entity to deliver us the foreign currency or the peso equivalent thereof. If we do not remit the funds obtained from the sale of the notes into Chile, we have to provide the same information to the Chilean Central Bank directly or through an entity of the formal exchange market within the first ten days of the month following the date on which we received the funds. The regulations require that the information provided describe the financial terms and conditions of the securities offered, related guarantees and the schedule of payments.

All payments in connection with the notes made from Chile must be made through the formal exchange market. Pursuant to Chapter XIV of the Central Bank Compendium, no prior authorization from the Chilean Central Bank is required for such payments in U.S. dollars. The participant of the formal exchange market involved in the transfer must provide certain information to the Chilean Central Bank on the banking business day following the day of payment. In the event payments are made outside Chile using foreign currency held abroad, we must provide the relevant information to the Chilean Central Bank directly or through an entity of the formal exchange market within the first 10 days of the month following the date on which the payment was made.

Under Chapter XIV of the Central Bank Compendium, payments and remittances of funds from Chile are governed by the rules in effect at the time the payment or remittance is made. Therefore, any change made to Chilean laws and regulations after the date hereof will affect foreign investors who have acquired the notes. We cannot assure you that further Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile will not restrict or prevent us from acquiring U.S. dollars or that further restrictions applicable to us will not affect our ability to remit U.S. dollars for payment of interest or principal on the notes.

The above is a summary of the Chilean Central Bank's regulations with respect to the issuance of debt securities, including the notes, as in force and effect as of the date of this offering memorandum. We cannot assure you that restrictions will not be imposed in the future, nor can there be any assessment of the duration or impact of such restrictions if imposed. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of Chapter XIV of the Central Bank Compendium, a copy of which is available from us upon request.

## **USE OF PROCEEDS**

We estimate that the net proceeds to us from the sale of the notes will be approximately U.S.\$492.2 million (Ch\$269,284.3 million, based on the observed exchange rate of Ch\$547.07 per U.S.\$1.00 reported by the Chilean Central Bank for January 28, 2014) after deducting all commissions and expenses in connection with this offering. We intend to use the net proceeds from the offering to fund a portion of our capital expenditures related to Project 63 and our network strengthening program and for general corporate purposes. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures” and “Business—Investment Plans and Expansion.”

Our intended use of the net proceeds from this global offering is based on our analysis, current expectations and projections regarding future events. These estimates are subject to change at any time in our discretion, as we intend to use the net proceeds from this offering to satisfy our funding requirements as they arise. Our management will retain broad discretion over the use of the net proceeds from this offering, and may ultimately use the net proceeds for different purposes than we currently intend. Pending any specific application, we may invest the net proceeds of this global offering in cash, cash equivalents or marketable securities.

## CAPITALIZATION

The following table sets forth our actual capitalization as of September 30, 2013 and our capitalization as adjusted to reflect the sale of the notes and our receipt of the net proceeds from the offering. You should read this table together with the information under the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements included elsewhere in this offering memorandum.

	As of September 30, 2013			
	Actual		As Adjusted(2)	
	<i>(U.S.\$ in millions)</i> (1)	<i>(Ch\$ in millions)</i>	<i>(U.S.\$ in millions)</i> (1)	<i>(Ch\$ in millions)</i>
<b>Cash and cash equivalents</b> .....	391.6	197,450.5	925.7	466,734.7
<b>Financial debt (3)</b>				
Other current financial liabilities.....	216.0	108,912.1	216.0	108,912.1
Other non-current financial liabilities.....	2,177.7	1,097,994.8	2,711.8	1,367,279.0
<b>Total financial debt</b> .....	<b>2,393.7</b>	<b>1,206,906.9</b>	<b>2,927.8</b>	<b>1,476,191.1</b>
<b>Total equity</b> .....	<b>3,409.8</b>	<b>1,719,194.0</b>	<b>3,409.8</b>	<b>1,719,194.0</b>
<b>Total capitalization (4)</b> .....	<b>5,803.5</b>	<b>2,926,100.9</b>	<b>6,337.6</b>	<b>3,195,385.1</b>

- (1) Solely for the convenience of the reader, Ch\$ amounts as of September 30, 2013 have been translated into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 to U.S.\$1.00 as published by the Chilean Central Bank on October 1, 2013. See “Exchange Rates” for further information about recent fluctuations in exchange rates.
- (2) We estimate that the net proceeds to us from the sale of the notes will be approximately U.S.\$492.2 million (Ch\$269,284.3 million, based on the observed exchange rate of Ch\$547.07 per U.S.\$1.00 reported by the Chilean Central Bank for January 28, 2014) after deducting all commissions and expenses in connection with this offering.
- (3) Includes bank loans, debt securities and derivatives transactions.
- (4) Total capitalization represents the sum of total financial debt and shareholders’ equity.

There has been no material change in our capitalization since September 30, 2013, except as disclosed above.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following tables present certain selected consolidated financial information and operating data as of the dates and for each of the periods indicated. This information is qualified in its entirety by reference to, and should be read together with, “Presentation of Certain Financial and Other Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this offering memorandum. The selected consolidated financial information as of and for each of the years ended December 31, 2012 and 2011 presented in this offering memorandum has been derived from our audited consolidated financial statements appearing elsewhere in this offering memorandum, which have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesoría Ltda., independent auditors. The selected consolidated financial information as of and for the year ended December 31, 2010 presented in this offering memorandum has been derived from our consolidated financial statements appearing elsewhere in this offering memorandum, which have been audited by KPMG Auditores Consultores Ltda., independent auditors. The consolidated financial information as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012 has been derived from our unaudited interim consolidated financial statements appearing elsewhere in this offering memorandum. Our audited consolidated financial statements and our unaudited interim consolidated financial statements appearing elsewhere in this offering memorandum have been prepared in accordance with Applicable GAAP. “Presentation of Certain Financial and Other Information—Accounting Principles.”

The results of operations for the nine-month period ended September 30, 2013 are not necessarily indicative of the results to be expected for the year ending December 31, 2013 or for any other period.

	For the nine-month period ended September 30,			For the year ended December 31,			
	2013 <i>(in millions of U.S.\$) (1)</i>	2013 <i>(in millions of Ch\$)</i>	2012	2012 <i>(in millions of U.S.\$) (1)</i>	2012	2011	2010(2)
<b>Statement of Income Data:</b>							
Revenues .....	360.2	181,590.4	175,900.2	472.8	238,396.1	228,962.2	213,842.4
Cost of sales .....	(318.9)	(160,782.9)	(146,093.3)	(398.7)	(201,005.4)	(196,748.1)	(190,773.6)
Gross profit .....	41.3	20,807.5	29,806.8	74.2	37,390.6	32,214.1	23,068.8
Other income, by function .....	2.3	1,134.8	677.6	2.0	1,011.7	3,330.4	839.6
Administrative expenses .....	(32.9)	(16,586.5)	(18,614.3)	(51.3)	(25,880.4)	(20,037.6)	(13,562.8)
Other expenses, by function .....	(1.2)	(617.5)	(197.8)	(0.4)	(217.5)	(3,828.2)	(747.0)
Other profits (losses) .....	2.9	1,448.6	(8,134.2)	(14.2)	(7,157.8)	3,277.4	—
Financial income (3) .....	12.5	6,297.2	6,024.2	16.8	8,470.2	8,157.8	18,022.0
Financial expenses (3) .....	(74.3)	(37,481.6)	(37,939.0)	(100.4)	(50,640.8)	(47,798.9)	(54,417.9)
	(61.8)	(31,184.4)	(31,914.8)	(83.6)	(42,170.6)	(39,641.1)	(36,396.0)
Foreign exchange variation .....	(30.6)	(15,437.3)	35,866.5	62.2	31,346.0	(43,822.6)	35,215.9
Income (loss) from <i>Unidades de Fomento</i> .....	(17.8)	(8,982.7)	(10,446.6)	(38.5)	(19,431.2)	(29,220.4)	(20,406.9)
	(48.4)	(24,420.0)	25,419.9	23.6	11,914.9	(73,043.0)	14,809.0
Income (loss) before income taxes .....	(98.0)	(49,417.5)	(2,956.8)	(49.8)	(25,109.2)	(97,728.1)	(11,988.4)
Income taxes .....	—	—	—	—	—	—	—
<b>Net income (loss) .....</b>	<b>(98.0)</b>	<b>(49,417.5)</b>	<b>(2,956.8)</b>	<b>(49.8)</b>	<b>(25,109.2)</b>	<b>(97,728.1)</b>	<b>(11,988.4)</b>

- (1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See “Exchange Rates” for further information about recent fluctuations in exchange rates.
- (2) The statement of income data for the year ended December 31, 2010 is not directly comparable to the respective information for the years ended December 31, 2012 and 2011, as certain reclassifications were carried out between 2011 and 2010.
- (3) Until December 31, 2010, we classified financial income and financial expenses related to derivative instruments on a gross basis. Beginning January 1, 2011, we classify these financial income and expenses on a net basis. The respective reclassification decreased our financial income in 2011, while at the same time decreasing our financial expenses in 2011 by Ch\$7,589.3 million.

	As of September 30,		As of December 31,			
	2013	2013	2012	2012	2011	2010(2)
	(in millions of U.S.\$) (1)	(in millions of Ch\$)	(in millions of U.S.\$) (1)	(in millions of Ch\$)		
<b>Balance Sheet Data:</b>						
<b>Current assets:</b>						
Cash and cash equivalents.....	391.6	197,450.5	322.3	162,517.7	118,151.5	88,589.1
Trade receivables and other current accounts receivable.....	19.0	9,558.9	11.0	5,533.0	4,899.3	6,694.2
Inventories.....	15.3	7,730.0	14.6	7,346.3	6,433.6	11,573.4
<b>Total current assets.....</b>	<b>438.9</b>	<b>221,315.1</b>	<b>355.7</b>	<b>179,362.8</b>	<b>133,318.5</b>	<b>110,341.8</b>
<b>Non-current assets:</b>						
Other non-current non-financial assets.....	144.3	72,769.5	172.5	86,962.3	24,105.0	26,605.1
Intangible assets other than goodwill.....	5.4	2,699.3	5.9	2,954.7	2,575.7	1,092.3
Property, plant and equipment (3).....	5,506.4	2,776,333.5	5,322.1	2,683,391.4	2,645,362.3	2,652,326.2
Investment properties (3).....	26.4	13,334.8	26.8	13,496.3	12,806.5	7,365.5
<b>Total non-current assets.....</b>	<b>5,699.7</b>	<b>2,873,788.4</b>	<b>5,549.8</b>	<b>2,798,187.5</b>	<b>2,697,802.7</b>	<b>2,700,116.9</b>
<b>Total assets.....</b>	<b>6,138.6</b>	<b>3,095,103.5</b>	<b>5,905.5</b>	<b>2,977,550.3</b>	<b>2,831,121.2</b>	<b>2,810,458.7</b>
<b>Current liabilities:</b>						
Other current financial liabilities (4).....	216.0	108,912.1	143.5	72,332.1	77,411.2	73,213.0
Commercial accounts payable.....	70.9	35,771.9	69.9	35,233.1	25,083.8	34,590.3
Current provisions for employee benefits.....	17.6	8,856.0	15.0	7,540.6	10,043.1	7,975.9
Other current non-financial liabilities.....	19.9	10,035.4	23.0	11,599.0	13,810.9	12,388.7
<b>Total current liabilities.....</b>	<b>326.6</b>	<b>164,685.9</b>	<b>253.5</b>	<b>127,799.7</b>	<b>127,511.3</b>	<b>130,218.8</b>
<b>Non-current liabilities:</b>						
Other non-current financial liabilities (4).....	2,177.7	1,097,994.8	2,295.1	1,157,188.7	1,187,089.5	1,151,245.8
Non-current accounts payable to related parties.....	193.7	97,653.1	15.2	7,653.1	11,261.0	10,663.7
Non-current provisions for employee benefits.....	24.0	12,106.7	23.9	12,044.2	12,441.6	14,732.6
<b>Total non-current liabilities.....</b>	<b>2,402.3</b>	<b>1,211,223.6</b>	<b>2,340.5</b>	<b>1,180,068.1</b>	<b>1,213,779.2</b>	<b>1,179,716.6</b>
<b>Total liabilities.....</b>	<b>2,728.9</b>	<b>1,375,909.5</b>	<b>2,593.9</b>	<b>1,307,867.8</b>	<b>1,341,290.5</b>	<b>1,309,935.5</b>
<b>Equity:</b>						
Capital stock.....	3,719.3	1,875,247.7	3,522.5	1,776,047.7	1,571,086.7	1,484,403.7
Accumulated profits (losses) (5).....	(378.8)	(191,000.1)	(280.3)	(141,311.6)	(116,202.4)	(14,206.1)
Other reserves (5).....	69.3	34,957.1	69.3	34,957.1	34,957.1	30,336.3
Equity attributable to controlling interests.....	3,409.8	1,719,204.7	3,311.6	1,669,693.1	1,489,841.4	1,500,533.8
Equity attributable to non-controlling interests.....	—	(10.6)	—	(10.6)	(10.6)	(10.6)
<b>Total equity.....</b>	<b>3,409.7</b>	<b>1,719,194.0</b>	<b>3,311.5</b>	<b>1,669,682.5</b>	<b>1,489,830.7</b>	<b>1,500,523.2</b>
<b>Total liabilities and equity.....</b>	<b>6,138.6</b>	<b>3,095,103.5</b>	<b>5,905.5</b>	<b>2,977,550.3</b>	<b>2,831,121.2</b>	<b>2,810,458.7</b>

- (1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See "Exchange Rates" for further information about recent fluctuations in exchange rates.
- (2) The balance sheet data as of December 31, 2010 is not directly comparable to the respective information for the years ended December 31, 2012 and 2011, as certain reclassifications were carried out between 2011 and 2010.
- (3) Until December 31, 2010, we included Ch\$1,142.9 million related to certain items of investment property within property, plant and equipment, which subsequently was reclassified to the line item "Investment properties."
- (3) Other financial liabilities include bank loans, debt securities and derivatives transactions.
- (4) As of December 31, 2010, "other reserves" included Ch\$4,911.7 million related to a revaluation adjustment of land which was carried out as part of the adoption of our implementation of Official Pronouncement No. 6158, dated March 5, 2012, issued by the SVS, which allows us to apply IPSAS 21 instead of IAS 36. Subsequently, these amounts were reclassified to accumulated profits (losses) in accordance with our accounting framework.
- (5) As of December 31, 2010, "other reserves" included Ch\$4,911.7 million related to a revaluation adjustment of land which was carried out as part of our implementation of Applicable GAAP. Subsequently, these amounts were reclassified to accumulated profits (losses) in accordance with our accounting framework.

	As of and for the nine-month period ended September 30,			As of and for the year ended December 31,			
	2013	2013(2)	2012	2012	2012	2011(3)	2010
	(in millions of U.S.\$) (1)	(in millions of Ch\$)		(in millions of U.S.\$) (1)	(in millions of Ch\$)		
<b>Other Financial Data:</b>							
Capital expenditures.....	253.4	127,777.0	71,859.8	288.9	145,655.6	68,149.5	161,671.3
Depreciation and amortization.....	(109.2)	(55,066.5)	(53,503.8)	(141.9)	(71,561.9)	(70,261.2)	(63,239.0)
Net cash flows from operating activities.....	104.8	52,819.6	53,295.9	127.6	64,314.1	79,517.5	74,462.5
Net cash flows used in investing activities.....	(256.4)	(129,289.9)	(71,859.8)	(288.9)	(145,655.6)	(66,403.1)	(161,671.3)
Net cash flows from financing activities.....	216.2	108,985.6	43,041.7	255.5	128,819.1	11,377.8	75,956.7
Total financial debt (2).....	2,393.7	1,206,906.8	1,230,142.0	2,438.6	1,229,520.8	1,264,500.7	1,224,458.9
Adjusted EBITDA (3).....	117.6	59,287.5	64,696.3	164.8	83,072.1	82,437.7	72,745.0
Adjusted operating profit (3).....	8.4	4,221.0	11,192.5	22.8	11,510.2	12,176.5	9,506.0
Debt to equity ratio (4)		0.8	0.8		0.8	0.9	0.9

- (1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See “Exchange Rates” for further information about recent fluctuations in exchange rates.
- (2) Total financial debt is the sum of other current and non-current financial liabilities. Includes our bank loans, debt securities and derivatives transactions.
- (3) Adjusted EBITDA and adjusted operating profit are not recognized measures under IFRS or Applicable GAAP, and should not be considered in isolation or as an alternative to net income or cash flow, as operating performance measurements or as indicators of liquidity. Other companies may calculate their Adjusted EBITDA and adjusted operating profit differently than we do and therefore our presentation of Adjusted EBITDA and adjusted operating profit may not be comparable to other similarly titled measures of other companies. We define Adjusted EBITDA as gross profit *plus* administrative expenses *plus* depreciation and amortization and (2) adjusted operating profit (loss) as gross profit *less* administrative expenses. Our Adjusted EBITDA and adjusted operating profit (loss) definitions have limitations that restrict its usefulness as a measurement of our profitability and as a measurement of our free cash flow, as it does not consider certain of our cash requirements, such as interest payments, tax payments and debt service payments. For a reconciliation of our Adjusted EBITDA to our net income (loss), see “—Non-GAAP financial measures and reconciliation.”
- (4) Calculated as total debt divided by total equity.

	As of September 30,		As of December 31,		
	2013	2012	2012	2011	2010
<b>Operating Data:</b>					
Number of cars.....	1,093	985	1,030	967	967
Kilometers of track.....	103.5	103.5	103.5	103.5	95.1
Number of stations.....	108	108	108	108	101
Number of passengers (in millions).....	487.8	477.4	648.7	639.9	620.7
Average number of trips per day (in millions).....	2.22	2.17	2.20	2.15	2.08
Number of employees.....	3,580	3,338	3,401	3,266	3,300
Car / Kilometers (in millions)(1).....	106.4	97.9	132.0	131.1	119.0

- (1) We calculate car-km by multiplying the number of cars on our network of tracks by the average length of their trips measured in kilometers.

## Non-GAAP financial measures and reconciliation

In this offering memorandum, we present Adjusted EBITDA and adjusted operating profit (loss), which are non-GAAP financial measures. We define (1) Adjusted EBITDA as gross profit *less* administrative expenses *plus* depreciation and amortization and (2) adjusted operating profit (loss) as gross profit *less* administrative expenses. We present Adjusted EBITDA and adjusted operating profit because we believe they provide investors with a supplemental measure of the financial performance of our operations that facilitates period-on-period comparisons on a consistent basis. Our management also uses Adjusted EBITDA and adjusted operating profit, among other measures, for internal planning and performance measurement purposes. Adjusted EBITDA and adjusted operating profit should not be construed as an alternative to net income, as an indicator of operating performance, as an alternative to cash flow provided by operating activities or as measures of liquidity. Adjusted EBITDA and adjusted operating profit (loss), as we calculated them, may not be comparable to similarly titled measures reported by other companies.

The following table sets forth our calculation and reconciliation of Adjusted EBITDA for the periods indicated:

	For the nine-month period ended September 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of U.S.\$)	(in millions of Ch\$)		(in millions of U.S.\$)	(in millions of Ch\$)		
<b>Calculation of Adjusted EBITDA:</b>							
Gross profit .....	41.3	20,807.5	29,806.8	74.2	37,390.6	32,214.1	23,068.8
(-) Administrative expenses .....	(32.9)	(16,586.5)	(18,614.3)	(51.3)	(25,880.4)	(20,037.6)	(13,562.8)
(+) Depreciation and amortization .....	109.2	55,066.5	53,503.8	141.9	71,561.9	70,261.2	63,239.0
<b>Adjusted EBITDA .....</b>	<b>117.6</b>	<b>59,287.5</b>	<b>64,696.2</b>	<b>164.8</b>	<b>83,072.1</b>	<b>82,437.7</b>	<b>72,745.0</b>

- (1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

	For the nine-month period ended September 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of U.S.\$)	(in millions of Ch\$)		(in millions of U.S.\$)	(in millions of Ch\$)		
<b>Adjusted EBITDA Reconciliation:</b>							
Net loss .....	(98.0)	(49,417.5)	(2,956.8)	49.8	(25,109.2)	(97,728.1)	(11,988.4)
(-) Financial income .....	12.5	6,297.2	6,024.2	16.8	8,470.2	8,157.8	18,022.0
(+) Financial expenses .....	(74.3)	(37,481.6)	(37,939.0)	(100.4)	(50,640.8)	(47,798.9)	(54,417.9)
(+)(-) Foreign exchange variation .....	(30.6)	(15,437.3)	35,866.5	62.2	31,346.0	(43,822.6)	35,215.9
(+) Loss from <i>Unidades de Fomento</i> ...	(17.8)	(8,982.7)	(10,446.6)	(38.5)	(19,431.2)	(29,220.4)	(20,406.9)
(+) Depreciation and amortization .....	109.2	55,066.5	53,503.8	141.9	71,561.9	70,261.2	63,239.0
(+) Other income (expenses) .....	(3.9)	(1,965.9)	(7,654.4)	(12.6)	(6,363.6)	2,779.6	92.6
<b>Adjusted EBITDA .....</b>	<b>117.6</b>	<b>59,287.6</b>	<b>64,696.2</b>	<b>164.8</b>	<b>83,072.1</b>	<b>82,437.7</b>	<b>72,745.0</b>

- (1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See "Exchange Rates" for further information about recent fluctuations in exchange rates.
- (2) Until December 31, 2010, we classified financial income and financial expenses related to derivative instruments on a gross basis. Beginning January 1, 2011, we classify these financial income and expenses on a net basis. The respective reclassification decreased our financial income in 2011, while at the same time decreasing our financial expenses for the period by Ch\$7,589.3 million.

The following table sets forth our calculation and reconciliation of adjusted operating profit for the periods indicated:

	For the nine-month period ended September 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of U.S.\$)	(in millions of Ch\$)		(in millions of U.S.\$)	(in millions of Ch\$)		
<b>Calculation of Operating Profit:</b>							
Gross profit .....	41.3	20,807.5	29,806.8	74.2	37,390.6	32,214.1	23,068.8
(-) Administrative expenses .....	(32.9)	(16,586.5)	(18,614.3)	(51.3)	(25,880.4)	(20,037.6)	(13,562.8)
<b>Adjusted Operating Profit .....</b>	<b>8.4</b>	<b>4,221.0</b>	<b>11,192.5</b>	<b>22.8</b>	<b>11,510.2</b>	<b>12,176.5</b>	<b>9,506.0</b>

- (1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

	For the nine-month period ended September 30,			For the year ended December 31,			
	2013	2013	2012	2012	2012	2011	2010
	(in millions of U.S.\$) (1)	(in millions of Ch\$)		(in millions of U.S.\$) (1)	(in millions of Ch\$)		
<b>Adjusted Operating Profit to Net Loss Reconciliation:</b>							
Net loss .....	(98.0)	(49,417.5)	(2,956.8)	49.8	(25,109.2)	(97,728.1)	(11,988.4)
(-) Financial income (2) .....	12.5	6,297.2	6,024.2	16.8	8,470.2	8,157.8	18,022.0
(+) Financial expenses (2) .....	(74.3)	(37,481.6)	(37,939.0)	(100.4)	(50,640.8)	(47,798.9)	(54,417.9)
(+)(-) Foreign exchange variation .....	(30.6)	(15,437.3)	35,866.5	62.2	31,346.0	(43,822.6)	35,215.9
(+) Loss from <i>Unidades de Fomento</i> .....	(17.8)	(8,982.7)	(10,446.6)	(38.5)	(19,431.2)	(29,220.4)	(20,406.9)
(+) Other income (expenses) .....	3.9	(1,965.9)	(7,654.4)	(12.6)	(6,363.6)	2,779.6	92.5
<b>Adjusted Operating Profit .....</b>	<b>8.4</b>	<b>4,221.0</b>	<b>11,192.5</b>	<b>22.8</b>	<b>11,510.2</b>	<b>12,176.5</b>	<b>9,506.0</b>

- (1) Solely for the convenience of the reader, we have converted Chilean peso amounts as of and for the nine-month period ended September 30, 2013 and as of and for the year ended December 31, 2012 into U.S. dollars at the observed exchange rate for September 30, 2013 of Ch\$504.20 per U.S.\$1.00, as published by the Chilean Central Bank on October 1, 2013. We make no representation that the Chilean peso or the U.S. dollar amounts referred to herein actually represent, could have been or could be converted into U.S. dollars or Chilean pesos, as the case may be, at the rates indicated, at any particular rate or at all. See "Exchange Rates" for further information about recent fluctuations in exchange rates.
- (2) Until December 31, 2010, we classified financial income and financial expenses related to derivative instruments on a gross basis. Beginning January 1, 2011, we classify these financial income and expenses on a net basis. The respective reclassification decreased our financial income in 2011, while at the same time decreasing our financial expenses for the period by Ch\$7,589.3 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related explanatory notes included elsewhere in this offering memorandum, as well as with the information presented under "Selected Consolidated Financial and Other Information" and "Presentation of Certain Financial and Other Information." The following discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, please refer to the sections entitled "Forward-Looking Statements" and "Risk Factors."*

### Overview

We are the owner and sole operator of the subway system in the metropolitan region of Santiago, Chile, which we refer to herein as the Santiago subway, and we are 100% owned by the government of Chile. We were incorporated as a closed stock corporation in 1990 by the government of Chile and the Chilean government's CORFO, having become the assignee of all rights and obligations of the Department of the Metro (*Dirección General de Metro*). As of September 30, 2013, CORFO held 61.66% of our outstanding shares and the Ministry of Finance held the remaining 38.34% of our outstanding shares.

As of September 30, 2013, we operated five subway lines in the metropolitan region of Santiago, the largest center of economic activity in Chile with 6.9 million inhabitants, representing 40.3% of the total population of Chile as of December 31, 2012, according to the INE. As of September 30, 2013, we had 103.5 kilometers of subway tracks, 108 subway stations and 156 trains consisting of 1,093 cars. We transport an average of 2.3 million passengers per business day, and in the nine-month period ended September 30, 2013 and during the fiscal year 2012, we transported approximately 487.8 million and 648.7 million passengers, respectively. During the nine-month period ended September 30, 2013, we recorded gross profit of Ch\$20,807.5 million (U.S.\$41.3 million) and our Adjusted EBITDA was Ch\$59,287.5 million (U.S.\$117.6 million). In 2012, we recorded gross profit of Ch\$37,390.6 million (U.S.\$74.2 million) and our Adjusted EBITDA was Ch\$83,072.1 million (U.S.\$164.8 million).

The Santiago subway is a critical part of Transantiago, the integrated transport system offering ground transportation by bus and underground transportation by subway in the metropolitan region of Santiago created by the Chilean government in 2007 and administered by the Department of Metropolitan Public Transportation (*Directorio de Transporte Público Metropolitano*). As of September 30, 2013, Transantiago's ground transportation services included 374 bus routes operated by seven private companies covering 34 neighborhoods and 2,766 kilometers of roads, with more than 3.1 million daily trips.

Transantiago uses a common ticketing service that allows for the use of a single touchless smart card (*Tarjeta Bip!*) for payment on city buses and the Santiago subway. In addition to providing the subway services of Transantiago, we are the exclusive sales channel for the Transantiago *Tarjeta Bip!* through our underground and ground points of sale and collect 100% of the fares paid by Transantiago passengers. As of January 2013, 61.2%, of the total daily passenger trips of Transantiago included a trip on the Santiago subway.

### Presentation of Certain Financial Information and Accounting Policies

This offering memorandum includes:

- our unaudited interim consolidated financial statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012, together with the notes thereto, or our unaudited interim consolidated financial statements; and
- our annual audited consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010, together with the notes thereto, or our audited consolidated financial statements.

The consolidated financial information as of and for each of the years ended December 31, 2012 and 2011 presented in this offering memorandum has been derived from our audited consolidated financial statements

appearing elsewhere in this offering memorandum, which have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesoría Ltda., independent auditors. The consolidated financial information as of and for the year ended December 31, 2010 presented in this offering memorandum has been derived from our consolidated financial statements appearing elsewhere in this offering memorandum, which have been audited by KPMG Auditores Consultores Ltda, independent auditors. Unless otherwise indicated, all references herein to “our financial statements,” and “our consolidated financial statements,” are to our unaudited interim consolidated financial statements and our audited consolidated financial statements, in each case, included elsewhere in this offering memorandum.

### ***Accounting Principles***

We maintain our financial books and records in Chilean pesos. We prepare our consolidated financial statements in accordance with the specific rules and regulations of the SVS under Official Pronouncement No. 6158, dated March 5, 2012, which are based on IFRS as issued by the IASB, and pursuant to which we are permitted to apply International Public Sector Accounting Standard No. 21, or IPSAS 21, instead of International Accounting Standard No. 36, or IAS 36. We refer to these accounting practices collectively as Applicable GAAP. For additional information on our application of IPSAS 21, see “—Application of IPSAS 21” below and notes 2.8 and 2.9 to our unaudited interim consolidated financial statements as of September 30, 2013 and for the nine-month periods ended September 30, 2013 and 2012 and our annual consolidated financial statements as of and for the years ended December 31, 2012, 2011 and 2010, respectively.

### ***Application of IPSAS 21***

The technical fee we receive from Transantiago is intended to ensure that we recover our operational costs, debt service costs (including principal and interest) and our costs relating to replacement of property, plant and equipment with useful lives of 40 years or less. No other costs are recoverable through the technical fee. However, we incur certain other capital expenses in property, plant and equipment relating to civil construction and such costs are not taken into account when determining our technical fees, even though a portion of these property, plant and equipment assets can only be used to provide passenger transportation service. Because such assets do not generate other types of cash flows and because capital expenses in these assets are not addressed by the technical fee, our cash flows are not sufficient to cover the capital expenditure requirements relating to these civil construction-related assets.

Under IAS 36, the recoverable amount of property, plant and equipment is the greater of fair value (less costs still to be incurred to sale the asset) and the discounted cash flows generated by the asset or cash-generating unit to which the asset belongs. Accordingly, if we were to apply IAS 36, many of our assets would be impaired because their recoverable amount would be below their carrying amount, due to the insufficiency of cash flows they are able to generate.

In order to address this, the SVS, by means of Official Pronouncement No. 6158, dated March 5, 2012, exempted us from the application of IAS 36, meaning that we would not have to apply a discounted cash flow approach when carrying out the impairment test on these civil construction-related assets. The SVS, recognizing that certain of our assets would not be recovered via cash flows, but through other means, including periodic capital contributions by the Chilean government, authorized us to use IPSAS 21. Unlike IAS 36, IPSAS 21 provides for the determination of the recoverable amount of assets pursuant to the depreciated replacement costs approach, the restoration cost approach or the service units approach.

IPSAS 21 is part of the IPSAS, which are issued by the IPSASB, an independent organ of the IFAC. IPSAS 21, like other IPSAS, reflect the efforts of the IPSASB to adapt certain IFRS to a public sector context when appropriate reflect the fact that sometimes governmental entities carry out activities which are not primarily intended to generate profit, but rather are seen as public services, such as in the case of the public transportation infrastructure that we provide.

As a result of the foregoing, our assets related to civil construction amounting net carrying amounts of Ch\$1,435,600 million, Ch\$1,448,581 million, Ch\$1,463,876 million and Ch\$1,237,535 million as of September 30, 2013, and December 31, 2012, 2011 and 2010, respectively, are accounted for under depreciated historical costs, in accordance with IPSAS 21. If we had applied IAS 36 to these assets and carried out an impairment test under this

standard, the result could have a significant negative impact on our financial results as compared to the application of IPSAS 21.

For additional information on our application of IPSAS 21, see “—Accounting Principles” above and notes 2.8 and 2.9 to our unaudited interim consolidated financial statements and our annual consolidated financial statements, respectively.

### ***Critical Accounting Policies***

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with Applicable GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses as well as related disclosures. Estimates and underlying assumptions are reviewed on an ongoing basis, and we evaluate our estimates and judgments based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under various assumptions or conditions. Although we believe that our judgments and estimates are appropriate, actual future results may differ from our estimates.

The following policies are the accounting policies that we believe are the most important to the portrayal of our financial condition and results of operations and require the most difficult, subjective or complex judgments by our management:

- provision for severance payments;
- useful lives of property, plant and equipment;
- provision for legal proceedings and other contingencies;
- fair value measurement; and
- changes in the accounting policy related to valuation of land.

#### *Provision for severance payments*

We recognize as a liability our obligations for agreed severance payments to our employees under our collective bargain agreements using an actuarial method that takes into account factors such as employee turnover, life expectancy and retirement ages, discount rates and the future level of compensation and benefits. These assumptions change as economic and market conditions vary, and any change in any of these assumptions could have an important effect on the reported results from operations.

*Discount Rate.* We determine the discount rate at the end of each year by considering the most appropriate rate according to market conditions on the valuation date. We use this discount rate to determine the present value of estimated future cash outflows that we expect to be required to pay in full the obligation, as our obligations are generally unfunded. When determining the discount rate, we take into account rates representative of fixed (or determinable) income debt instruments of high credit quality, denominated in the currency in which the obligation is expressed and with maturity dates at or near the estimated payment dates for these obligations.

*Other factors.* Other actuarial assumptions such as expected workforce rotation are derived from information available to us as of the measurement date of the obligation. We use the mortality table RV-2009 issued by the Chilean SVS for men and women.

#### *Useful lives of property, plant and equipment*

We depreciate property, plant and equipment and intangible assets with a finite useful life using the straight-line method based on an estimated useful life. This estimated useful life takes into account the technical aspects, nature, and usage conditions of such assets. This estimate may vary significantly as a result of technological innovations or other variables, which may require us to adjust the remaining useful lives, recognizing more or less depreciation, as

appropriate. Likewise, we determine the residual values based on the technical aspects that may vary according to the specific conditions of each asset.

The table below shows our main property, plant and equipment and intangible assets as of September 30, 2013, with their useful lives:

<u>Items</u>	<u>Estimated useful life in years</u>
Railway network .....	60
Stations.....	100
Tunnels.....	100
Rolling stock .....	40
Software .....	4

We review estimate useful lives, residual values and depreciation method at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. We begin depreciating an asset when it is in a condition to be used as intended by our management. Costs that are expected to result in benefits lasting more than one period are capitalized, while day-to-day repair and maintenance costs are expensed as incurred.

#### *Litigation and other contingencies*

We are party to a number of legal proceedings for which it is not possible to determine the exact economic effects they may have on our financial statements. When our management believes that a legal proceeding will be resolved favorably to us or its outcome more-likely-than-not will not result in an outflow of resources, we do not record any provision. Conversely, when our management expects an unfavorable result, we record a provision for expenses based on estimated maximum payable amounts.

#### *Change of accounting criteria for valuation of land*

During the convergence process in 2010 from accounting principles generally accepted in Chile, or Chilean GAAP, to Applicable GAAP, we changed our accounting policy related to valuation of land. Beginning in 2010, we adopted the revaluation and/or reasonable value model based on the deemed cost determined on the transition date. Generally, the revaluation model states that when reasonable values experience significant changes the land must be valued based on an independent expert's assessments.

In 2012, during the preparation of our 2012 audited consolidated financial statements, we implemented a voluntary change in accounting policies on the valuation of land after its initial recognition, and moved from the revaluation model to the cost model. This change of accounting criteria mainly sought to prevent significant and sudden changes in the fair value of these items. This change in accounting policy had no actual retroactive accounting effects as our properties have remained at the same value since 2010 when we issued our first financial statements prepared under IFRS.

For additional information on our significant accounting policies, see notes 2 and 3 to our audited consolidated financial statements included elsewhere in this offering memorandum.

#### *Description of our principal statement of income items*

##### *Revenues*

Our revenues include mainly revenue generated from the technical fee we receive from Transantiago for our services related to transportation of passengers, rental income from our stores and marketing space and fee revenue generated from sales channel and collection services performed for Transantiago principally related to the *Tarjeta Bip!*

#### *Cost of sales*

Our cost of sales consists mainly of electric power costs for the period, depreciation of property, plant and equipment, personnel expenses and maintenance expenses, as well as other selling and sales channel expenses.

#### *Other income (expenses), by function*

Our other income (expenses), by function includes mainly gains from sale of property, plant and equipment, income from fines or indemnities received.

#### *Administrative expenses*

Our administrative expenses include personnel expenses of our administrative personnel, marketing and consulting and auditing fees. Personnel expenses include the accrued portion of current and future employee benefits of the current period.

#### *Other gains (losses)*

Our other gains (losses) reflect mainly fair value changes (other than accrued interest) of derivative instruments which are not designated as hedging instruments in an accounting hedge.

#### *Financial income*

Our financial income reflects interest income from interest-bearing financial assets. In addition, interest income of derivative instruments which are not part of an accounting hedge are reflected in this line item.

#### *Financial expenses*

Our financial expenses reflect interest charges related to our external financing, principally bank loans and outstanding bonds, plus amortization of any issuance discounts/premiums and issuance costs as determined under the effective interest rate.

#### *Foreign exchange variation*

Our foreign currency exchange variation reflects effects of monetary items denominated in currencies other than our functional currency, which under IAS 21 are re-measured at each balance sheet date at the closing rate. The effect of variations between exchange rates effective as of the date of the initial recognition and the reporting date is reflected in this line item for monetary assets and liabilities.

#### *Income (loss) from UF adjustments*

Our income (loss) from UF adjustments reflects income and expense related to financial assets and liabilities denominated in UF, which are adjusted for variations of the UF.

#### *Income tax*

The statutory corporate income tax rate in Chile was 20% in 2013. We are also subject to real estate tax on our properties, which is deductible from our taxable income.

Income tax includes current and deferred income tax income and expenses. As we did not generate taxable income in the years presented herein, we have not recorded current income tax expenses. Deferred tax income or expenses are also nil due to the fact that we estimate that we will not recover any net deferred tax assets position.

We have generated tax losses since 1996, but have no related tax loss carryovers. In our annual income tax filing with the Chilean government, we seek the refund of SENCE credits as a result of our tax losses. See note 18 to our audited consolidated financial statements.

## Factors Affecting Our Results of Operations

### General Economic Conditions in Chile

All of our operations are located in the metropolitan region of Santiago, Chile. Accordingly, our financial condition and results of operations are dependent upon economic conditions prevailing in Chile and in the metropolitan region of Santiago.

Chile experienced profound economic reforms during the 1970s and 1980s that led to economy growth rates averaging more than 7.0% per annum from 1985 until the onset of the Asian economic crisis in 1997. The average rate of growth from 1998 to 2006 slowed to 3.6% and grew at a rate of 4.6% in 2007. In 2008, the Chilean economy growth rate declined to 3.7% mainly as a result of the international financial crisis, which originated in the U.S. real estate sector. In February 2010, Chile was struck by an 8.8 magnitude earthquake and a tsunami, which mainly affected the mid-southern regions of Chile. As a result of these developments, economic activity in Chile was adversely affected in 2010. However, the growth of private and public sector investments and the rebound of consumption have partially offset the negative effects of the earthquake and tsunami.

The Chilean economy is currently enjoying a positive growth cycle that began in 2009 after the aforementioned financial crisis. Economic dynamism has continued to be supported by solid domestic demand, in particular strong household spending and, more recently, gross fixed capital formation in machinery and equipment and, to a lesser extent, infrastructure investment. During 2010, 2011 and 2012, GDP expanded at an average annual growth rate of 5.7%. During the nine months ended September 30, 2013, the Chilean economy grew 4.7% with respect to the same period in 2012. The unemployment rate has continually decreased from an average of 10.9% in 2009 to 5.7% by September 30, 2013. At the current unemployment rate, the labor market is considered to be closer to its full employment equilibrium.

Since the Chilean economy is very open and financially integrated, it is very sensitive to global developments, especially those related to copper prices, a commodity that accounted for 54% of total exports and at least 15% of the Chilean government's annual income in 2012. In previous years, rising copper prices allowed for increasing current account and fiscal surpluses, strengthening Chile's external and fiscal position. As a result, during 2012, the Chilean government's debt was approximately 12.2% of the GDP, although, net of government financial assets, such amount would be negative. Chile's strong monetary and fiscal position also allowed it to have the lowest country risk spreads in Latin America. Finally, both gains in terms of trade and a flexible exchange rate policy have strengthened the Chilean peso against its main commercial counterparts, including the U.S. dollar, the euro, the pound sterling, the yuan and the real.

The following table sets forth certain Chilean macroeconomic indicators as of and for the nine-month period ended September 30, 2013 and as of and for the years ended December 2012, 2011 and 2010:

	<b>As of and for the Nine- Month Period September 30,</b>	<b>As of and for the Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Real GDP growth.....	4.7%	5.6%	5.9%	5.8%
Private consumption growth.....	5.4%	6.1%	8.9%	10.8%
Inflation rate (CPI)(1).....	1.9%	1.5%	4.4%	3.0%
Unemployment.....	5.7%	6.0%	6.6%	7.3%
Appreciation (devaluation) of Chilean peso against the U.S. dollar.....	5.1%	7.6%	(10.9)%	7.7%
Exchange rate of Chilean peso against U.S.\$1.00 (2).....	Ch\$504.20	Ch\$479.96	Ch\$519.20	Ch\$468.01
UF (3).....	Ch\$23,091.03	Ch\$22,840.75	Ch\$22,294.03	Ch\$21,455.55

Sources: Chilean Central Bank, INE and Chamber of Commerce of Santiago.

(1) CPI is a consumer price index calculated by the INE (accumulated for the end of each period).

(2) As of the end of each period. Exchange rates reported by the Chilean Central Bank based upon the observed exchange rate published by the Chilean Central Bank on the first business day following the respective period.

(3) UF is an inflation-indexed Chilean monetary unit with a value in Chilean pesos that is adjusted daily to reflect changes in the CPI (end of each period).

Chile remains one of Latin America's most robust and stable economies. As of September 30, 2013, Chile maintained the highest credit ratings in Latin America, rated Aa3 by Moody's, AA- by S&P and A+ by Fitch. Credit ratings are subject to periodic review and we cannot assure you that the current ratings will not be revised or lowered in the future. See "Risk Factors—Risk Factors Related to Chile."

### ***Our Level of Indebtedness, Interest Rates and Inflation***

As of September 30, 2013, our total financial debt (defined as other financial liabilities, including derivatives) was Ch\$1,206,906.8 million. Of our total financial debt (excluding derivatives), Ch\$235,903.2 million, or 19.5%, bore interest at floating rates (mainly London Interbank Offered Rate, or LIBOR) and Ch\$963,057.3 million, or 79.8%, bore interest at fixed rates. In addition, Ch\$850,028.6 million, or 70.4%, of our total financial debt is UF-denominated, and Ch\$356,878.1 million, or 29.6%, in foreign currencies, mainly the U.S. dollar and Euro. All of our Chilean currency-denominated financial debt is denominated in UF. Accordingly, variations in floating interest rates such as LIBOR and inflation affect our interest expenses.

The level of our financial debt results in significant financial expenses that we record in our statement of income. Our financial expenses consist of interest expense, exchange gains/losses on U.S. dollar and other foreign currency-denominated debt, derivative losses or gains and gains/losses from UF adjustments. During the nine-month period ended September 30, 2013, we recorded interest expense (including other finance costs) of Ch\$37,481.6 million, exchange rate variation losses of Ch\$15,437.3 million and losses from UF adjustments of Ch\$8,982.7 million related to our loans and financings. The interest rates we pay on our financial debt depend on a variety of factors, including prevailing Chilean and international interest rates, any collateral or guarantees and risk assessments of our company, our business and the Chilean economy made by our potential lenders, potential purchasers of our debt securities and the rating agencies that assess our debt securities.

### ***Fluctuations in Exchange Rates between the Chilean Peso and Other Currencies***

Our results of operations and financial condition have been, and will continue to be affected by the rate of depreciation or appreciation of the Chilean peso against foreign currencies, mainly the U.S. dollar and the Euro, because (1) we have U.S. dollar- and Euro-denominated financial liabilities that require us to make principal and interest payments in U.S. dollars or Euros and (2) we incur the cost of some of the equipment we purchase in U.S. dollars and Euros or at prices that are U.S. dollar- or Euro-linked. The Chilean peso has been subject to large volatility in the past and could be subject to significant fluctuations in the future. In 2011 and 2012, the value of the Chilean peso relative to the U.S. dollar depreciated 10.9% and appreciated 7.6% in nominal terms, respectively. During the nine-month period ended September 30, 2013, the Chilean peso has depreciated 5.1% against the U.S. dollar, compared to an 8.8% appreciation during the corresponding period in 2012.

Our consolidated U.S. dollar- and Euro-denominated financial debt represented 29.52% and 0.04%, respectively, of our total financial debt as of September 30, 2013. As a result, when the Chilean peso depreciates against the U.S. dollar or the Euro:

- the interest cost on our U.S. dollar- and Euro-denominated financial debt increases in Chilean pesos, which negatively affects our financial income (expense), net in Chilean pesos; and
- the aggregate amount of our U.S. dollar- and Euro-denominated financial debt increases in Chilean pesos, and our total liabilities and debt service obligations in Chilean pesos increase.

An appreciation of the Chilean peso against the U.S. dollar or the Euro has converse effects.

Our technical fee is updated on a monthly basis by an adjustment formula that takes into account variations in the factors that impact our long-term cost structure (inflation, U.S. dollar and Euro exchange rates and the price of electricity). This creates a natural hedge against fluctuations in exchange rates as such fluctuations are one of the variables that compose the adjustment formula. In addition to this natural hedge, we have established a hedging policy to mitigate the effects of foreign exchange variations not covered by the technical fee. As of September 30, 2013, the fair value of our derivatives was Ch\$1,671.0 million. The purpose of these hedging transactions is to seek to "match" the currency of our debt with that of our revenues to mitigate foreign exchange risk. However, we cannot

assure you that we will maintain similar hedge positions in the future or that our hedging policy will successfully mitigate effects of any foreign exchange variations.

### ***Demand for Public Transportation in the Metropolitan Region of Santiago***

We derive a substantial portion of our revenues from the technical fees paid to us by Transantiago for each confirmed passenger. These revenues are dependent primarily on traffic volumes and the capacity of our subway lines to absorb traffic. Traffic volumes depend on a number of factors, including the quality, convenience and travel time on alternate forms of transportation not operated by us or integrated to Transantiago, the construction of roads, the quality and state of repair of our subway lines and changes in electric power and fuel prices in Chile, weather and the existence of alternative means of transportation. In 2012, 2011 and 2010 transit in our subway system reached 2.20 million, 2.15 million and 2.09 million, respectively, trips per business day. Currently, we transport 61% of the daily Transantiago passengers, while the remaining 39% Transantiago passengers use buses.

Passenger demand is also associated with general economic activity levels, employment rates and urban population growth. For instance, there is a positive correlation of 89.5% between the demand for subway transportation and Chile's GDP. In 2012, 2011 and 2010, we had an increase of 8.8 million, 19.2 million and 12.8 million trips, respectively. These increases are primarily the result of increased economic activity in Chile during the past three years, including the inauguration of phase 2 of the extension of line 5 to station Maipú (comprising seven new stations) in February 2011 and the inauguration of phase 1 of the extension of line 5 to Pudahuel (comprising five new stations) and the extension of line 1 to Los Dominicos (comprising three new stations).

### ***Our Technical Fees***

Beginning on February 10, 2007, we became part of Transantiago. As part of this system, our fare revenues are based on the confirmed number of passengers transported and the technical fee set forth in the relevant service agreement with the MTT for transportation services to be provided to Transantiago. In December 2012, we entered into the 2012 Transantiago Transportation Services Agreement, which set our current technical fee flat-fee structure. This agreement was later complemented and restated in the 2013 Transantiago Transportation Services Agreement, which is set to expire on February 10, 2019.

Pursuant to the Transantiago Transportation Services Agreements, commencing on January 1, 2013, we have a flat-fee structure based on a base technical fee of Ch\$302.06 (in Chilean pesos as of September 2012) per confirmed passenger, which fee is updated monthly based on the adjustment formula included in the 2013 Transantiago Transportation Services Agreement. This adjustment formula reflects changes in the variables that make up our long-term costs structure (inflation, the U.S. dollar exchange rate, the Euro exchange rate, and the price of electricity). This allows a natural adjustment to changes in our long-term costs resulting from an increase in any of the variables that make up the adjustment formula.

Prior to entering into the 2012 Transantiago Transportation Services Agreement, we had a three-tier structure based on traffic volume with a different technical fee for each level: (1) the first level provided a fee for up to 583 million passengers per year; (2) the second provided a fee for between 583 and 717 million passengers per year; and (3) the third provided a fee for over 717 million passengers per year. The change from the three-tier fee structure to the flat fee structure works as an incentive for us to attract new passengers, because the new model provides a constant, rather than decreasing, marginal contribution per additional passenger.

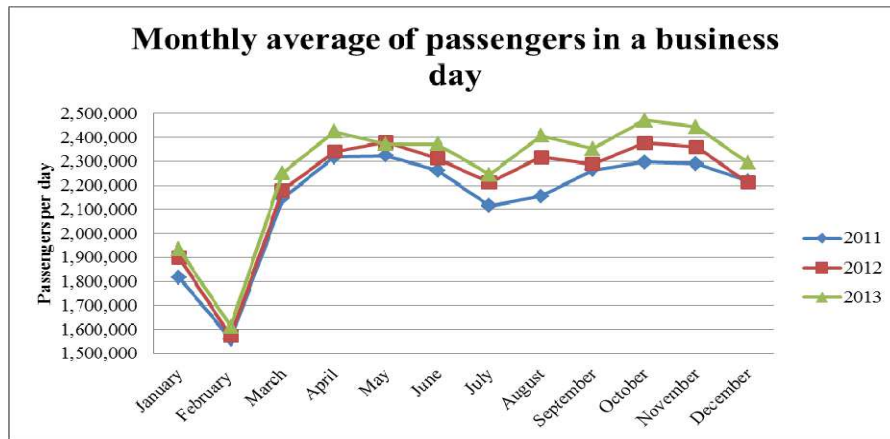
The fare paid by Transantiago passengers is different from the technical fee we receive per confirmed passenger under the Transantiago Transportation Services Agreements. For example, in December 2012, passengers paid fares to Transantiago of Ch\$670 during rush hour, Ch\$610 during off-peak times and Ch\$560 during low-traffic times, on average, but we collected during the same period an average technical fee of Ch\$303.46 per confirmed passenger.

For a more detailed description of our technical fee and the related adjustment formula, see "Business—Our Business—Integrated Payment System—Commercial Fares / Technical Fees."

**Seasonality**

Demand for our subway transportation varies during the year, with demand decreasing when schools and universities are not in session and during the summer months when workers are typically on vacation. Demand is generally at its lowest levels in January and February, while April, May, October and November represent the busiest months of the year.

Set forth below is a chart that depicts the average number of passengers using our services per month during 2012, 2011 and 2010:



## Results of Operations

### Nine-Month Period Ended September 30, 2013 Compared to the Nine-Month Period Ended September 30, 2012

The following table sets forth certain of our statement of income data for the nine-month periods ended September 30, 2013 and 2012:

	For the period ended September 30,		Variation	
	2013	2012	Amount	%
	(in millions of Ch\$)			
<b>Financial information</b>				
Revenues.....	181,590.4	175,900.2	5,690.2	3.2%
Cost of sales.....	(160,782.9)	(146,093.3)	(14,689.6)	10.1%
Gross profit.....	20,807.5	29,806.8	(8,999.3)	(30.2)%
Other income, by function.....	1,134.8	677.6	457.2	67.5%
Administrative expenses.....	(16,586.5)	(18,614.3)	2,027.8	(10.9)%
Other expenses, by function.....	(617.5)	(197.8)	(419.7)	212.2%
Other gains (losses).....	1,448.6	(8,134.2)	9,582.8	n.m. (1)
Financial income.....	6,297.2	6,024.2	273.0	4.5%
Financial expenses.....	(37,481.6)	(37,939.0)	457.4	(1.2)%
	(31,184.4)	(31,914.8)	730.4	(2.3)%
Foreign exchange variation.....	(15,437.3)	35,866.5	(51,303.8)	n.m.
Income (loss) from UF adjustments.....	(8,982.7)	(10,446.6)	1,463.9	(14.0)%
	(24,420.0)	25,419.9	(49,839.9)	n.m.
Income (loss) before income taxes.....	(49,417.5)	(2,956.8)	(46,460.7)	n.m.
Income taxes.....				
<b>Net income (loss)</b> .....	(49,417.5)	(2,956.8)	(46,460.7)	n.m.

(1) Not meaningful.

### Revenues

In the nine-month period ended September 30, 2013, our revenues increased by Ch\$5,690.2 million, or 3.2%, to Ch\$181,590.4 million from Ch\$175,900.2 million in the corresponding period in 2012, primarily attributable to:

- a 38.5% increase in our sales channel fee revenues to Ch\$16,036.8 million in the nine-month period ended September 30, 2013 from Ch\$11,576.3 million in the corresponding period in 2012;
- a 5.3% increase in our lease revenues from stores, retail space and publicity to Ch\$8,877.6 million in the nine-month period ended September 30, 2013 from Ch\$8,432.4 million in the corresponding period in 2012; and
- a 24.9% increase in our lease revenues from intermodal stations to Ch\$1,361.3 million in the nine-month period ended September 30, 2013 from Ch\$1,090.1 million in the corresponding period in 2012.

The 38.5% increase in our sales channel fee revenues was mainly due to our becoming the exclusive sales channel of Transantiago's *Tarjeta Bip!*, at our underground stations and at above ground locations. The 5.3% increase in our lease revenues from stores, retail space and publicity was mainly due to an increase in the number of tenants occupying commercial space, as well as an increase in the public advertising spaces for lease, as compared to the prior period. The 24.9% increase in our lease revenues from intermodal stations was mainly due to the renewal of lease agreements that provided for an average 57.5% increase in the fee for each bus output from the intermodal stations. In addition, and to a lesser extent, Intermodal del Sol began generating revenue in February 2013.

Our fare revenues remained stable during the nine-month period ended September 30, 2013, when compared to the corresponding period in 2012. There was a 2.2% increase in traffic to 487.8 million passengers during the nine-month period ended September 30, 2013 from 477.4 million passengers during the corresponding period in 2012, primarily as a result of lower unemployment levels in the Santiago metropolitan area. In the nine-month period ended September 30, 2013, our average technical fee was Ch\$302.6, compared to Ch\$302.7 during the corresponding period in 2012.

#### *Cost of sales*

In the nine-month period ended September 30, 2013, our costs of sales increased by Ch\$14,689.6 million, or 10.1%, to Ch\$160,782.9 million from Ch\$146,093.3 million in 2012. The increase in our cost of sales was primarily due to:

- a 2.6% increase in our electricity purchases to Ch\$22,346.8 million in the nine-month period ended September 30, 2013, as compared to Ch\$21,785.1 million during the corresponding period in 2012, reflecting an 8.6% increase in our service offering to 106.4 million car-kms as of September 30, 2013 from 98.0 million car-kms as of September 30, 2012;
- an 18.0% increase in our costs of maintenance to Ch\$27,586.4 million in the nine-month period ended September 30, 2013 from Ch\$23,378.4 million during the corresponding period in 2012, reflecting an increase in the costs of rolling stock, replacements and cleaning expenses; and
- a 24.1% increase in our personnel costs to Ch\$33,571.4 million in the nine-month period ended September 30, 2013 from Ch\$27,055.7 million during the corresponding period in 2012, primarily as a result of collective bargaining negotiations with the union (*Sindicato de Trabajadores No. 1*).

These increases were partially offset by a 41.1% decrease in our fixed commission costs and variable costs paid to the AFT to Ch\$3,837.2 million in the nine-month period ended September 30, 2013 from Ch\$6,613.9 million during the corresponding period in 2012, reflecting our becoming the exclusive sales channel of Transantiago's *Tarjeta Bip!*

#### *Gross profit*

As a result of the foregoing factors, our gross profit decreased by 30.2%, or Ch\$8,999.3 million, to Ch\$20,807.5 million in the nine-month period ended September 30, 2013, from Ch\$29,806.8 million during the corresponding period in 2012. Our gross margin decreased to 11.5% in the nine-month period ended September 30, 2013, from 16.9% during the corresponding period in 2012.

#### *Administrative expenses*

In the nine-month period ended September 30, 2013, our administrative expenses decreased by Ch\$2,027.8 million, or 10.9%, to Ch\$16,586.5 million from Ch\$18,614.3 million during the corresponding period in 2012, primarily as a result of:

- a 25.7% decrease in general expenses to Ch\$3,714.9 million in the nine-month period ended September 30, 2013 from Ch\$4,997.3 million during the corresponding period in 2012, reflecting decreased marketing costs, non-operating expenses and provisions for real estate expenses; and
- a 35.6% decrease in our maintenance expenses to Ch\$1,027.1 million in the nine-month period ended September 30, 2013 from Ch\$1,595.9 million during the corresponding period in 2012, primarily as a result of decreased remodeling costs of our corporate offices in 2013 as compared to 2012.

#### *Other gains (losses)*

We recorded other gains of Ch\$1,448.6 million in the nine-month period ended September 30, 2013, compared to other losses of Ch\$8,134.2 million during the corresponding period in 2012. This variation was primarily attributable to the increase in the fair value of our cross-currency swaps resulting from a depreciation of the Chilean

peso of 5.1% in the nine-month period ended September 30, 2013 as compared to the decrease in the valuation resulting from an appreciation of the Chilean peso of 8.8% in the corresponding period in 2012.

#### *Financial income*

In the nine-month period ended September 30, 2013, our financial income increased by Ch\$273.0 million, or 4.5%, to Ch\$6,297.2 million from Ch\$6,024.2 million during the corresponding period in 2012, mainly attributable to a 11.6% increase in our interest income to Ch\$3,865.3 million in the nine month-period ended September 30, 2013 from Ch\$3,462.9 million during the corresponding period in 2012. This increase in interest income primarily reflects an increase in the average balance of our investment portfolio to Ch\$133,606 million in the nine month-period ended September 30, 2013 from Ch\$113,486 million during the corresponding period in 2012. This increase was partially offset by a 9.3% decrease in our financial income related to financial income swaps to Ch\$2,313.5 million in the nine-month period ended September 30, 2013, as compared to Ch\$2,551.0 million during the corresponding period in 2012, primarily as a result of a decrease in the balance of our cross-currency swaps between the two periods.

#### *Financial expenses*

In the nine-month period ended September 30, 2013, our financial expenses decreased by Ch\$457.4 million, or 1.2%, to Ch\$37,481.6 million, from Ch\$37,939.0 million during the corresponding period in 2012, mainly attributable to

- an 8.7% decrease in our interest expense from bank loans to Ch\$7,551.7 million in the nine month-period ended September 30, 2013, from Ch\$8,267.3 million during the corresponding period in 2012, primarily as a result of a 12.4% decrease in U.S. dollar denominated debt; and
- a 45.5% decrease in our financial expenses related to other finance costs, to Ch\$474.3 million in the nine-month period ended September 30, 2013, from Ch\$870.5 million during the corresponding period in 2012 following our issuance of the Series L local bonds in May 2012.

These decreases were partially offset by a 2.3% increase in our interest expense from local bonds to Ch\$29,455.7 million in the nine month-period ended September 30, 2013, from Ch\$28,801.1 million during the corresponding period in 2012, corresponding to our Series L local bonds issued in May 2012.

#### *Foreign exchange variation*

We recorded a foreign exchange variation loss of Ch\$15,437.3 million during the nine-month period September 30, 2013, compared to a gain of Ch\$35,866.5 million in the corresponding period in 2012. This decrease was primarily due to:

- a 5.1% depreciation of the Chilean peso against the U.S. dollar during the nine-month period ended September 30, 2013 as compared to the 8.8% appreciation of the Chilean peso against the U.S. dollar during the corresponding period in 2012, and
- a 12.4% decrease in our U.S. dollar-denominated financial debt mainly due to scheduled principal repayments.

#### *Income (loss) from UF adjustments*

Loss from UF adjustments decreased by Ch\$1,463.9 million, or 14.0%, to a loss of Ch\$8,982.7 million in 2013 from a loss of Ch\$10,446.6 million in 2012. This decrease was primarily due to:

- a 1.1% increase of the UF in the nine-month period ended September 30, 2013 as compared to the 1.3% increase of the UF during the corresponding period in 2012; and
- a 0.9% decrease in our UF-denominated financial debt mainly due to scheduled principal repayments.

*Net income (loss)*

As a result of the foregoing factors, our net loss increased by Ch\$46,460.7 million to a loss of Ch\$49,417.5 million in the nine-month period ended September 30, 2013, as compared to a loss of Ch\$2,956.8 million during the corresponding period in 2012.

***Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011***

The following table sets forth certain of our statement of income data for the years ended December 31, 2012 and 2011:

	<b>For the year ended December 31,</b>		<b>Variation</b>	
	<b>2012</b>	<b>2011</b>	<b>Amount</b>	<b>(%)</b>
	<b>(in millions of Ch\$)</b>			
<b>Income statement data:</b>				
Revenues.....	238,396.1	228,962.2	9,433.9	4.1%
Cost of sales.....	(201,005.4)	(196,748.1)	4,257.3	2.2%
Gross profit.....	37,390.6	32,214.1	5,176.5	16.1%
Other income, by function .....	1,011.7	3,330.4	(2,318.7)	(69.6)%
Administrative expenses.....	(25,880.4)	(20,037.6)	5,842.8	29.2%
Other expenses, by function.....	(217.5)	(3,828.2)	(3,610.7)	94.3%
Other gains (losses).....	(7,157.8)	3,277.4	10,435.2	n.m.(1)
Financial income.....	8,470.2	8,157.8	312.4	3.8%
Financial expenses.....	(50,640.8)	(47,798.9)	2,841.9	5.9%
	(42,170.6)	(39,641.1)	2,529.5	6.4%
Foreign exchange variation.....	31,346.0	(43,822.6)	75,168.6	171.5%
Loss from UF adjustments.....	(19,431.2)	(29,220.4)	(9,789.2)	(33.5)%
	11,914.8	(73,043.0)	84,957.8	116.3%
Loss before income taxes.....	(25,109.2)	(97,728.1)	(72,618.9)	74.3%
Income taxes.....	—	—	—	—
<b>Net loss.....</b>	<b>(25,109.2)</b>	<b>(97,728.1)</b>	<b>(72,618.9)</b>	<b>74.3%</b>

(1) Not meaningful.

*Revenues*

In 2012, our revenues increased by Ch\$9,433.9 million, or 4.1%, to Ch\$238,396.1 million, as compared to Ch\$228,962.2 million in 2011, primarily as a result of:

- a 3.0% increase in our fare revenues, to Ch\$204,431.3 million in 2012 from Ch\$198,467.0 million in 2011;
- an 8.5% increase in our sales channel fee revenues to Ch\$15,811.3 million in 2012 from Ch\$14,574.3 million in 2011;
- a 12.6% increase in our lease revenues from stores, retail space and publicity to Ch\$11,790.6 million in 2012 from Ch\$10,467.8 million in 2011;
- a 17.1% increase in our other revenues to Ch\$4,900.5 million in 2012 from Ch\$4,186.6 million in 2011; and
- a 15.5% increase in our lease revenues at our intermodal stations to Ch\$1,462.4 million in 2012 from Ch\$1,266.4 million in 2011.

The 3.0% increase in our fare revenues was mainly due to (1) a 1.4%, or 8.8 million passenger, increase in traffic to 648.7 million passengers in 2012 from 639.9 million passengers in 2011, primarily as a result of the

commencement of operations on February 3, 2011 of the second tranche of our Line 5 to Maipú (from Pudahuel to Plaza Maipú), with seven new subway stations and an additional 8.3 km of tracks; and (2) an increase in our technical fee to Ch\$301.5 in 2012 from Ch\$297.1 in 2011, which was adjusted to take into account changes in inflation and the U.S. dollar exchange rate, which increased by 3.4% and 3.0%, respectively, in 2012. These adjustments to the technical fee were offset by decreases of 4.4% and 3.2% in the Euro exchange rate and the price of electricity, respectively, during 2012, which carry less weight in the adjustment formula.

The 8.5% increase in our sales channel fee revenues was mainly due to an increase in passenger fares, which resulted in an increase in the total amounts we collected.

The 12.6% increase in our lease revenues from stores, retail space and publicity was mainly due to an increase of Ch\$482 million relating to retail sales, of which 51.3% was attributable to increased rents, 40.0% was attributable to an increase in space available for rent and 8.7% was attributable to an increase in the types of services offered to passengers who use the Santiago subway, such as cell phone recharges and bill payment.

The 17.1% increase in our other revenues was mainly due to:

- a 52.6% increase in our lease revenues from mobile telephone operators to Ch\$3,378.0 million in 2012 from Ch\$2,214.0 million in 2011;
- an 18.6% increase in our fiber optic revenues to Ch\$631.0 million in 2012 from Ch\$532.0 million in 2011; and
- a 28.1% increase in our land and building lease revenues to Ch\$424.0 million in 2012 from Ch\$331.0 million in 2011.

#### *Cost of sales*

In 2012, our cost of sales increased slightly by Ch\$4,257.3 million, or 2.2%, to Ch\$201,005.4 million from Ch\$196,748.1 million in 2011. This increase was primarily due to:

- a 4.4%, or Ch\$1,637.2 million, increase in our personnel costs to Ch\$38,610.7 million in 2012 from Ch\$36,973.5 million in 2011, primarily as a result of new collective bargaining agreements entered into with *Sindicato de Trabajadores No. 4* and higher compensation related to changes in the work shifts of our station managers;
- a 7.5%, or Ch\$2,346.2 million increase in our costs of operation and maintenance to Ch\$33,589.2 million in 2012 from Ch\$31,243.0 million in 2011, primarily as a result of an increase in the use of spare parts and increased costs associated with maintenance of subway stations and infrastructure reflecting higher passenger traffic and the expansion of our track network; and
- a 1.9% increase in depreciation, to Ch\$71,028.1 million in 2012 from Ch\$69,734.5 million in 2011, primarily as a result of an increase in civil construction, information technology, or IT systems and equipment and rolling stock related to the extension of our Line 5 to Maipú, which commenced operations in February 2011.

These increases were partially offset by (1) 1.4%, or Ch\$401.4 million, decrease in our electricity purchases to Ch\$29,256.3 million in 2012 from Ch\$29,657.7 million in 2011, primarily as a result of a 3.2% decrease in average electricity prices to Ch\$47.4 per kWh in 2012 from Ch\$49.0 per kWh in 2011 (with demand for electricity increasing by only 0.3% in the same period), which offset the 0.7% increase in traffic flow to 132.0 million car-kms in 2012 from 131.1 million car-kms in 2011, and (2) a 9.1%, or Ch\$1,104.4 million decrease in our general costs to Ch\$10,984.2 million in 2012 from Ch\$12,088.6 million in 2011.

### *Gross profit*

As a result of the foregoing factors, our gross profit increased by 16.1%, or Ch\$5,176.5 million, to Ch\$37,390.6 million in 2012, from Ch\$32,214.1 million in 2011. Our gross margin increased to 15.7% in 2012, from 14.1% in 2011.

### *Administrative expenses*

In 2012, our administrative expenses increased by Ch\$5,842.8 million, or 29.2%, to Ch\$25,880.4 million from Ch\$20,037.6 million in 2011. The increase in our administrative expenses was primarily due to:

- a 21.1% increase in personnel expenses to Ch\$16,140.0 million in 2012 from Ch\$13,330.1 million in 2011, primarily as a result of an increase in salaries and other benefits paid to employees as a result of our entry into a new collective bargaining agreement;
- a 208.5% increase in our maintenance expenses to Ch\$2,466.4 million in 2012 from Ch\$799.6 million in 2011, primarily as a result of an increase in station repair costs and replacement costs, reflecting our expanded network in 2012 as compared to 2011;
- a 25.2% increase in general expenses to Ch\$6,740.0 million in 2012 from Ch\$5,381.3 million in 2011, primarily as a result of an increase in expenses to improve our brand and corporate image of 88.8% over the prior period, an increase the costs of labor activities, and an increase in rental and machinery and equipment expenses; and
- a 1.4% increase in depreciation, to Ch\$534.0 million in 2012 from Ch\$526.6 million in 2011, primarily as a result of property, plant and equipment additions in connection with Project 63 and the network strengthening program, principally civil construction, systems and equipment and rolling stock.

### *Other gains (losses)*

In 2012, our other gains (losses) decreased by Ch\$10,435.2 million, to a loss of Ch\$7,157.8 million in 2012 from gains of Ch\$3,277.4 million in 2011. This decrease was primarily attributable to the decrease in the fair value of our cross-currency swaps resulting from a 7.6% appreciation of the Chilean peso against the U.S. dollar in 2012 compared to a 10.9% depreciation of the Chilean peso against the U.S. dollar in 2011.

### *Financial income*

In 2012, our financial income increased by Ch\$312.4 million, or 3.8%, to Ch\$8,470.2 million from Ch\$8,157.8 million in 2011, mainly attributable to a 17.1% increase in our interest income to Ch\$4,843.9 million in 2012 from Ch\$4,136.2 million in 2011. This increase in interest income primarily reflects an increase in the balance of our investment portfolio and in particular the corresponding increase in interest earned by income-generating assets in that portfolio. This increase was partially offset by an 8.5% decrease in our financial income from derivatives to Ch\$3,401.7 million in 2012 from Ch\$3,717.5 million in 2011, primarily as a result of the valuation of our cross-currency swaps.

### *Financial expenses*

In 2012, our financial expenses increased by Ch\$2,841.9 million, or 5.9%, to Ch\$50,640.8 million from Ch\$47,798.9 million in 2011, mainly attributable to a 14.3% increase in our interest expense from local bonds to Ch\$38,664.6 million in 2012 from Ch\$33,814.2 million in 2011, primarily related to the issuance of our Series K and Series L local bonds. This increase was partially offset by a 14.1% decrease in our interest expense from bank loans, to Ch\$10,949.1 million in 2012 from Ch\$12,748.7 million in 2011, primarily attributable to a prepayment of the total outstanding debt of Ch\$99,343.2 million (UF4.5 million) with Santander Chile, corresponding to a loan of UF 9.2 million and a partial prepayment of an aggregate amount of Ch\$30,403.0 million (equivalent to U.S.\$62.3 million as of the date of prepayment) with BNP Paribas in relation to a U.S.\$200.0 million loan.

### *Foreign exchange variation*

Our foreign exchange variation increased by Ch\$75,168.6 million, or 171.5%, to a gain of Ch\$31,346.0 million in 2012 from a loss of Ch\$43,822.6 million in 2011. This increase was primarily due to:

- the 7.6% appreciation of the Chilean peso against the U.S. dollar in 2012 (from Ch\$519.20 per U.S. dollar as of December 31, 2011 to Ch\$479.96 per U.S. dollar as of December 31, 2012) as compared to the 10.9% depreciation of the Chilean peso against the U.S. dollar in 2011 (from Ch\$468.01 per U.S. dollar as of December 31, 2010 to Ch\$519.20 per U.S. dollar as of December 31, 2011); and
- a 12.5% decrease in our U.S. dollar-denominated financial debt, mainly due to the prepayment of outstanding indebtedness.

### *Loss from UF adjustments*

In 2012, our loss from UF adjustments decreased by Ch\$9,789.2 million, or 33.5%, to Ch\$19,431.2 million in 2012 from Ch\$29,220.4 million in 2011. This decrease was primarily due to:

- the 2.5% appreciation of the UF against the Chilean peso in 2012 (from Ch\$22,294.03 per one UF as of December 31, 2011 to Ch\$22,840.75 per one UF as of December 31, 2012) as compared to the 3.9% appreciation of the UF against the Chilean peso in 2011 (from Ch\$21,455.55 per one UF as of December 31, 2010 to Ch\$22,294.03 per one UF as of December 31, 2011); and
- a 3.7% increase in our UF-denominated financial debt mainly due to the issuance in May 2012 of our Series L local bonds in an aggregate principal amount of UF1.5 million (equivalent to approximately Ch\$33,923.5 million).

### *Net loss*

As a result of the foregoing factors, our net loss decreased by Ch\$72,618.9 million, or 74.3%, to Ch\$25,109.2 million in 2012 from Ch\$97,728.1 million in 2011.

**Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010**

The following table sets forth certain of our income statement data for the years ended December 31, 2011 and 2010:

	<b>For the year ended December 31,</b>		<b>Variation</b>	
	<b>2011</b>	<b>2010</b>	<b>Amounts</b>	<b>(%)</b>
	<b>(in millions of Ch\$)</b>			
<b>Income statement data:</b>				
Revenues.....	228,962.2	213,842.4	15,119.8	7.1%
Cost of sales.....	(196,748.1)	(190,773.6)	5,974.5	3.1%
Gross profit.....	32,214.1	23,068.8	9,145.3	39.6%
Other income, by function .....	3,330.4	839.6	2,490.8	n.m.(1)
Administrative expenses.....	(20,037.6)	(13,562.8)	6,474.8	47.7%
Other expenses, by function.....	(3,828.2)	(747.0)	3,081.2	n.m.
Other gains (losses).....	3,277.4	—	3,277.4	n.m.
Financial income.....	8,157.8	18,022.0	(9,864.1)	(54.7)%
Financial expenses.....	(47,798.9)	(54,417.9)	6,619.0	12.2%
	(39,641.1)	(36,396.0)	3,245.2	8.9%
Foreign exchange variation.....	(43,822.6)	35,215.9	(79,038.5)	n.m.
Loss from UF adjustment .....	(29,220.4)	(20,406.9)	8,813.5	43.2%
	(73,043.1)	14,809.0	(87,852.1)	n.m.
Loss before income taxes.....	(97,728.1)	(11,988.4)	85,739.7	n.m.
Income taxes .....	—	—	—	—
<b>Net loss.....</b>	<b>(97,728.1)</b>	<b>(11,988.4)</b>	<b>85,739.7</b>	<b>n.m.</b>

(1) Not meaningful.

**Revenues**

In 2011, our revenues increased by Ch\$15,119.8 million, or 7.1%, to Ch\$228,962.2 million from Ch\$213,842.4 million in 2010, primarily as a result of:

- a 5.3% increase in our fare revenues to Ch\$198,467.0 million in 2011 from Ch\$188,462.2 million in 2010;
- a 10.2% increase in our sales channel fee revenues to Ch\$14,574.3 million in 2011 from Ch\$13,224.3 million in 2010;
- a 29.6% increase in our lease revenues from stores, retail space and publicity to Ch\$10,467.8 million in 2011 from Ch\$8,075.9 million in 2010; and
- a 49.0% increase in our other revenues to Ch\$4,186.6 million in 2011 from Ch\$2,809.6 million in 2010.

The 5.3% increase in our fare revenues was mainly due to (1) a 3.1%, or 19.2 million, increase in passenger traffic to 639.9 million passengers in 2011 from 620.7 million passengers in 2010, primarily reflecting the February 2011 commencement of operations, of the second tranche of our Line 5 to Maipú (from Pudahuel to Plaza Maipú), with seven new subway stations and an additional 8.6 kms of tracks; and (2) a 1.9% increase in our average technical fee to Ch\$297.1 in 2011 from Ch\$291.4 in 2010, reflecting an increase in the consumer price index of 3.1%.

The 10.2% increase in our sales channel fee revenues was mainly due to an increase in passenger fares effective as of January 1, 2013, which resulted in an increase in the total amounts we collected for Transantiago.

The 29.6% increase in our lease revenues from stores, retail space and publicity was mainly due to an increase of Ch\$630 million in real estate operations (*i.e.*, rental of commercial locations, modules and kiosks) due to an

increase in the rent charged of Ch\$209 million, an increase in the rate of occupation of commercial spaces of Ch\$339 million and additional service offerings of Ch\$82 million.

The 49.0% increase in our other revenues was mainly due to (1) income of Ch\$515.0 million recorded in 2011 in connection with our sale in August 2011 of our multitrack technology license and (2) income of Ch\$949.0 relating to lease revenues from mobile telephone operators.

#### *Cost of sales*

In 2011, our cost of sales increased by Ch\$5,974.5 million, or 3.1%, to Ch\$196,748.1 million in 2011 from Ch\$190,773.6 million in 2010, primarily due to:

- a 13.0%, or Ch\$8,043.4 million, increase in our costs of depreciation and amortization to Ch\$69,734.5 million in 2011 from Ch\$61,691.1 million in 2010, reflecting an increase in civil construction, IT systems and equipment and rolling stock related to the extension of our Line 5 to Maipú, which commenced operations in February 2011;
- a 7.8% increase in our electricity purchases to Ch\$29,657.7 million in 2011 from Ch\$27,523.6 million in 2010, primarily as a result of a 10.2% increase in traffic flow to 131.1 million car-kms in 2011 from 119.0 million car-kms in 2010 and an increase in average electricity prices to Ch\$49.0 per kWh in 2011 from to Ch\$45.7 per kWh in 2010; and
- a 3.8%, or Ch\$1,138.8 million, increase in our costs of operation and maintenance to Ch\$31,243.1 million in 2011 from Ch\$30,104.3 million in 2010, reflecting an increase in costs of maintenance of subway stations, rolling stock and tracks, an increase in the use of spare parts, and service agreements entered into for the maintenance of tracks, trains and other assets, in each case, attributable to the extension of our network of tracks, operation of new subway stations and increase in the number of our cars in 2011 compared to 2010.

These increases were partially offset by (1) 10.1% decrease in our costs of personnel to Ch\$36,973.2 million in 2011 from Ch\$41,132.2 million in 2010, primarily as a result of payments made in connection with the conclusion of collective bargaining agreement negotiations with *Sindicatos de Trabajadores 1 and 3*; and (2) a 17.1% decrease in our general costs to Ch\$12,088.6 million in 2011 from Ch\$14,583.0 million in 2010, primarily as a result of a decrease in the provision for litigation expenses and software license expenses.

#### *Gross profit*

As a result of the foregoing, our gross profit increased by 39.6%, or Ch\$9,145.3 million, to Ch\$32,214.1 million in 2011, from Ch\$23,068.8 million in 2010. Our gross margin increased to 14.1% in 2011, from 10.8% in 2010.

#### *Administrative expenses*

In 2011, our administrative expenses increased by Ch\$6,474.8 million, or 47.7%, to Ch\$20,037.6, million from Ch\$13,562.8 million in 2010. The increase in our administrative expenses was primarily due to:

- a 79.5% increase in expenses related to personnel costs to Ch\$13,330.1 million in 2011 from Ch\$7,427.1 million in 2010, primarily as a result of an increase in compensation, retirement plan benefits and bonuses associated with the Sindicato de Trabajadores No. 2, which as of December 2011 was centralized in the general management; and
- a 34.5% increase in our expenses related to general expenses to Ch\$5,381.3 million in 2011 from Ch\$3,999.6 million in 2010 primarily as a result of an increase in consulting, advertising and branding expenses relating to the commencement of operations of the second phase of line 5.

These increases were partially offset by (1) a 66.0% decrease in our expenses related to depreciation expense to Ch\$526.6 million in 2011 from Ch\$1,548.0 million in 2010, primarily as a result of the implementation of SAP and a reclassification in 2011 of operating expenses recorded in 2010.

### *Other gains (losses)*

In 2011, we recorded other gains of Ch\$3,277.4 million, compared to no other gains (losses) recorded in 2010. These gains were primarily attributable to the increase in the fair value of our cross-currency swaps resulting from the 10.9% depreciation of the Chilean peso against the U.S. dollar in 2011.

### *Financial income*

In 2011, our financial income decreased by Ch\$9,864.2 million, or 54.7%, to Ch\$8,157.8 million, from Ch\$18,022.0 million in 2010, mainly as a result of:

- a Ch\$12,390.3 million decrease in our financial income from derivatives to Ch\$3,717.5 million in 2011 from Ch\$16,107.8 million in 2010, primarily as a result of the inclusion in 2010 of the valuation of cross currency swaps, which as of 2011 were reclassified to other gains (losses), and
- a 43.7% decrease in our other financial income, to Ch\$304.1 million in 2011 from Ch\$539.9 million in 2010, primarily as a result of a decrease in default interest income.

These decreases were partially offset by a Ch\$2,762.0 million increase in our interest income to Ch\$4,136.2 million in 2011 from Ch\$1,374.2 million in 2010, primarily as a result of the increase in the average balance of our financial investments, consisting largely of fiscal contributions to finance Project 63 and other capital expenditures during the period.

In addition, until December 31, 2010, we classified financial income and financial expenses related to derivative instruments on a gross basis. Beginning January 1, 2011, we classify these financial income and expenses on a net basis. The respective reclassification, together with other effects of Ch\$7.8 million, decreased our financial income in 2011 by Ch\$7,589.3 million.

### *Financial expenses*

In 2011, our financial expenses increased by 12.2%, or Ch\$6,619.0 million, to Ch\$47,798.9 million in 2011 from Ch\$54,417.9 million in 2010, primarily attributable to the combined effect of:

- a 15.8% increase, to Ch\$33,814.2 million in 2011 from Ch\$29,196.8 million in 2010, primarily due to the issuance of Series K local bonds; and
- a 47.7% decrease in our interest expense from bank loans, to Ch\$12,748.7 million in 2011 from Ch\$24,381.3 million in 2010, primarily due to the decrease in the credit balances after the prepayment of certain outstanding debt in the amount of UF4.5 million.

In addition, until December 31, 2010, we classified financial income and financial expenses related to derivative instruments on a gross basis. Beginning January 1, 2011, we classify these financial income and expenses on a net basis. This reclassification decreased our financial expenses for the period by Ch\$7,589.3 million.

### *Foreign exchange variation*

Our foreign exchange variation decreased by Ch\$79,038.5 million, to a loss of Ch\$43,822.6 million in 2011 from a gain of Ch\$35,215.9 million in 2010. This decrease was primarily due to:

- a 10.9% depreciation of the Chilean peso against the U.S. dollar in 2011 (from Ch\$468.01 per U.S. dollar as of December 31, 2010 to Ch\$519.20 per U.S. dollar as of December 31, 2011) as compared to the 7.7% appreciation of the Chilean peso against the U.S. dollar in 2010 (from Ch\$507.10 per U.S. dollar as of December 31, 2009 to Ch\$468.01 per U.S. dollar as of December 31, 2010); and
- a 5.2% decrease in our U.S. dollar-denominated financial debt, mainly due to utilization of available credit of U.S.\$65 million as compared to scheduled principal payments of U.S.\$114 million.

### *Loss from UF adjustments*

In 2011, our loss from UF adjustments increased by Ch\$8,813.5 million, or 43.2%, to Ch\$29,220.4 million in 2011 from Ch\$20,406.9 million in 2010. This increase was primarily due to:

- the 3.9% increase in the value of the UF against the Chilean peso in 2011 (from Ch\$21,455.55 per one UF as of December 31, 2010 to Ch\$22,294.03 per one UF as of December 31, 2011) as compared to the 2.4% increase in the value of the UF in 2010 (from Ch\$20,942.88 per one UF as of December 31, 2009 to Ch\$21,455.55 per one UF as of December 31, 2010); and
- a 17.5% increase in our UF-denominated financial debt, mainly due to the issuance in October 2011 of our Series K UF-denominated bonds in an aggregate principal amount of UF5.2 million (equivalent to approximately Ch\$114,519.3 million).

### *Net income (loss)*

As a result of the foregoing factors, our net loss increased by Ch\$85,739.8 million, to Ch\$97,728.1 million in 2011 from Ch\$11,988.4 million in 2010.

### **Liquidity and Capital Resources**

Our principal cash requirements consist of the following:

- working capital;
- capital expenditures (primarily for the expansion of our subway lines, maintenance of our facilities and equipment and improvement of the efficiency of our operations); and
- servicing of our financial debt.

Our principal sources of liquidity have historically consisted of the following:

- cash flows from operations;
- long-term borrowings from banks;
- issuance of debt securities in the local capital markets; and
- capital contributions from the Chilean government.

During the nine-month period ended September 30, 2013, we used cash flow generated by our operations and from financing activities primarily for working capital requirements for payment of suppliers of goods and services, to purchase property, plant and equipment and to service our financial debt. As of September 30, 2013, our cash and cash equivalents, amounted to Ch\$197,450.5 million, and our working capital (defined as total current assets less total current liabilities) was Ch\$56,629.3 million. As of September 30, 2013, our total financial debt was Ch\$1,206,906.8 million, of which Ch\$108,912.1 million correspond to short-term debt and Ch\$1,097,994.8 million to long-term debt.

We believe that the our cash and cash equivalents on hand, cash from operations, capital contributions from the Chilean government and borrowings available to us, together with the net proceeds of this offering, will be adequate to meet our capital expenditure requirements and liquidity needs for the foreseeable future. However, we expect to require additional capital to meet our longer-term liquidity, capital expenditure and growth requirements.

### Cash Flow Statement Data

The following tables set forth certain of our cash flow data for the periods ended September 30, 2013 and 2012 and for the years ended December 31, 2012, 2011 and 2010.

	For the nine-month period ended September 30,		Year ended December 31,		
	2013	2012	2012	2011	2010
	(in millions of Ch\$)				
<b>Cash Flow Data</b>					
Net cash flows provided by operating activities.....	52,819.6	53,295.9	64,314.1	79,517.5	74,462.5
Net cash flows used in investing activities .....	(129,289.9)	(71,859.8)	(145,655.6)	(66,403.1)	(161,671.3)
Net cash flows provided by financing activities.....	108,985.6	43,041.7	128,819.1	11,377.8	75,956.7
Net increase (decrease) in cash and cash equivalents.....	34,932.8	20,701.0	44,366.2	29,562.3	(11,252.1)
Cash and cash equivalents at the end of the period .....	197,450.5	138,852.5	162,517.7	118,151.5	88,589.1

#### Net cash flow provided by operating activities

Our net cash flow provided by operating activities decreased by Ch\$476.3 million, or 0.9%, to Ch\$52,819.6 million during the nine-month period ended September 30, 2013 from Ch\$53,295.9 million during the corresponding period in 2012. This decrease was primarily due to (1) a 19.3% increase in payments to employees, to Ch\$46,208.2 million during the nine-month period ended September 30, 2013 from Ch\$38,722.4 million during the corresponding period in 2012, primarily related to the collective bargaining negotiations with *Sindicato de Trabajadores No. 1*; (2) a 3.0% increase in payments to suppliers, to Ch\$77,425.6 million during the nine-month period ended September 30, 2013 from Ch\$75,204.4 million during the corresponding period in 2012, mainly attributable to an increase in our maintenance and electricity expenses; and (3) a 34.7% increase in other operating activity payments, to Ch\$4,379.3 million during the nine-month period ended September 30, 2013 from Ch\$3,251.5 million during the corresponding period in 2012, mainly attributable to increased payments for real estate. This decrease was partially offset by (1) a 5.6% increase in revenue from operating activities to Ch\$177,562.5 million during the nine-month period ended September 30, 2013 from Ch\$168,165.0 million during the corresponding period in 2012, mainly attributable to a 38.5% increase in sales channel fee revenues and a 2.2% increase in fare revenue resulting from an increase in the number of passengers; and (2) a 41.6% increase in cash flows from services provided and goods sold, to Ch\$3,270.1 million during the nine-month period ended September 30, 2013 from Ch\$2,309.2 million during the corresponding period in 2012, mainly attributable to an increase in interest revenue from the investment portfolio.

Our net cash flow provided by operating activities decreased by Ch\$15,303.4 million, or 19.2%, to Ch\$64,214.1 million in 2012 from Ch\$79,517.5 million in 2011. This decrease was primarily attributable to (1) an 11.4% increase in our payments to suppliers, to Ch\$107,577.4 million in 2012 from Ch\$96,575.2 million in 2011, mainly attributable to the reclassification of Ch\$9,513.9 million which were recorded under payments to suppliers in 2012 as compared to under property, plant and equipment in 2011; and (2) a 14.3% increase in our payments to employees, to Ch\$55,134.5 million in 2012 from Ch\$48,232.8 million in 2011, primarily related to collective bargaining with the *Sindicato de Trabajadores Nos. 2 and 4*. In 2012, we recorded cash flows from services provided and goods sold of Ch\$228,647.5 million compared to Ch\$222,496.6 million in 2011.

Our net cash flow provided by operating activities increased by Ch\$5,055.0 million, or 6.8%, to Ch\$79,517.5 million in 2011 from Ch\$74,462.5 million in 2010. This increase was primarily attributable to (1) a 7.1% increase in cash flows from services provided and goods sold, to Ch\$222,496.6 million in 2011 from Ch\$207,696.2 million in 2010, consistent with the 7.1% increase in our revenues in 2011, compared to 2010; and (2) a 54.3% decrease in other payments related to operating activities, to Ch\$3,978.1 million in 2011 from Ch\$8,713.3 million in 2010, mainly attributable to a decrease in payments for real estate. These factors were partially offset by (1) a 10.5% increase in payments to suppliers, to Ch\$96,575.2 million in 2011 from Ch\$87,419.3 million in 2010, mainly attributable to an increase in electric power costs resulting from an increase in capacity, and (2) a 50.5% decrease in other cash flows from operating activities, to Ch\$5,237.1 million in 2011 from Ch\$10,573.0 million in 2010, mainly attributable to decreased interest revenue from the investment portfolio.

#### *Net cash flow used in investing activities*

Our net cash flow used in investing activities increased by Ch\$57,430.1 million, or 79.9%, to Ch\$129,289.9 million during the nine-month period ended September 30, 2013 from Ch\$71,859.8 million during the corresponding period in 2012. This increase was primarily attributable to (1) a 78.3% increase in our acquisition of property, plant and equipment, to Ch\$127,756.3 million during the nine-month period ended September 30, 2013 from Ch\$71,660.5 million during the corresponding period in 2012, mainly related to increases in investments in Project 63; and (2) other payments to purchase investments of Ch\$1,512.9 million during the nine-month period ended September 30, 2013, relating to the acquisition of repurchase agreements, which was partially offset by a 89.6% decrease in our acquisition of intangible assets, to Ch\$20.7 million during the nine-month period ended September 30, 2013 from Ch\$199.3 million during the corresponding period in 2012, mainly related to a decrease in the purchase of software licenses.

Our net cash flow used in investing activities increased by Ch\$79,252.5 million, or 119.4%, to Ch\$145,655.6 million in 2012 from Ch\$66,403.1 million in 2011, was mainly as a result of a 120.5% increase in our acquisition of property, plant and equipment, to Ch\$145,378.5 million in 2012 from Ch\$65,927.7 million in 2011, related to increases in investments in Project 63.

Our net cash flow used in investing activities decreased by Ch\$95,268.2 million, or 58.9%, to Ch\$66,403.1 million used in 2011 from Ch\$161,671.3 million used in 2010, mainly due to a 58.4% decrease in our acquisition of property plant and equipment to Ch\$65,927.7 million in 2011 from Ch\$158,412.9 million in 2010, related to the investments made during 2010 for the completion of our line 1 and line 5 expansion projects, which commenced commercial operations in January 2010 and February 2011, respectively.

#### *Net cash flow provided by (used in) financing activities*

Our net cash flow provided by financing activities increased by Ch\$65,943.9 million, or 153.2%, to Ch\$108,985.6 million in the nine-month period ended September 30, 2013 from Ch\$43,041.7 million in the corresponding period in 2012, primarily due to (1) Ch\$99,200.0 million from the issuance of 2,684,709,066 Series A shares subscribed by the CORFO during the nine-month period ended September 30, 2013, as a result of a Ch\$99,200.0 million capital increase approved by our shareholders on June 25, 2013; and (2) a 50.4% decrease in our repayment of bank loans, to Ch\$33,489.4 million during the nine-month period ended September 30, 2013 from Ch\$67,571.3 million during the corresponding period in 2012, related to our amortization of Ch\$30,403.0 million (equivalent to U.S.\$62.3 million as of the date of prepayment) of the principal amount outstanding under one of our BNP Paribas facilities. This increase was partially offset by (1) cash flows from long-term loan agreements of Ch\$29,577.9 million during the nine-month period ended September 30, 2012, as a result of a restructuring of our debt with Banco Bilbao Vizcaya Argentaria in two tranches; and (2) other cash outflows of Ch\$5,482.9 million during the nine-month period ended September 30, 2013 compared to other cash inflows of Ch\$31,695.4 million.

Our net cash flow provided by financing activities increased by Ch\$117,441.3 million, to Ch\$128,819.1 million used in 2012 from Ch\$11,377.8 million used in 2011, primarily attributable to (1) a Ch\$119,580.6 million increase in cash flows from issuance of shares, to Ch\$195,600.0 million in 2012 from Ch\$76,019.4 million in 2011, as a result of a Ch\$109,361.0 million and a Ch\$95,600.0 million capital increase approved by our shareholders on December 27, 2012 and September 11, 2012, respectively; (2) a 49.3% decrease in repayment of loans, to Ch\$85,325.7 million in 2012 from Ch\$168,388.3 million in 2011, mainly as a result of amortization in 2012 of one of our facilities with BNP Paribas in an aggregate principal amount of Ch\$30,403.0 million (equivalent to U.S.\$62.3 million as of the date of prepayment), compared to our amortization in 2011 of an aggregate principal amount of Ch\$99,343.2 million (UF4.5 million) corresponding to one of our facilities with Banco Santander Chile S.A., (3) a 5.3% increase in long-term loans, to Ch\$32,419.0 million in 2012 from Ch\$30,773.9 million in 2011, mainly as a result of our incurrence of an additional Ch\$29,577.9 million (U.S.\$60.0 million) under a credit facility with Banco Bilbao Vizcaya Argentaria in 2012 and our incurrence of Ch\$14,077.5 million (U.S.\$30.0 million) and Ch\$16,917.7 million (U.S.\$35.0 million) under certain of our credit facilities with Societé Generale and BNP Paribas in 2011. These factors were partially offset by a Ch\$76,380.5 million decrease in other cash inflows, to Ch\$30,313.1 million in 2012 from Ch\$106,693.6 million in 2011, related to the issuance in 2012 of our Series L local bonds in an aggregate principal amount of Ch\$33,923.5 million (UF1.5 million) as compared to the issuance of our Series K local bonds in an aggregate principal amount of Ch\$114,519.3 million (UF5.2 million).

Our net cash flow provided by financing activities decreased by Ch\$64,578.9 million, or 85.0%, to Ch\$11,377.8 million used in 2011 from Ch\$75,956.7 million used in 2010, primarily attributable to (1) a Ch\$128,855.9 million increase in our repayment of loans, to Ch\$168,388.3 million in 2011 from Ch\$39,532.4 million in 2010, mainly as a result of our amortization in 2011 of an aggregate principal amount of Ch\$99,343.2 million (UF4.5 million) corresponding to one of our facilities with Banco Santander Chile S.A., compared to our amortization in 2010 of financings with BNP Paribas, and (2) a 54.0% decrease in long-term loans incurred, to Ch\$30,773.9 million in 2011 from Ch\$66,900.9 million in 2010, mainly related to the issuance in 2011 of our Series K local bond in an aggregate principal amount of Ch\$114,519.3 million (UF5.2 million) and our incurrence of an additional Ch\$14,077.5 million (U.S.\$30.0 million) and Ch\$16,917.7 million (U.S.\$35.0 million) under certain of our credit facilities with Societé Generale and BNP Paribas compared to our incurrence in 2010 of an aggregate principal amount of Ch\$8,115.0 million (U.S.\$15.9 million) under one of our purchase loan facilities with BNP Paribas. These factors were partially offset by a Ch\$109,083.7 million increase in other cash outflows (inflows), to an inflow of Ch\$106,693.6 million in 2011 from outflows of Ch\$2,390.1 million in 2010, related to the issuance in 2011 of our Series K local bonds in an aggregate principal amount of Ch\$114,519.3 million (UF5.2 million).

### Financial Indebtedness

As of September 30, 2013, our total financial debt (defined as other financial liabilities, including derivatives) was Ch\$1,206,906.8 million, consisting of Ch\$108,912.1 million in short-term debt, including current portion of long-term debt (or 9.0% of our total financial debt) and Ch\$1,097,994.8 million, or in long-term debt, excluding current portion (or 91.0% of our total financial debt). As of September 30, 2013, 29.6% of our total financial debt corresponded to bank loans, 69.8% to our local bonds and the remaining 0.7% to derivatives transactions.

Our UF-denominated total financial debt as of September 30, 2013 was Ch\$850,028.6 million (or 70.4% of our total financial debt), and our foreign currency-denominated indebtedness was Ch\$356,878.1 million (or 29.6% of our total financial debt), of which Ch\$356,336.6 million was denominated in U.S. dollars and Ch\$541.5 million was denominated in Euros. All of our Chilean currency-denominated financial debt is denominated in UF.

As of September 30, 2013, Ch\$235,903.2 million (or 19.5%) of our total financial debt bore interest at floating rates, all of which corresponds to our foreign currency-denominated loans, which bore interest at rates based on LIBOR.

The following table sets forth selected information with respect to our outstanding financial debt as of September 30, 2013:

Indebtedness	Currency	Effective Interest Rate	Maturity Date(1)	As of September 30, 2013		
				Current-portion	Long-term portion	Total
<i>(in millions of Ch\$)</i>						
UF-denominated						
Local Bonds Series A .....	UF	6.27%	July 2026	4,288.3	83,572.6	87,860.9
Local Bonds Series B .....	UF	5.95%	Nov. 2026	2,676.6	43,463.7	46,140.3
Local Bonds Series C .....	UF	5.53%	July 2027	4,101.6	86,111.2	90,212.8
Local Bonds Series D .....	UF	5.14%	July 2028	4,136.9	91,949.1	96,086.0
Local Bonds Series E .....	UF	4.93%	May 2029	1,325.4	67,667.8	68,993.2
Local Bonds Series F .....	UF	4.93%	July 2029	502.6	45,715.3	46,217.9
Local Bonds Series G .....	UF	3.14%	Sept. 2030	127.9	73,077.1	73,205.0
Local Bonds Series H .....	UF	4.45%	July 2020	207.4	22,882.9	23,090.3
Local Bonds Series I .....	UF	4.78%	July 2029	645.5	65,104.9	65,750.4
Local Bonds Series J .....	UF	4.54%	Nov. 2034	1,518.6	91,953.1	93,471.7
Local Bonds Series K .....	UF	4.00%	Sept 2032	198.3	116,041.0	116,239.3
Local Bonds Series L .....	UF	3.88%	May 2033	502.7	34,311.8	34,814.5
Derivatives transactions (2) .....	UF	2.46%	—	777.9	7,168.5	7,946.4(3)
				<b>21,009.6</b>	<b>829,019.0</b>	<b>850,028.6</b>

Indebtedness	Currency	Effective Interest Rate	Maturity Date(1)	As of September 30, 2013		
				Current-portion	Long-term portion	Total
(in millions of Ch\$)						
Foreign currency-denominated:						
BNP Paribas .....	U.S. dollars	1.89%	Dec. 2020	85,468.1	196,773.8	282,241.9
Natixis Banques .....	U.S. dollars	0.71%	March 2038	2,166.7	26,338.1	28,504.8
Natixis Banques .....	Euro	2.00%	June 2024	55.6	485.9	541.5
Banco Société Générale .....	U.S. dollars	1.79%	Sept. 2016	30.6	15,126.0	15,156.6
Banco Bilbao Vizcaya Argentaria .....	U.S. dollars	2.06%	July 2017	181.3	30,252.0	30,433.3
				<b>87,902.4</b>	<b>268,975.7</b>	<b>356,878.1</b>
<b>Total financial debt .....</b>				<b>108,912.1</b>	<b>1,097,994.8</b>	<b>1,206,906.8</b>

- (1) The maturity date for our foreign currency-denominated credit facilities corresponds to the maturity date of the loan with the longest maturity term with the relevant lender.
- (2) For additional information on our derivatives transactions, see note 12 to our unaudited consolidated financial statements.
- (3) Ch\$7,946.4 million corresponds to the fair value of the cross-currency swaps less the accrued interest already recognized in financial income and expenses for the nine-month period ended September 30, 2013.

The table below sets forth the maturity profile of our financial indebtedness as of September 30, 2013.

	As of September 30, 2013				Total
	Less than one year	One to three years	Three to five years	More than five years	
(in millions of Ch\$)					
Bank loans .....	87,902.4	200,594.0	39,474.6	28,907.1	356,878.1
Local bonds .....	20,231.8	57,419.7	54,762.5	709,668.4	842,082.4
Derivatives transactions .....	777.9	3,520.0	781.9	2,866.5	7,946.4
<b>Total .....</b>	<b>108,912.1</b>	<b>261,533.8</b>	<b>95,019.0</b>	<b>741,442.0</b>	<b>1,206,906.8</b>

#### Long-term financial indebtedness

##### Local bonds

As of September 30, 2013, we had 12 series of outstanding local bonds in an aggregate principal amount of Ch\$842,082.4 million, which are denominated in UF. We have used the proceeds from these bond offerings to refinance a portion of our long-term indebtedness and to fund our capital expenditure projects related to the extensions of our lines 2 and 5 and the construction of our line 4.

*Series A Local Bonds.* On July 31, 2001, we issued our Series A Local Bonds in the aggregate amount of UF4.2 million (equivalent to approximately Ch\$62,498.0 million as of the date of incurrence), which are unconditionally and irrevocably guaranteed by the government of Chile. Our Series A Local Bonds bear interest at a rate of 5.6% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments, the first of which was paid on January 15, 2012. The final maturity date for these bonds is July 15, 2026. The proceeds from these bonds were used to refinance a portion of our existing debt.

*Series B Local Bonds.* On December 5, 2001, we issued our Series B Local Bonds in the aggregate amount of UF2.1 million (equivalent to approximately Ch\$32,981.0 million as of the date of incurrence), which are unconditionally and irrevocably guaranteed by the government of Chile. Our Series B Local Bonds bear interest at a rate of 5.6% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments, the first of which was paid on May 1, 2012. The final maturity date for these bonds is November 1, 2026. The proceeds from these bonds were used to refinance a portion of our existing debt.

*Series C Local Bonds.* On August 9, 2002, we issued our Series C Local Bonds in the aggregate amount of UF4.0 million (equivalent to approximately Ch\$65,333.0 million as of the date of incurrence), which are unconditionally and irrevocably guaranteed by the government of Chile. Our Series C Local Bonds bear interest at a rate of 5.5% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments, the first of which was paid on January 15, 2013. The final

maturity date for these bonds is July 15, 2027. The proceeds from these bonds were used to refinance a portion of our existing debt.

*Series D Local Bonds.* On September 3, 2003, we issued our Series D Local Bonds in the aggregate amount of UF4.0 million (equivalent to approximately Ch\$71,081.0 million as of the date of incurrence), which are unconditionally and irrevocably guaranteed by the government of Chile. Our Series D Local Bonds bear interest at a rate of 5.5% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments starting on January 15, 2014. The final maturity date for these bonds is July 15, 2028. The proceeds from these bonds were used to finance civil construction, the procurement of supplies and other expenses associated with the construction of our line 4.

*Series E Local Bonds.* On June 23, 2004, we issued our Series E Local Bonds in the aggregate amount of UF2.8 million (equivalent to approximately Ch\$51,152.0 million as of the date of incurrence), which are unconditionally and irrevocably guaranteed by the government of Chile. Our Series E Local Bonds bear interest at a rate of 5.5% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments starting on November 15, 2014. The final maturity date for these bonds is May 15, 2029. The proceeds from these bonds were used to finance civil construction, the procurement of supplies and other expenses associated with the construction of our line 4.

*Series F Local Bonds.* On June 23, 2004, we issued our Series F Local Bonds in the aggregate amount of UF1.9 million (equivalent to approximately Ch\$34,430.0 million as of the date of incurrence), which are unconditionally and irrevocably guaranteed by the government of Chile. Our Series F Local Bonds bear interest at a rate of 5.5% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments starting on January 15, 2015. The final maturity date for these bonds is July 15, 2029. The proceeds from these bonds were used to finance civil construction, the procurement of supplies and other expenses associated with the construction of our line 4.

*Series G Local Bonds.* On September 14, 2005, we issued our Series G Local Bonds in the aggregate amount of UF2.8 million (equivalent to approximately Ch\$59,243.0 million as of the date of incurrence), which are unconditionally and irrevocably guaranteed by the government of Chile. Our Series G Local Bonds bear interest at a rate of 4.5% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments starting on March 15, 2016. The final maturity date for these bonds is September 15, 2030. The proceeds from these bonds were used to finance civil construction, the procurement of supplies and other expenses associated with the expansion of our lines 2 and 5.

*Series H Local Bonds.* On September 3, 2008, we issued our Series H Local Bonds in the aggregate amount of UF1.0 million (equivalent to approximately Ch\$20,693.0 million as of the date of incurrence). Our Series H Local Bonds bear interest at a rate of 4.3% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 10 semi-annual installments starting on January 15, 2016. The final maturity date for these bonds is July 15, 2020. The proceeds from these bonds were used to refinance a portion of our existing debt.

*Series I Local Bonds.* On September 3, 2008, we issued our Series I Local Bonds in the aggregate amount of UF2.85 million (equivalent to approximately Ch\$59,173.0 million as of the date of incurrence). Our Series I Local Bonds bear interest at a rate of 4.7% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 22 semi-annual installments starting on January 15, 2019. The final maturity date for these bonds is July 15, 2029. The proceeds from these bonds were used to refinance a portion of our existing debt.

*Series J Local Bonds.* On November 18, 2009, we issued our Series J Local Bonds in the aggregate amount of UF4.0 million (equivalent to approximately Ch\$83,660.0 million as of the date of incurrence). Our Series J Local Bonds bear interest at a rate of 4.5% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 30 semi-annual installments starting on May 18, 2020. The final maturity date for these bonds is November 18, 2034. The proceeds from these bonds were used to refinance a portion of our existing debt.

*Series K Local Bonds.* On October 6, 2011, we issued our Series K Local Bonds in the aggregate amount of UF5.2 million (equivalent to approximately Ch\$114,519.3 million as of the incurrence date). Our Series K Local Bonds bear interest at a rate of 3.75% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable in 10 semi-annual installments starting on March 15, 2028. The final maturity date for these bonds is September 15, 2032. The proceeds from these bonds were used to refinance a portion of our existing debt.

*Series L Local Bonds.* On May 24, 2012, we issued our Series L Local Bonds in the aggregate amount of UF1.5 million (equivalent to approximately Ch\$33,807.0 million as of the incurrence date). Our Series L Local Bonds bear interest at a rate of 3.85% per annum calculated on a 360-days basis and payable semi-annually. The principal amount under these bonds is payable on their final maturity date on May 14, 2033. The proceeds from these bonds were used to refinance existing debt.

The covenants under our local bonds Series H through L restrict, among other things, our ability to grant, assume or allow a lien to be created on a substantial portion of our assets, except for certain permitted liens. Our local bonds Series A through G do not have any similar restrictions. Although we are not subject to any financial covenants under our Series A through G Local Bonds, the instruments governing our Series H through L Local Bonds required that we comply with the following financial covenants on an annual basis:

- our debt to shareholders' equity ratio shall not exceed 1.7x;
- our shareholders' equity shall be at least Ch\$700,000 million; and
- our interest coverage ratio shall be equal to or exceed 1.0x.

As of September 30, 2013, we were in compliance with these financial covenants and other covenants under our local bonds.

The indentures and respective ancillary deeds (*escrituras complementarias*) relating to our Series H through L local bonds include cross-payment event of default clauses, such that our non-payment of debt under one or more of our outstanding credit agreements in an aggregate amount in excess of U.S.\$8.0 million would result in an event of default under such indentures and enable the board of bondholders under those agreements to determine to accelerate our indebtedness under the relevant local bond. In addition, under our Series H and I local bonds, a widespread non-payment of external debt by the Chilean government (excluding government-owned enterprises), or if the Chilean government is unable to pay its external debts when due or enters into negotiations to renegotiate or refinance all or a substantial part of its external debt, shall constitute and event of default.

#### Loans and credit facilities

As of September 30, 2013, we had outstanding bank loans in an aggregate principal amount of Ch\$356,878.1 million, consisting of Ch\$356,336.6 million U.S. dollar-denominated loans and Ch\$541.5 million Euro-denominated loans. We have used the proceeds from these loans to fund our capital expenditure projects, construction of our line 5, the extensions of our lines 2 and 5 and the construction of our line 4.

*Natixis Bank (Protocolo Financiero Franco-Chileno).* Beginning in 1991, Natixis Bank granted a loan to the Chilean government, part of which was allocated by *Tesorería General de la República* to us. The aggregate principal amount allocated to us under the master agreement between the Chilean government and the French government was €1.573 million. This loan bears interest at an average rate of 2.0% payable biannually in arrears through maturity in June 2024. This master agreement has a term of 32 years, with a 12-year grace period. The outstanding principal amount of this loan is payable in 40 installments, the first of which was paid in December 2002. The proceeds from this loan were used to finance construction of our line 5. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$541.5 million (€0.79 million).

*Natixis Bank (Protocolo Financiero Franco-Chileno).* Beginning in 1993, Natixis Bank granted a loan to the Chilean government, part of which was allocated by *Tesorería General de la República* to us. The aggregate principal amount allocated to us under the master agreement between the Chilean government and the French

government was U.S.\$87.793 million. This loan bears interest at an average rate of 0.71% payable biannually in arrears through maturity in March 2038. This master agreement has a term of 45 years, with an 11-year grace period. The outstanding principal amount of this loan is payable in 68 installments, the first of which was paid in June 2004. The proceeds from this loan were used to finance construction of our line 5. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$28,504.8 million (U.S.\$56.5 million).

*Line 4 Syndicated Facilities.* On November 22, 2001, we and a syndicate of lenders led by BNP Paribas entered into a loan agreement in a principal aggregate amount of U.S.\$150.0 million. This agreement has a term of 15 years, with a 5-year grace period and a 5-year availability period. As of September 30, 2013, we had disbursed the total principal amount available under this facility. Loans under this loan agreement bear interest at a rate of LIBOR plus 0.25% per annum payable semi-annually in arrears through maturity on November 22, 2016. Our payment obligations under this syndicated facility are guaranteed by the government of Chile. The outstanding principal amount of the loan is payable in 20 equal semi-annual installments, the first of which was paid on May 22, 2007. The proceeds from this loan were used to finance construction of our line 4. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$10,405.7 million (U.S.\$20.6 million).

On November 22, 2001, we and a syndicate of lenders led by BNP Paribas executed a master buyer credit facility in a principal aggregate amount of U.S.\$500.0 million. This agreement has a term of 15 years and a 5-year availability period. Loans under this credit facility bear interest at a rate of LIBOR plus 0.20% per annum payable semi-annually in arrears through maturity. On November 30, 2005, we and the lenders under this master buyer credit facility entered into an amendment, pursuant to which, among others, we extended the availability period of the facility and modified certain of the terms and conditions applicable to the last disbursement made under this agreement. We requested disbursements in an aggregate principal amount of U.S.\$340.0 million during the initial 5-year availability period (prior to November 30, 2005), or Tranche A, and requested an additional disbursements in an aggregate principal amount of U.S.\$46.9 million made after November 30, 2005, or Tranche B. The Tranche A loans have a 5-year grace period and the principal amount there under is payable in 20 equal semi-annual installments, the first of which was paid on November 22, 2006, with their final maturity on November 22, 2016. The Tranche B loans have a 3-year grace period and the principal amount there under is payable in 20 equal semi-annual installments, the first of which was paid on May 5, 2008, with their final maturity on November 6, 2017. Our payment obligations under this buyer credit facility with respect to the Tranche A loans are guaranteed by the government of Chile. Our payment obligations under this under this buyer credit facility with respect to the Tranche B loans are not guaranteed by the government of Chile. The proceeds from these loans were used to finance our acquisition of rolling stock and certain supplies related to the construction of our Line 4. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under the Tranche A loans was Ch\$57,765.7 million (U.S.\$114.6 million) and under the Tranche B loans was Ch\$11,441.0 million (U.S.\$22.7 million).

*Line 2 and Line 5 Extension Project Syndicated Facility.* Between October 16, 2000 and March 12, 2002, we and a syndicate of lenders led by BNP Paribas entered into several buyer credit facilities in a principal aggregate amount of U.S.\$100.0 million. These facilities have a term of 13 years, with a 3-year grace period and a 3-year availability period. As of September 30, 2013, we had disbursed the total principal amount available under this facility. Loans under this credit facility bear interest at a rate of LIBOR plus 0.40% per annum payable semi-annually in arrears through maturity on April 7, 2014. Our payment obligations under these syndicated facilities are guaranteed by the government of Chile. The outstanding principal amount of these loans is payable in 20 equal semi-annual installments starting on May 26, 2004. The proceeds from these loans were used to finance construction to extend Line 2 and Line 5. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under these facilities was Ch\$1,051.0 million (U.S.\$2.1 million).

*Line 4A Project and Line 2 North Expansion Project Syndicated Facility.* On January 23, 2004, we and a syndicate of lenders led by BNP Paribas executed a loan agreement in a principal aggregate amount of U.S.\$200.0 million. This agreement has a term of 10 years, with a 3-year grace period and a 7-year availability period. As of September 30, 2013, we had disbursed the total principal amount available under this facility. Loans under this credit facility bear interest at a rate of LIBOR plus 1.30% per annum payable semi-annually in arrears through maturity on January 23, 2014. Our payment obligations under this syndicated facility are secured by liens on our NS93 trains. 50% of the outstanding principal amount of these loans is payable in 13 equal semi-annual installments

starting on July 23, 2007, and the remaining 50% of the disbursed amount is due at maturity. Under this loan agreement, we must maintain, at all times, a debt to equity ratio at or below 2.0 to 1.0. The proceeds from these loans were used to finance construction of our Line 4A and the expansion of our Line 2. On July 23, 2012, we made a prepayment of Ch\$30,403.0 million (equivalent to U.S.\$62.3 million as of the date of prepayment) of the disbursed amount. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$23,267.3 million (U.S.\$46.1 million).

*Line 5 – Maipú Extension Project and Line 1 – Los Dominicos Expansion Project Syndicated Facility.* On September 26, 2006, we and a syndicate of lenders led by BNP Paribas executed a loan agreement in a principal aggregate amount of U.S.\$130.0 million. This agreement has a term of 12 years, with a 4-year grace period and an 8-year availability period. As of September 30, 2013, we had disbursed the total principal amount available under this facility. Loans under this credit facility bear interest at a rate of LIBOR plus 0.65% per annum payable semi-annually in arrears through maturity on September 26, 2018. The outstanding principal amount of these loans is payable in 16 equal semi-annual installments starting on March 26, 2011. The proceeds from this loan were used to finance construction of the expansion of our lines 5 and 1. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$40,969.7 million (U.S.\$81.3 million).

On September 26, 2006, we and a syndicate of lenders led by BNP Paribas entered into a buyer credit facility in a principal aggregate amount of U.S.\$260.0 million (which principal amount is increased from time to time by capitalized interest amounts). This agreement has a term of 15 years, with a 5-year grace period and a 10-year availability period. As of September 30, 2013, we had disbursed U.S.\$253.4 million (which amount includes capitalized interest) of principal amount and there was a balance of U.S.\$17.4 million available under this facility. Loans under this credit facility bear interest at an average rate of 4.02% per annum payable semi-annually in arrears through maturity on December 30, 2020. The outstanding principal amount of the loan is payable in 20 equal semi-annual installments starting on June 30, 2011. The proceeds from this loan were used to acquire rolling stock and other expenses related to the expansion of our lines 5 and 1. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$91,928.6 million (U.S.\$182.3 million).

*BNP Paribas Restructuring Agreement.* On August 23, 2007, we and BNP Paribas entered into a loan agreement in a principal aggregate amount of U.S.\$90.0 million. This facility has two tranches, Tranche A for an aggregate principal amount of U.S.\$60.0 million and Tranche B for an aggregate principal amount of U.S.\$30.0 million. Loans under Tranche A of this facility bear interest at a rate of LIBOR plus 0.20% per annum payable semi-annually in arrears through maturity in August 23, 2017. Loans under Tranche B of this facility bear interest at a rate of LIBOR plus 0.65% per annum payable semi-annually in arrears through maturity on August 26, 2014. The outstanding principal amount of each of the tranches is payable in one installment on the respective maturity date. Our payment obligations under Tranche A of this syndicated facility are guaranteed by the government of Chile. Our payment obligations under Tranche B of this facility are not guaranteed by the government of Chile. Proceeds from this agreement were used to refinance a portion of our existing debt. As of September 30, 2013, the outstanding balance of Tranche A and Tranche B (including principal and unpaid interest) under this loan agreement was Ch\$45,412.7 million (U.S.\$90.1 million).

*Société Générale Restructuring Agreement.* On June 26, 2011, we and Société Générale entered into a loan agreement in a principal aggregate amount of U.S.\$30.0 million. This loan bears interest at a rate of LIBOR plus 1.4% per annum payable semi-annually in arrears through maturity on September 15, 2016. The outstanding principal amount of the loan is payable on its maturity date. Proceeds from this agreement were used to refinance a portion of our existing debt. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$15,156.6 million (U.S.\$30.1 million).

*Banco Bilbao Vizcaya Argentaria Restructuring Agreement.* On September 8, 2011, we and Banco Bilbao Vizcaya Argentaria entered into a loan agreement in a principal aggregate amount of U.S.\$60.0 million. This loan bears interest at a rate of LIBOR plus 1.65% per annum payable semi-annually in arrears through maturity on July 18, 2017. The outstanding principal amount of the loan is payable on its maturity date. Proceeds from this agreement were used to refinance a portion of our existing debt. As of September 30, 2013, the outstanding balance (including principal and unpaid interest) under this loan agreement was Ch\$30,433.3 million (U.S.\$60.4 million).

As of September 30, 2013, the instruments governing our indebtedness owed to financial institutions required that we comply with financial covenants, the most restrictive of which were the following:

- our debt to shareholders' equity ratio shall not exceed 1.7x on a quarterly basis;
- our shareholders' equity shall be at least Ch\$700.0 million on a quarterly basis;
- our EBITDA margin shall be at least 32% on an annual basis; and
- our interest coverage ratio shall be equal to or exceed 1.1x on an annual basis.

In addition, the covenants under our bank financings restrict, among other things, our ability to (1) make prepayments on certain financings; (2) create or permit any encumbrance other than certain permitted encumbrances; (3) enter into transactions with affiliates; or (4) enter into any transaction for consolidation or merger without prior consent of the lender. As of September 30, 2013, we were in compliance with all our financial covenants under these loans.

The loans and credit facilities include cross-payment and cross-default clauses, such that our non-payment of debt under one or more of our outstanding credit agreements in an aggregate amount in excess of U.S.\$8.0 million or our default in the performance of our obligations under any agreement, covenant or condition related to any indebtedness in excess of U.S.\$50.0 million would result in an event of default under such loans and credit facilities. In addition, if the Chilean government declares a general moratorium of the payment of external debt or is unable to pay its external debts when due or enters into negotiations to renegotiate or refinance all or a substantial part of its external debt, such declaration or inability to pay shall constitute an event of default.

### Capital Expenditures

Between January 1, 2010 and September 30, 2013, we invested Ch\$503,253.5 million (U.S.\$998.1 million) in projects related to the expansion of our network, the purchase of new trains, the increase in capacity and improvement of our facilities, tunnels and stations, the maintenance of our equipment, the modernization of our trains and the improvement of employee spaces. Our main capital expenditures and projects during this period include the following:

- *Extension of Line 1 to Los Dominicos.* On January 7, 2010, three new stations that extended line 1 to the east (Manquehue, Hernando de Magallanes and Los Dominicos) commenced operations. This 3.8 km extension marked the first extension of this line since 1980 and connects the Escuela Militar station with the Los Dominicos station, running parallel to the Apoquindo avenue, thereby converting the Los Dominicos station to the terminal station of line 1. The total investment in this project was approximately Ch\$159,514.4 million (U.S.\$272 million).
- *Extension of Line 5 to Maipú.* The line 5 extension (Maipú-Pudahuel-Lo Prado), which expands line 5 by 14.2 km and twelve stations, connects the Quinta Normal to the plaza de Maipú. This extension directly serves the neighborhoods of Quinta Normal, Lo Prado Pudahuel and Maipú. The first five stations of this project commenced operations on January 12, 2010 and the remaining seven stations commenced operations on February 3, 2011. The total investment in this project was approximately Ch\$368,290.6 million (U.S.\$628 million).
- *Acquisition of 126 Cars, Air Conditioning, Elevators and Modernization of Fleet.* We expect to increase our rolling stock in service by 126 cars on lines 1, 2 and 5, representing a 20% increase in capacity on these lines, install air conditioning on 100% of the trains on our line 1 and 60% of the trains on our lines 2 and 5, modernize our NS74 trains thereby extending their useful lives by 20 years, and add elevators to improve handicapped accessibility at the stations that currently lack such amenities. In September 2012, the first of 14 new air-conditioned trains to be used on line 1 were placed in service. We expect to increase our fleet capacity by 11% as a result of this acquisition and to decrease rush hour passenger volumes on existing trains. The total investment in these projects was approximately Ch\$285,586.9 million (U.S.\$564 million).

- *Automated Control System.* CBTC uses telecommunications between the train and the track equipment to monitor the exact position of the train along the tracks. Because the CBTC signaling system provides more accurate information than traditional signaling systems, we expect that the timing and reliability of our service will improve. This will allow us to avoid unnecessary delays and to reduce the distance between trains, thereby increasing capacity and improving energy efficiency. The total investment in this project was approximately Ch\$47,766.6 million (U.S.\$94 million). We expect the CBTC system to be fully operational by 2015.
- *Expansion of Platforms.* In 2012, we commenced construction to expand the platforms in six stations along line 5 (Rodrigo de Araya, Carlos Valdovinos, Camino Agrícola, San Joaquín, Pedrero and Mirador). The expansion of the platform by 27 meters will allow trains with up to six cars to stop at these stations, thereby increasing capacity by 400,000 passengers. The total investment in this project was approximately Ch\$4,556.4 million (U.S.\$9.0 million).
- *Project 63.* Project 63, for the construction of new lines 3 and 6, represents our most significant undertaking and expansion effort since the inauguration of the Santiago subway system. These new lines are part of an innovative project that incorporate best practices of international metro systems in order to create a world-class metro system with a cost per kilometer similar to costs over the past 10 years. In September 2012, we commenced construction of our new lines 6 and 3, including 37 kilometers of track extensions and the addition of 28 new stations, nine of which are transfer stations that provide improved connection to the existing network. We expect to invest approximately U.S.\$2,758 million in this project over the course of eight years, U.S.\$1,722 million corresponding to line 3 and U.S.\$1,036 million corresponding to line 6, which include engineering costs, execution, purchases, installation and implementation. As of September 30, 2013, we had invested Ch\$133,382.0 million (U.S.\$264.5 million) in the construction of our line 3 and Ch\$95,953.2 million (U.S.\$190.3 million) in our line 6. For a detailed description of Project 63, see “Business—Investment Plans and Expansion—Lines 3 and 6.”

The table below provides our principal capital expenditures incurred during the years and period indicated:

	<b>For the nine-month period ended</b>	<b>For the year ended December 31,</b>		
	<b>September 30,</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>2013</b>	<i>(in millions of Ch\$)</i>		
Renewal and investment in the existing system .....	50,464.0	70,840.8	3,215.3	6,274.6
Rolling Stock .....	40,835.1	54,959.9	926.1	2,022.6
Infrastructure and Station Facilities .....	6,209.8	3,549.6	1,046.3	2,333.6
Other Investment .....	3,419.1	12,331.3	1,242.8	1,918.5
Extensions operational by end of year .....	0	1,309.6	48,070.1	58,492.6
Extensions not yet operational by end of year .....	77,313.0	73,505.2	16,864.1	96,904.2
<b>Total</b> .....	<b>127,777.0</b>	<b>145,655.6</b>	<b>68,149.5</b>	<b>161,671.3</b>

The following table shows a description of the main capital expenditures to be incurred in connection with the construction of our Lines 6 and 3 during 2013, 2014 and 2015:

	<b>For the year ended December 31,</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>(Ch\$ in millions)</i>			
Line 6.....	60,159.6	169,453.0	131,584.7	146,220.8
Line 3.....	52,739.2	202,793.5	208,530.5	119,777.1
<b>Total</b> .....	<b>112,898.8</b>	<b>372,246.5</b>	<b>340,115.2</b>	<b>265,997.9</b>

We expect to meet these capital expenditure needs from capital contributions from our shareholders, the Chilean government and CORFO, our operating cash flow, as well as with a portion of the net proceeds from this global

offering. On August 23, 2011, the Chilean government authorized the financing of up to two-thirds, corresponding to approximately Ch\$1,063,862.0 million (U.S.\$2,110.0 million), of our capital expenditures related to Project 63 and our network strengthening program with capital contributions to be made by the government of Chile and CORFO, and the remaining one-third to be financed with additional indebtedness incurred directly by us and to be repaid through an adjustment in our technical fee. We may also incur indebtedness to finance a portion of these expenditures, particularly if financing is available on attractive terms, from equipment suppliers.

Our actual capital expenditures may vary from the expected budgeted amounts we have described here, both in terms of the aggregate capital expenditures we actually incur and when we actually incur them.

### Contractual Obligations

In addition to our financial indebtedness, we have significant obligations under existing contracts. The following table summarizes our significant contractual obligations and commitments, as of September 30, 2013, that have an impact on our liquidity:

	As of September 30, 2013				Total
	Less than one year	One to three years	Three to five years	More than five years	
			<i>(Ch\$ in millions)</i>		
Bank loans .....	87,902.4	200,594.0	39,474.6	28,907.1	356,878.1
Local bonds .....	20,231.8	57,419.7	54,762.5	709,668.4	842,082.4
Derivative operations .....	777.9	3,520.0	781.9	2,866.5	7,946.4
<b>Total .....</b>	<b>108,912.1</b>	<b>261,533.7</b>	<b>95,019.0</b>	<b>741,442.0</b>	<b>1,206,906.9</b>

As of September 30, 2013, we have entered into various agreements relating to Project 63 in the aggregate amount of U.S.\$1,757 million. Of this aggregate amount, (1) U.S.\$754 million, or approximately 42.9%, represent contracts for civil construction, which we expect to complete between 2015 and 2016, as these contracts relate to piques, galleries and tunnels; (2) U.S.\$582 million, or approximately 33.1%, represent contracts for electrical systems, rolling stock and track routes, which contracts will terminate upon completion of the work contemplated therein; and (3) U.S.\$180 million, or approximately 10.2%, represent contracts for consulting and engineering services for the design and construction of lines 3 and 6. Payments under these contracts are subject to completion of construction and other milestones, and as a result, we cannot reasonably estimate the amount and timing of such payments.

### Off-Balance Sheet Arrangements

As of the date of this offering memorandum, we do not have any off-balance sheet arrangements.

### Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks arising from our normal business activities. These market risks principally involve the possibility that changes in our technical fee, interest rates or exchange rates will adversely affect the value of our financial assets and liabilities or future cash flows and earnings. Market risk is the potential loss arising from adverse changes in market rates.

Our risk management strategy is designed to mitigate the financial impact derived from our exposure to market risks, and accordingly, we have used and may continue to use foreign currency and interest rate derivative instruments to mitigate our exposure to market risks. Our hedging activities are governed by a market risk management policy, which establishes applicable corporate governance standards and guidelines. Our risk management policies are defined by our board of directors with the purpose of identifying and analyzing our risk exposure, putting in place effective risk controls and thresholds, and monitoring risks and the observance of those thresholds. Our risk management policies and systems are reviewed periodically to ensure that they reflect changes in market conditions and in our business.

### ***Fluctuations in our technical fee***

We derive substantially all of our revenues from technical fees. Beginning on February 10, 2007, we became part of Transantiago. As part of this system, our fare revenues are based on the confirmed number of passengers transported and the technical fee set forth in the relevant service agreement with the MTT for transportation services to be provided to each confirmed passenger of Transantiago. Our technical fee is updated on a monthly basis by an adjustment formula that takes into account variations in the variables that impact our long-term cost structure (inflation, the U.S. dollar exchange rate, the Euro exchange rate, and the price of electricity).

If our technical fee were to decrease/increase by 10.0%, our revenues during the nine-month period ended September 30, 2013 would have decreased/increased by approximately Ch\$14,762.9 million.

### ***Fluctuations in exchange rates and inflation***

As of September 30, 2013, Ch\$356,878.1 million, or 29.6%, of our total financial debt was denominated in foreign currencies, of which Ch\$356,336.6 million, or 29.52%, corresponded to U.S. dollar-denominated financial debt and Ch\$541.5 million, or 0.04%, to Euros. As a result, we are exposed to the risk of depreciation of the Chilean peso against the U.S. dollar and the Euro. Our technical fee constitutes a natural hedge to our exposure to foreign exchange fluctuations since it is updated on a monthly basis by an adjustment formula that takes into account variations in the factors that impact our long-term cost structure (inflation, dollar, Euro and the price of electricity). This creates a natural hedge against fluctuations in exchange rates as such fluctuations are one of the variables that compose the adjustment formula.

In addition to this natural hedge, we have established a hedging policy, which is reviewed by the Board on an annual basis, to mitigate the effects of foreign exchange variations not covered by the technical fee. As of September 30, 2013, the fair value of our cross currency swaps, or CCS, was Ch\$1,671.0 million. The purpose of these hedging transactions is to seek to “match” the currency of our debt with that of our revenues to mitigate foreign exchange risk. However, we cannot assure you that we will maintain similar hedge positions in the future or that our hedging policy will successfully mitigate effects of any foreign exchange variations.

In addition, all of our Chilean peso-denominated financial indebtedness is indexed to the UF.

A sensitivity analysis of our statement of income as of September 30, 2013 estimated that a possible depreciation/appreciation of 10% in the Chilean peso against the U.S. dollar (if all other parameters remained constant) would result in a loss or profit of Ch\$22,229.6 million.

### ***Fluctuations in interest rates***

As of September 30, 2013, our total financial debt (defined as other financial liabilities, including derivatives) was Ch\$1,206,906.8 million. Of our total financial debt (excluding derivatives), Ch\$235,903.2 million, or 19.5%, bore interest at floating rates (mainly LIBOR) and Ch\$963,057.3 million, or 79.8%, bore interest at fixed rates. A portion of our interest rate risk is covered through cross currency swaps as described under “—Fluctuations in exchange rates and inflation.” As of September 30, 2013, we had cross-currency swaps under which 8.3% of our financial debt bearing interest based on LIBOR was swapped into fixed rates.

We have established a hedging policy to mitigate the effects of interest rate and foreign exchange variations and, as of September 30, 2013, we had entered into hedging transactions, mainly cross-currency swaps in an aggregate amount of Ch\$1,671.0 million. We cannot assure you that we will maintain similar hedge positions in the future or that our hedging policy will successfully mitigate effects of any foreign exchange variations.

## BUSINESS

### Overview

We are the owner and sole operator of the subway system in the metropolitan region of Santiago, Chile, which we refer to herein as the Santiago subway, and we are 100% owned by the government of Chile. We were incorporated as a closed stock corporation in 1990 by the government of Chile and the Chilean government's CORFO, having become the assignee of all rights and obligations of the Department of the Metro (*Dirección General de Metro*). As of September 30, 2013, CORFO held 61.66% of our outstanding shares and the Ministry of Finance held the remaining 38.34% of our outstanding shares.

As of September 30, 2013, we operated five subway lines in the metropolitan region of Santiago, the largest center of economic activity in Chile with 6.9 million inhabitants, representing 40.3% of the total population of Chile as of December 31, 2012, according to the INE. As of September 30, 2013, we had 103.5 kilometers of subway tracks, 108 subway stations and 156 trains consisting of 1,093 cars. We transport an average of 2.3 million passengers per business day, and in the nine-month period ended September 30, 2013 and during the fiscal year 2012, we transported approximately 487.8 million and 648.7 million passengers, respectively. During the nine-month period ended September 30, 2013, we recorded gross profit of Ch\$20,807.5 million (U.S.\$41.3 million) and our Adjusted EBITDA was Ch\$59,287.5 million (U.S.\$117.6 million). In 2012, we recorded gross profit of Ch\$37,390.6 million (U.S.\$74.2 million) and our Adjusted EBITDA was Ch\$83,072.1 million (U.S.\$164.8 million).

The Santiago subway is a critical part of Transantiago, the integrated transport system offering ground transportation by bus and underground transportation by subway in the metropolitan region of Santiago created by the Chilean government in 2007 and administered by the Department of Metropolitan Public Transportation (*Directorio de Transporte Público Metropolitano*). As of September 30, 2013, Transantiago's ground transportation services included 374 bus routes operated by seven private companies covering 34 neighborhoods and 2,766 kilometers of roads, with more than 3.1 million daily trips.

Transantiago uses a common ticketing service that allows for the use of a single touchless smart card (*Tarjeta Bip!*) for payment on city buses and the Santiago subway. In addition to providing the subway services of Transantiago, we are the exclusive sales channel for the Transantiago *Tarjeta Bip!* through our underground and ground points of sale and collect 100% of the fares paid by Transantiago passengers. As of January 2013, 61.2% of the total daily passenger trips of Transantiago included a trip on the Santiago subway.

We believe that we are one of the most efficient urban passenger transportation service providers in the world, with 98.9% of our fleet operating during peak hours, maximizing the use of our assets. Our customers have recognized the high quality of our service, which differentiates us from other methods of urban transportation, by ranking us as best passenger transport and Bronze Category winner in the 12<sup>th</sup> Chilean Annual Corporate Reputation Ranking in 2013, an annual survey by Hill+Knowlton Strategies, GFK Adimark and *La Tercera* (a Chilean newspaper) that researches 70 companies in Chile in 22 different industries. In 2012, we were named best subway system in the Americas by Metro Rail magazine.

We have successfully implemented dynamic operational strategies to increase the availability and quality of our transportation service, such as:

- optimizing the fleet during peak times through the relocation of trains among our lines, the availability of empty stand-by trains at high-traffic stations and the operation of express trains and loops;
- reducing the intervals between trains and controlling the regularity of our trains; and
- installing corrective maintenance outposts strategically distributed throughout the Santiago subway system in order to minimize the response time in case of operational problems.

### Our Operations

We operate one of the largest subway systems in Latin America in terms of passenger trips and network extension, according to data from CoMet. As of September 30, 2013, we operated five subway lines in the metropolitan region of Santiago, reaching 21 neighborhoods, and we had 108 stations, 156 trains with 1,093 cars,

covering a total distance of 103.5 kilometers of track. In addition to our transportation services, we offer 400 commercial and retail spaces for rent in our stations and over 10,000 advertising spaces for rent in our trains and stations.

During the nine-months ended September 30, 2013 and in the year ended December 31, 2012, 83.4% and 85.8%, respectively, of our revenues were derived from fare revenues, and the remaining 16.6% and 14.2%, respectively, from non-fare revenues. Our fare revenues consist exclusively of the technical fees we receive from Transantiago, while our non-fare revenues mainly include:

- sales channel services for Transantiago *Tarjeta Bip!* sales and recharges;
- sale of advertising space in our stations and trains; and
- leasing of space to stores in our stations.

#### *Our Network and Subway Lines*

Currently, the Santiago subway has a total of 5 subway lines in operation, covering a distance of 103.5 kilometers across the city of Santiago.

*Line 1.* This line, known as the red line, connects four neighborhoods of Santiago running from west to east on 20.7 km of tracks through downtown Santiago and the financial district, with 27 stations, including stations at the University of Chile, the Catholic University of Chile and the University of Santiago, three of the main universities in Chile, among other locations. Passengers on line 1 have access to more than 22 green spaces, 23 cultural centers, 19 theatres and 3,000 commercial points of interest, as well as access to various services including *BiciMetro* and *BiblioMetro*.

*Line 2.* This line, known as the yellow line, connects four neighborhoods of Santiago running from north to south on 20.5 kms of tracks, with 22 stations, including intermodal stations at the Lo Ovalle and Vespucio Norte, among other locations. Passengers on line 2 have access to an intermodal station offering connecting bus service outside of the Transantiago system via eight bus operators to other areas of the city, as well as access to *BiciMetro* services at all of the terminal stations.

*Lines 4/4A.* Our lines 4, known as the blue line, and 4A, known as the light blue line, offer service to some of the fastest-growing and more densely populated neighborhoods, including the two most populous neighborhoods in Santiago—Puente Alto and La Florida, among others. Line 4 has 23 stations and 25.7 kms of tracks, and line 4A has six stations and 8.5 km of tracks. Line 4A connects with line 2 at the La Cisterna station. Passengers on lines 4 and 4A have access to more than 500 educational institutions and 2,000 commercial points of interest, as well as access to various services including *BiciMetro* and *BiblioMetro*.

*Line 5.* Our line 5, known as the green line, stretches across Santiago from south to west on 29.9 kms of tracks, running parallel to our line 1 through downtown Santiago, with 30 stations including the terminal station of Vicente Valdés, which connects lines 4 and 5, and the terminal station of Plaza de Maipú, among others. Line 5 shares two stations (Baquedano and San Pablo) with line 1, one station (Santa Ana) with line 2 and one station (Vicente Valdés) with line L4. Passengers on line 5 have access to 51 tourist sites, including the National Museum of Fine Arts, among others, as well as access to *BiciMetro* and *BiblioMetro* services.

#### *Technical Fee*

Pursuant to the terms of the 2013 Transantiago Transportation Services Agreement, in exchange for providing subway transportation services to Transantiago passengers, we receive from Transantiago a technical fee for each confirmed passenger. Since January 1, 2013, this technical fee corresponds to a flat rate of Ch\$302.06 (in Chilean pesos as of September 2012) per passenger, which fee is updated on a monthly basis in accordance with an adjustment formula that takes into account our long-term costs structure, and which considers, among other variables, inflation, currency fluctuations and the price of electric power. The technical fee per passenger we receive from Transantiago is different from the fare passengers pay to use Transantiago. For a more detailed description of our technical fee, see “Management’s Discussion of Financial Condition and Results of Operations—

Factors Affecting Our Operations—Our Technical Fees” and “—Our Business—Integrated Payment System—Commercial Fares / Technical Fees.”

#### *Transantiago Sales Channel*

The *Tarjeta Bip!*, a smartcard that operates on a touchless system, is the official form of payment for access to Transantiago. We are the exclusive sales channel for the Transantiago *Tarjeta Bip!* through our underground and ground points of sale and collect 100% of the sales and recharges of these cards. Passengers may purchase and recharge *Tarjetas Bip!* at our underground subway stations, as well as over 1,000 retail locations throughout the city of Santiago. The use of the *Tarjeta Bip!* for both ground and subway transportation allows for seamless tracking of passengers and monitoring of transfers between buses and the Santiago subway, allowing passengers up to two transfers in a two-hour time period for the price of one trip. We receive a monthly fee from Transantiago for our sales channel services, which is calculated as a percentage of the total amounts collected by us for sales and recharges of *Tarjeta Bip!* and single-ride tickets. Additionally, we are able to setoff amounts due to us from Transantiago for technical fees for each confirmed passenger of the Santiago subway against the total amount that we collect from the sales channel for the *Tarjeta Bip!*. The funds collected for sales of the *Tarjetas Bip!* and the sale of single-ride tickets is settled daily by validating the number of confirmed passengers based on turnstile counts. We transfer any remaining amounts to the AFT. During the nine-month period ended September 30, 2013 and in the year ended December 31, 2012, our sales channel fee revenue represented 53.2% and 46.6%, respectively, of our non-fare revenues, and 8.8% and 6.6%, respectively, of our total revenues.

#### *Capital Expenditures Program*

We expect to invest a total of approximately Ch\$1,102,838.0 million (U.S.\$2,187.3 million) during 2014, 2015 and 2016 in an expansion project to increase our service offering and network extension and to upgrade our existing rolling stock and infrastructure. We expect to finance two-thirds of these capital expenditures with capital contributions from our shareholder, the government of Chile, and the remaining with the proceeds from lines of credit with financial institutions and from this offering.

Our expansion project corresponds to the construction of Project 63, which represents our most significant undertaking and expansion effort since the inauguration of the Santiago subway. We expect to invest approximately Ch\$978,359.6 million (U.S.\$1,940.4 million) during 2014, 2015 and 2016 in Project 63, of which Ch\$447,258.5 million (U.S.\$887.1 million) correspond to line 6 and Ch\$531,101.1 million (U.S.\$1,053.4 million) to line 3. In September 2012, we began construction of lines 3 and 6, including 37 kilometers of track extensions and the addition of 28 new stations, nine of which are transfer stations that provide improved connection to the existing network. As a result, we plan to increase the current ratio of kilometers of track per resident, which we believe will allow us to continue to provide a high quality service to our passengers and to the city of Santiago. In addition, these new lines are part of an innovative project that incorporates the best practices of international subway systems in order to create a world-class subway system. We estimate that Project 63 will be completed in 2018, with a total investment of approximately Ch\$1,396,545.8 million (U.S.\$2,769.8 million).

We also expect to invest approximately Ch\$124,478.4 million (U.S.\$246.9 million) during 2014, 2015 and 2016 in our “network strengthening program,” which seeks to increase our installed capacity by 126 cars on lines 1, 2 and 5, representing a 20% increase in capacity on these lines, install air conditioning on 100% of the trains on our line 1 and 60% of the trains on our lines 2 and 5, modernize our NS74 trains thereby extending their useful lives by 20 years, and add elevators to improve handicapped accessibility at the stations that currently lack such amenities.

For more detail information on our capital expenditures programs, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures” and “—Investment Plans and Expansion.”

## **Our Strengths**

We believe that our key competitive strengths are:

### ***Support of the Chilean government, our sole shareholder.***

We are wholly owned by the Chilean government and have been granted the exclusive right to develop, construct and operate the underground subway system in the city of Santiago. The Chilean government is known as one of the most stable and transparent in Latin America, and this reputation benefits us and enhances our credibility among the population we serve and the investment community.

While we are self-sufficient and do not require direct subsidies or government loans, we benefit from the Chilean government's support, from time to time, in the form of capital contributions. For instance, between 2009 and 2010, the Chilean government, through our direct shareholders, approved and subscribed for capital increases in an aggregate amount of Ch\$195,767.1 million (U.S.\$388.3 million), the proceeds of which were used to finance the expansion of our line 5 to Maipú and our line 1 to Los Dominicos. In addition, on August 23, 2011, the Chilean government authorized the financing of up to two-thirds, corresponding to approximately Ch\$1,063,862.0 million (U.S.\$2,110.0 million), of our capital expenditures related to Project 63 and our network strengthening program with capital contributions to be made by the government of Chile and CORFO, and the remaining one-third to be financed with additional indebtedness incurred directly by us and to be repaid through an adjustment in our technical fee. Between 2011 and 2013, our shareholders approved and subscribed for capital increases in an aggregate amount of Ch\$472,328.9 million (U.S.\$936.8 million), relating to Project 63 and our network strengthening program.

### ***The Santiago subway serves as the backbone of Transantiago and is poised to benefit from growth in commercial and residential areas of the metropolitan region.***

The Santiago subway connects many of the major business, retail and residential communities of Santiago, making it a popular mode of transportation for residents and tourists alike. We believe that the broad reach of our network provides our customers with the widest range of destination options within the Santiago metropolitan area. We evaluate our routes and establish the frequency of our service based upon the extent and type of demand in the areas we serve. The Santiago subway serves, among other areas, Providencia, Las Condes, Estación Central, La Cisterna, Recoleta, La Florida, Maipú, Lo Prado and San Joaquín neighborhoods; the financial and business district, comprised of over 50 high-rise office towers and located in surrounding areas of the Las Condes, Providencia and Vitacura neighborhoods; and the largest commercial centers including the Costanera Center, Apumanque, Santiago Centro and Mall Plaza Vespucio. The central location of the Santiago subway and its connections to many destinations in the heart of Santiago enable us to function as the "backbone" of Transantiago, connecting to other modes of transportation such as bus service. The Santiago subway's intermodal stations increase revenue from fares, as these linkages increase ridership due to the added convenience of having bus routes feed into the subway system.

Moreover, a substantial number of growing commercial and residential areas are within close proximity to the Santiago subway. Compared to other ground transportation solutions, including automobiles and buses, the Santiago subway offers comfortable, safe and punctual transportation that is not subject to traffic congestion, a problem that tends to worsen as a result of urban growth and development. As a result, we believe that the Santiago subway is well positioned to continue to grow as the preferred transportation option for passengers because of its coverage of key destinations within the Santiago metropolitan area.

### ***Strong revenue base with a proven record of increasing revenue growth.***

Historically, we have been focused on growing our core operations through the expansion of our network and service offering. We have been committed to growth through expansion projects, such as the extension of existing subway lines or the construction of additional lines, which has allowed us to increase our passenger base and technical fee base. We have financed these investments in a prudent manner, including with the support of the Chilean government through capital contributions to partially fund our capital expenditures program. This has resulted in a solid financial position and a higher passenger base that has enabled us to take advantage of opportunities to expand while producing steady revenue increases. During the past 18 years, we have generated

adjusted operating profit without the need for government subsidies. Our Adjusted EBITDA has grown by 13.3% between December 2010 and December 2011 and 0.8% between December 2011 and December 2012, and our revenues have grown by 7.1% and 4.1% between December 2010 and December 2011 and between December 2011 and December 2012, respectively.

***Our technical fee is adjusted to respond to changes in our long-term costs.***

Through Transantiago, the Chilean government has established an integrated fare system in the metropolitan region of Santiago, which allows passengers to travel and transfer freely between the subway system and city buses. Pursuant to the terms of the agreements executed with MTT in connection with our integration to Transantiago, in exchange for subway transportation services to Transantiago, we receive a technical fee from Transantiago for each confirmed passenger. Between February 2007 and December 2012, we had a three-tier technical fee structure that depended on traffic volume. Since January 1, 2013, the technical fee corresponds to a flat fee of Ch\$302.06 (in Chilean pesos as of September 2012) per confirmed passenger. Under the 2013 Transantiago Transportation Services Agreement, our flat-rate technical fee is updated on a monthly basis in accordance with an adjustment formula that takes into account our long-term costs structure, and variables such as inflation, currency fluctuations and the price of electric power. As of September 30, 2013, our technical fee was Ch\$305.7.

Under the 2013 Transantiago Transportation Services Agreement, we and MTT will review and consider revisions to the technical fee in three-year intervals. These revisions to the fee structure will take into account changes in our long-term costs, including increases in our installed capacity and our other services, our hours of operations, the purchase of new trains, the incorporation of new technology, the modernization of our fleet of trains to provide air conditioning, the expansion of infrastructure at our stations, the extension or construction of new lines, or any other asset replacement or debt service costs. For instance, technical fee adjustments are currently being contemplated for several of our most significant capital expenditure projects, including the construction of our new subway lines 3 and 6, as well as the updating of our train cars to provide air conditioning for our passengers' comfort. By adjusting the technical fee, we expect to be able to cover increases in our operating costs, asset replacement costs and debt service costs resulting from the expansion of our capacity.

**Our Strategy**

We seek to continue to maximize our overall performance through the following strategies:

***Continue to expand our coverage network with additional routes and cost-efficient trains.***

We intend to increase our passenger base by expanding our reach into high-demand and underserved areas, most notably through our construction plans for new subway lines 3 and 6, which we expect to complete by 2018. We expect these new subway lines to add 37 kilometers of track and 28 subway stations, in addition to expanding our subway service to five new neighborhoods.

In addition, we continue to modernize our fleet, which improves service quality and increases our passenger capacity. With the newer fleet, we expect that we will be able to increase efficiency, improve reliability and transport passengers in greater comfort, enhancing our overall value to our passengers. Moreover, as part of our fleet modernization, we expect to optimize our fleet with a lower number of train "families," without compromising the flexibility of the fleet or other operating conditions, in order to keep maintenance and operating costs at a low level and maximize train usage rates. We expect to complete the fleet modernization by 2018.

We are currently in the process of converting the signaling system used on line 1 to a CBTC signaling system. CBTC uses telecommunications between the train and the track equipment to monitor the exact position of the train along the tracks. Because the CBTC signaling system provides more accurate information than traditional signaling systems, we expect that the timing and reliability of our service will improve. This will allow us to avoid unnecessary delays and to reduce the distance between trains, thereby increasing passenger capacity and improving energy efficiency.

***Continue to grow our non-fare revenue opportunities.***

We believe that, while our fare revenues cover our operating expenses, our non-fare revenues have allowed us, and will continue to allow us, to generate adjusted operating profits. In an effort to diversify our revenue from sources other than the technical fee and increase our profitability, we have sought to increase our sales and leases of marketing and commercial spaces (including for retail, telecommunications, land and intermodal connection and other services) throughout our tunnels, stations and trains by increasing our use of digital advertising media throughout our trains and stations, as well as improving and modernizing the infrastructure of our retail spaces, including the installation of updated electrical and plumbing access and the remodeling storefronts, to encourage our retail partners to continue to lease our commercial spaces. For the nine-month period ended September 30, 2013, revenues from the lease of commercial and advertising spaces accounted for 20.7% and 8.8%, respectively, of our total non-fare revenues, compared to 23.6% and 10.4%, respectively, for the same period on 2012. We believe that the expansion of our stations, the construction of new stations and the modernization of our trains will provide us with ample opportunities to increase the availability of commercial and advertising space. In addition, as the exclusive sales channel of Transantiago's *Tarjeta Bip!*, both through our underground stations as well as at above ground locations, we are well positioned to continue to generate additional non-fare revenues.

***Maintain our focus on improving operational metrics and performance.***

We believe that our success is largely attributable to our dedication to providing our passengers with a high level of service. In 2012, we operated our trains at approximately 98.9% of capacity during peak times. Despite this high utilization rate, during the same period, the number of delays in excess of five minutes attributable to mechanical breakdowns of the trains that we experienced decreased by 15.2% to approximately 1.89 delays per million kilometers traveled by our trains, ranking the Santiago subway seventh among the world's subways in terms of reliability, according to CoMet. In addition, in 2012 we experienced only eight train delays in excess of 30 minutes (averaging approximately one major delay every 45 days). We continue to strive to improve our operating performance to provide our passengers with a reliable and high quality experience, while continuing to meet increases in demand. For instance, in order to further improve the customer experience and improve reliability, we have recently launched MetroMobile, a free smartphone application that passengers can download which provides up-to-the-minute information about our network and the services we offer to our passengers at particular locations.

***Continue to reduce our operating costs.***

We continue to seek ways to reduce our costs, including by maintaining various vital systems ourselves rather than using third party service providers. For example, we have taken over control and operation of the automated fare collection system for Transantiago, which uses the *Tarjeta Bip!* smart card system for fare sales in the entire intermodal transportation system that serves the metropolitan region. In addition, we plan to continue to reduce our capital costs per available kilometer by increasing the distance between stations, while incurring low maintenance and electric power costs.

**Our History**

On October 24, 1968, former Chilean president Eduardo Frei Montalva signed a decree authorizing the creation of the Santiago subway. Initially, the Department of Public Works (*Dirección General de Obras Públicas*), through its Planning Department (*Dirección de Planeamiento*), was in charge of developing the Santiago subway and, in 1969, work began on the San Pablo-La Moneda portion of line 1. Line 1 was the first subway line of the Santiago Subway and commenced operations in September 1975.

In 1977, line 1 was extended by adding five new stations through the Salvador station, and, in 1980, this line was further extended to the Escuela Militar station adding seven more stations. Concurrently with the west-to-east bound construction of line 1, construction on line 2 commenced to provide service to the south of Santiago. In March 1978, the Los Héroes–Franklin portion of line 2 commenced operations and in December 1978, line 2 was extended to the Lo Ovalle station. In 1987, two new stations were added to line 2 – Santa Ana and Mapocho (the latter currently known as Puente Cal y Canto station).

In 1989, pursuant to Law No. 18,772, the Chilean Government authorized the conversion of the Department of the Metro (*Dirección del Metro*), which until that time was dependent on the Ministry of Public Works, into a

government-owned stock corporation to be named Empresa de Transporte de Pasajeros Metro S.A., with the Chilean government and CORFO owning 28% and 72% of the shares, respectively.

Since 1989, we have continued to expand the Santiago subway network. In April 1997, ten years after the extension of line 2, we commenced operations of line 5 on a portion extending from the Bellavista station to the La Florida station. By March 2000, line 5 ran through the heart of the city – the Plaza de Armas – to the Santa Ana station. By 2004, we extended line 5 to the Quinta Normal station.

Also in 2004, we added two new stations to line 2, one to the north and one to the south of the city of Santiago. In September 2004, we commenced operations of the Cal y Canto–Cerro Blanco portion of line 2, and in December, we commenced operations of the Lo Ovalle–La Cisterna portion of line 2. In 2006, we again extended line 2 with the addition of the Dorsal–Vespucio Norte portion.

In 2005, we commenced operation of the Cerro Blanco–Einstein portion of line 2, and the Bellavista de La Florida–Vicente Valdés portion of line 5. Also in 2005, we commenced operations of line 4, on a portion between the stations Tobalada and Grecia, and between the stations Vicente Valdés and Plaza de Puente Alto. Line 4 covered 24.4 kilometers by March 2006, when we commenced operations on the most recent addition, a portion between stations Grecia and Vicuña Mackenna.

We also commenced operations of line 4A, a portion that joins line 2 and 4, in 2005, with four new stations between Vicuña Mackenna and La Cisterna.

In February 2007, Transantiago commenced operations, with the Santiago subway at its core. As a result, in 2007, our passenger demand doubled, as the Santiago subway acquired new passengers fed by the city buses system. We initiated a variety of operational measures in response to this additional demand, including the increase of our rolling stock and the improvement of our infrastructure at our stations and repair shops.

In 2008, we celebrated our 40<sup>th</sup> anniversary with several achievements, including the inauguration of the Vespucio Norte intermodal station on line 2, the installation of our first *BiciMetro* units inside our stations, and our new commercial retail space “SubCentro” in the Escuela Militar station.

In November 2009, we commenced operation of the San José de La Estrella station on line 4. During 2010, we added three new stations to line 1 - Manquehue, Hernando de Magallanes and the terminal station Los Dominicos - in order to extend our reach to the eastern areas of the city of Santiago. Also in 2010, we commenced operations of the first phase of the portion of line 5 extending to the Pudahuel station, which incorporated the Gruta de Lourdes, Blanqueado, Lo Prado and San Pablo stations.

In February 2011, we commenced operations of the portion of line 5 extending to Maipú. This extension is comprised of seven stations (Barrancas, Laguna Sur, Monte Tabor, Del Sol, Santiago, Bueras and Plaza de Maipú), covering a total distance of 8.6 kilometers.

In July 2011, we announced the expected construction of two additional subway lines – line 3 and line 6. This expansion, which we expect to be completed in 2018, is our most ambitious project to-date and will connect five additional neighborhoods to the Santiago subway, as well as provide improved travel alternatives in combination with our already-existing lines.

Throughout our 45 years in service, we have transformed the way in which passengers travel in Santiago, with the Santiago subway now a core transportation component in the city. We have generated adjusted operating profit for the past 18 years, and do not require subsidies from the Chilean government for our operations. In fact, our Adjusted EBITDA increased by 13.3% between December 2010 and December 2011 and 0.8% between December 2011 and December 2012.

## Our Business

We operate one of the largest subway systems in Latin America in terms of passenger trips, and we have generated operating profits for the past 18 years. Currently, the Santiago subway consists of 108 stations. We run 156 trains consisting of 1,093 cars along our 103.5 kilometers of track. In addition to our transportation services, we offer 400 commercial and retail spaces for rent in our stations and over 10,000 advertising spaces for rent in our trains and stations.

During 2012, the system served approximately 649 million passengers, with an average of approximately 2.3 million passengers per business day.

## Map of Our Subway Lines and Stations

The following map sets forth the subway lines and stations currently in operation.



The following chart sets forth the distribution of stations, kilometers of track, cars, service offering (in terms of car km) and passengers transported for each of the subway lines as of September 30, 2013.

Lines	As of September 30, 2013				
	Number of stations	Total km of track	Fleet of cars	Car-km(1) <i>(in millions)</i>	Passengers transported <i>(in millions)</i>
Line 1.....	27	19.7	421	32.7	193.4
Line 2.....	22	20.5	167	19.5	89.0
Line 4.....	23	24.4	198	18.5	88.0
Line 4A.....	6	8.3	18	2.6	14.4
Line 5.....	30	30.6	289	33.1	103.0
<b>Total.....</b>	<b>108</b>	<b>103.5</b>	<b>1,093</b>	<b>106.4</b>	<b>487.8</b>

(1) We calculate car-km by multiplying the number of cars on our network of tracks by the average length of their trips measured in kilometers.

### Our Subway Lines

Currently, the Santiago subway has a total of 5 subway lines in operation, covering a distance of 103.5 kilometers across the city of Santiago.

#### Line 1

This line connects four neighborhoods of Santiago running from west to east through downtown Santiago, with stations located at the University of Chile, the Catholic University of Chile and the University of Santiago, three of the main universities in Chile, among other locations. Passengers on line 1 have access to more than 22 green spaces, 23 cultural centers, 19 theatres and 3,000 commercial points of interest. Six stations on line 1 participate in the *BiblioMetro* program, and the Escuela Militar station offers the *BiciMetro* service. Also, the stations at the University of Chile, Manquehue, University of Santiago and Tobalaba offer free Wi-fi to passengers. The Pajaritos intermodal station offers passengers the option of transferring to bus service with one of seven bus operators, as well as an option for transportation to the airport.

Line 1 is the line of our network that transports the greatest number of passengers as it connects the eastern and western areas of Santiago, uniting the communities of Las Condes, Providencia, Santiago Centro, Estación Central and Lo Prado. The neighborhoods of Las Condes, Providencia and Vitacura contain one of the principal financial zones of the city, which has more than 50 premium standard office buildings, and which, since the 1990s, has replaced the historical center of Santiago as the principal financial center of the city. This region of the city also contains large commercial retail centers, including Costañera Center and Apumanque.

#### Line 2

This line connects four neighborhoods of Santiago (Santiago Centro, San Miguel, La Cisterna, Recoleta and Huechuraba) running from north to south, with intermodal stations located at Lo Ovalle and Vespucio Norte, among other locations. These intermodal stations offer passengers the option of transferring to bus service with one of eight bus operators. Each terminal station offers the *BiciMetro* service. Line 2 also contains one of the largest works of *MetroArte*, fine art on display to the public. Three stations offer free Wi-fi to passengers.

#### Lines 4/4A

These lines, running northwest to southeast, offer service to some of the fastest-growing and more densely populated neighborhoods, including Puente Alto and La Florida, among others, and offers passengers free Wi-fi in seven zones. Passengers on lines 4 and/or 4A have access to more than 500 educational institutions and 2,000 commercial points of interest, as well as access to various services including *BiciMetro* and *BiblioMetro*. In addition, passengers have access to minimarkets offering quick-service food options.

### Line 5

This line stretches across Santiago from south to west running parallel to our line 1 through downtown Santiago and offers passengers free Wi-fi in seven zones. Passengers on line 5 have access to 51 tourist sites, including the National Museum of Fine Arts, among others. Also, passengers on line 5 have access to *BiciMetro* and *BiblioMetro* services, as well as automated ticket machines, minimarkets offering quick-service food options and other local commercial services.

Line 5 has the second largest volume of passengers transported in our Santiago subway, as shown in the table below. The number of passengers transported on line 5 has increased as our network has expanded. This line connects the neighborhoods of Maipú and la Florida, communities with approximately 432,616 and 468,536 inhabitants, respectively. Line 5 also serves the neighborhoods of Pudahuel, Lo Prado, Quinta Normal, Santiago Centro, Ñuñoa, Macul and San Joaquín.

### Passenger Traffic

The table below shows the breakdown of our passenger traffic per subway line between 2007 and 2012:

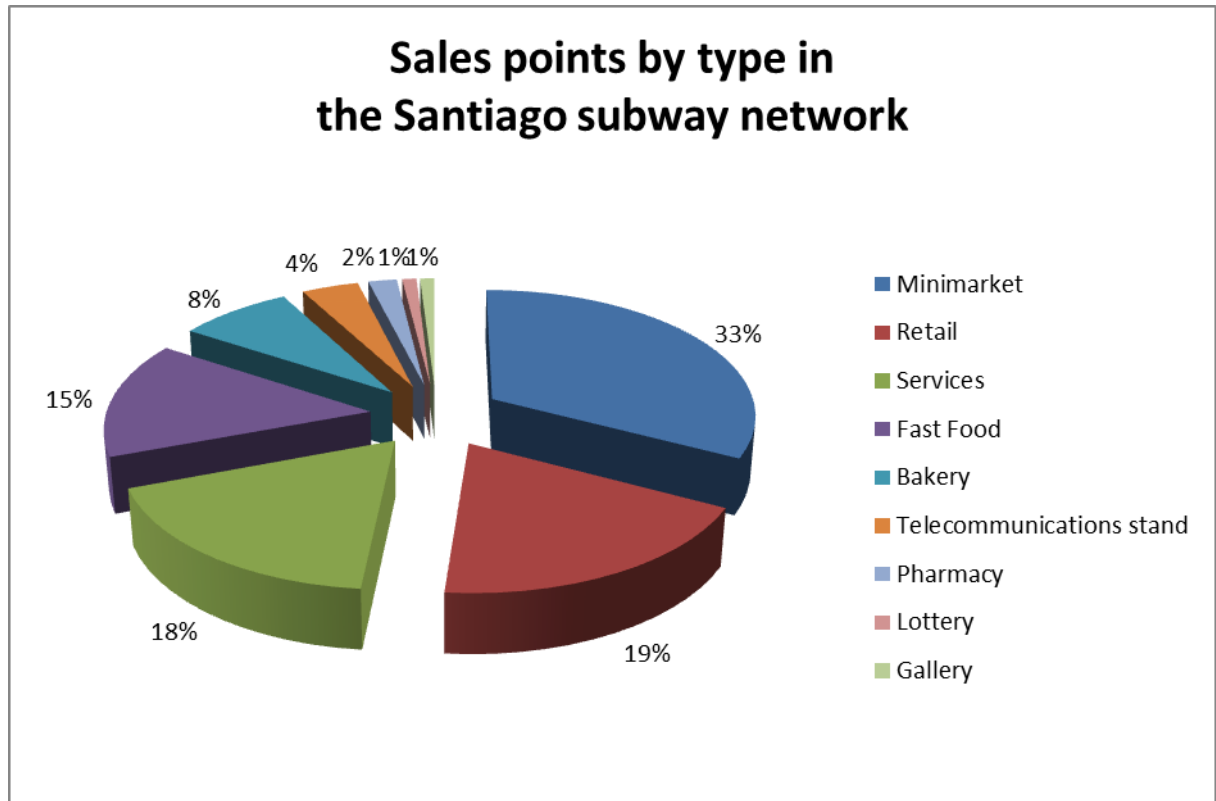
	For the Year Ended December 31,					
	2007	2008	2009	2010	2011	2012
<b>Train Lines</b>			<i>(in millions of passengers)</i>			
Line 1.....	256	272	258	260	253	258
Line 2.....	120	129	122	122	120	119
Line 4A.....	21	21	20	19	18	19
Line 4.....	114	124	118	116	116	117
Line 5.....	89	96	91	104	133	136
<b>Network.....</b>	<b>601</b>	<b>642</b>	<b>608</b>	<b>621</b>	<b>640</b>	<b>649</b>

### Stations

The Santiago subway has a total of 108 stations, including five intermodal stations (Bellavista La Florida, Lo Ovalle, Pajaritos, Vespucio Norte and La Cisterna) that allow transfer between subway lines.

We offer our passengers a wide range of services in order to make the time they spend in our stations, tunnels and trains more efficient and enjoyable. Some of the most widely recognized commercial businesses in Chile offer services in our stations. We are continuously working to increase our sales management and to make our commercial spaces more attractive and inviting for all passengers. Currently, our network has approximately 300 commercial spaces, reflecting a wide variety of services, covering an area of approximately 15,000 square meters.

The following graph shows the share of each of the different categories of services (by number of sales points) in our network:



In addition to the commercial spaces available to our clients, we also offer the self-service services summarized in the table below:

	<b>Line 1</b>	<b>Line 2</b>	<b>Line 4</b>	<b>Line 5</b>	<b>Total</b>
ATMs.....	106	62	63	75	306
Drinks.....	31	4	8	20	63
Coffee shops.....	–	2	1	3	6
Postal services.....	1	1	–	1	3
Sales and recharge.....	2	2	–	2	6
Snack.....	14	3	10	13	40
Fixed-line phones.....	210	115	152	134	611
<b>Total.....</b>	<b>364</b>	<b>189</b>	<b>234</b>	<b>248</b>	<b>1,035</b>

#### *Description of Stations by Line*

Line 1 has 27 stations, all of which are underground stations, 33.3% have elevators and/or escalators and all have ATMs.

Line 2 has 22 stations, five of which are above-ground and 17 of which are underground, 59.1% have elevators and/or escalators, and all have ATMs.

Line 4 has 23 stations, of which 13 are underground stations, three are above-ground stations, and seven are over-pass stations. All of the line 4 stations have elevators and/or escalators, and all have ATMs.

Line 4A has six stations, of which five are above-ground and one is underground, all have elevators and/or escalators, and all have ATMs.

Line 5 has 30 stations, of which 19 are underground, 11 are overpass stations, and two are above ground stations, all have elevators and/or escalators, and all have ATMs.

### ***Trains / Cars***

As of September 30, 2013, we own and operate 156 trains, comprised of a fleet of 1,093 cars on lines 1, 2, 4, 4A and 5. We currently operate six models of trains on two different types of tracks. Each train is identified by the initials “NS” and “AS,” followed by a reference number for the specific train. The initials “NS” represent “*Neumático Santiago*,” and refer to trains that run on the pneumatic rolling system. NS trains run on lines 1, 2 and 5. The initials “AS” represent “*Acero Santiago*,” and refer to trains that run on the steel rolling system. AS trains run on lines 4 and 4A.

We own and operate a total of 117 trains that utilize the pneumatic rolling system, which are classified into the following five models:

- NS-74, manufactured in France by ALSTOM Holdings S.A., or ALSTOM. The NS-74 trains comprise more than one-fourth of our total fleet.
- NS-88, manufactured in Mexico by Gunderson Concarril, S.A. de C.V., or CONCARRIL. We currently own only one NS-88 train, which runs on Line 2.
- NS-93, manufactured in France by ALSTOM.
- NS-2004 or NS-04, manufactured in Brazil by ALSTOM.
- NS-2007 or NS-07, manufactured in Spain by Construciones y Auxiliar de Ferrocarriles, or CAF.

We own and operate a total of 39 trains (216 cars) that run on the steel rolling system, which are all the same model and are classified as AS-2002, or the AS-02, manufactured in Brazil by ALSTOM.

Set forth below are photographs of the six different models of trains that we utilize, identified by model numbers.

Train NS-74



Train NS-88



Train NS-93



Train NS-04



Train AS-02



Train NS-07



As previously mentioned, lines 1, 2 and 5 all run on the pneumatic rolling system. Because these lines are interconnected, we are able to transfer trains among the lines according to our needs at any given time. However, because lines 4 and 4A run on the steel rolling system, which is incompatible with the pneumatic rolling system, we are not able to transfer trains between lines 4 and 4A and the remaining lines.

The main difference between the pneumatic and steel rolling systems is that the pneumatic rolling system offers better acceleration and braking, which makes this system ideal for usage on lines where the distance between the stations is short. Longer and heavier trains can operate on the steel rolling system.

The following tables summarize our available fleet and the distribution of the fleet between our subway lines as of September 30, 2013.

#### Available Fleet

Train type	Number of Cars	Capacity (1)	Number of Seats	Number of Trains	Air Conditioned Trains		Signaling System
					Current Number	Future Number – expected by 2018	
NS-88.....	5.....	933	124	1	—	—	
NS-74.....	5.....	933	124	1	—	—	
	6.....	1,132	154	12	—	—	
	7.....	1,309	177	24	0	35	L1: CBTC (ongoing project);
NS-93.....	6.....	944	111	12	—	—	L1/L2/L5: SACEM(3);
	7.....	1,113	123	12	0	5	L4/L4A: MASTRIA(4)
	8.....	1,274	143	10	0	10	
NS-04.....	7.....	1,261	164	3	—	—	
	8.....	1,447	188	8	—	—	
NS-07.....	9.....	1,534	224	34	14	34	
AS-02.....	3.....	793	138	6	—	—	
	6.....	1,586	276	33	—	—	

(1) Considering six passengers per square meter.

(2) The future modernization of the NS-74 trains will include 35 trains, each composed of 7 cars.

(3) SACEM, is an integrated system for automatic speed control.

(4) MASTRIA is a newer generation of SACEM system.

#### Fleet Distribution

Train Type	Cars per					
	Train	L1	L2	L5	L4	L4A
NS-88.....	5.....	—	1	—	—	—
NS-74.....	5.....	—	1	—	—	—
	6.....	—	12	—	—	—
	7.....	—	—	24	—	—
NS-93.....	6.....	—	—	12	—	—
	7.....	5	—	7	—	—
	8.....	10	—	—	—	—
NS-04.....	7.....	—	3	—	—	—
	8.....	—	8	—	—	—
NS-07.....	9.....	34	—	—	—	—
AS-02.....	3.....	—	—	—	—	6
	6.....	—	—	—	33	—
<b>Total Number of Trains per Line .....</b>		<b>49</b>	<b>25</b>	<b>43</b>	<b>33</b>	<b>6</b>
<b>Total Number of Cars per Line .....</b>		<b>421</b>	<b>167</b>	<b>289</b>	<b>198</b>	<b>18</b>

#### Transantiago

Transantiago is the integrated public transportation system, offering ground transportation by bus and underground transportation by subway, in Santiago since 2007. The Chilean government is responsible for the management of Transantiago, through the Metropolitan Department of Public Transportation, a unit of the MTT. This department supervises and regulates the private operators holding concessions and providing ground services.

As of September 30, 2013, Transantiago's ground transportation services included approximately 374 bus routes covering 34 neighborhoods in the Santiago metropolitan area.

### *Santiago Subway*

In 2007, the Santiago subway was integrated into the Transantiago transportation system. This integration presented a significant challenge for us and our operational capabilities, as it resulted in a doubling of demand for services and an increase in passenger volume. As of September 30, 2013, the Santiago subway accounted for 2.3 million trips of the 3.6 million daily trips (combined subway and bus). In fact, 61% of the daily integrated public transportation trips in the city use the Santiago subway.

### *History of Metro Passenger Traffic*

After integration of the Metro into the Transantiago transportation system in 2007, the number of passengers using our Metro system nearly doubled from 331 million passengers in 2006 to 601 million in 2007. The table below shows the increases in the number of passengers using the Santiago subway, presented by subway line, from 2006 to 2012.

<b>Train Lines</b>	<b>For the Year Ended December 31,</b>						
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>(in millions of passengers)</i>						
Line 1.....	167	256	272	258	260	253	258
Line 2.....	59	120	129	122	122	120	119
Line 4A.....	3	21	21	20	19	18	19
Line 4.....	49	114	124	118	116	116	117
Line 5.....	53	89	96	91	104	133	136
<b>Network.....</b>	<b>331</b>	<b>601</b>	<b>642</b>	<b>608</b>	<b>621</b>	<b>640</b>	<b>649</b>

### *Bus Transportation*

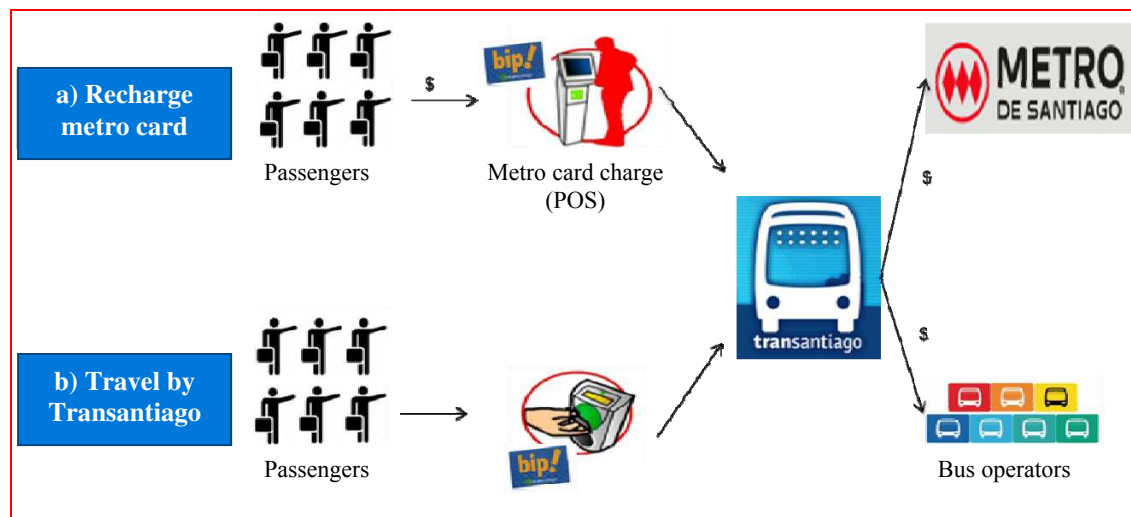
The ground operations are managed by seven private companies, each of which holds a concession from the Chilean government to provide bus services. As of September 30, 2013, the ground operations have 374 lines, and run through the neighborhoods of Provincia de Santiago, San Bernardo and Puente Alto. The ground network covers a total of 2,766 km, with an average of 3,184,289 transactions per business day.

In order to improve the speed and reliability of bus transportation, separate bus lanes were constructed along several high-traveled avenues in the city of Santiago, including Pajaritos, Santa Rosa, Vicuña Mackenna, Grecia and Dorsal, among others. These separate bus lanes run a total length of approximately 119.3 kilometers.

### *Integrated Payment System*

The only accepted form of payment is the *Tarjeta Bip!*, a smartcard that operates on a touchless system. Passengers may purchase and recharge *Tarjetas Bip!* at Santiago subway stations, as well as over 1,000 retail locations throughout the city of Santiago. The use of the *Tarjeta Bip!* for both ground and subway transportation allows for seamless tracking of passengers and monitoring transfers between buses and the Santiago subway, allowing passengers up to two transfers in a two-hour time period for the price of one trip.

The graphic below depicts the flow of passengers from recharge of the *Tarjeta Bip!* through use on the Transantiago system.



#### Sales Channel

Since the commencement of operations of Transantiago in February 2007, we have been the main sales channel for Transantiago through our underground points of sale, accounting for 70% of the Transantiago tickets purchased as of December 31, 2012. Pursuant to the terms of the 2012 Transantiago Ancillary Services Agreement, during June 2013, we added ground fare collection to our existing underground fare collection functions and currently cover 100% of fare collection for Transantiago. Passengers may purchase and recharge *Tarjetas Bip!* at our underground subway stations, as well as over 1,000 retail locations throughout the city of Santiago. The use of the *Tarjeta Bip!* for both ground and subway transportation allows for seamless tracking of passengers and monitoring of transfers between buses and the Santiago subway, allowing passengers up to two transfers in a two-hour time period for the price of one trip. We receive a monthly fee from Transantiago for our sales channel services, which is calculated as a percentage of the total amounts collected by us for sales and recharges of *Tarjeta Bip!* and single-ride tickets. Additionally, we are able to setoff amounts due to us from Transantiago for technical fees for each confirmed passenger of the Santiago subway against the total amount that we collect from the sales channel for the *Tarjeta Bip!*. The funds collected for sales of the *Tarjetas Bip!* and the sale of single-ride tickets is settled daily by validating the number of confirmed passengers based on turnstile counts. We transfer any remaining amounts to the AFT.

#### Commercial Fares / Technical Fees

##### Commercial Fares

The commercial fare is the fare that passengers pay to use Transantiago's services. The table below sets forth the history of the fares paid by Santiago subway passengers over the most recent prior 6 years:

Commercial Rate	For the Year Ended December 31,					
	2007	2008	2009	2010	2011	2012
			<i>(in pesos)</i>			
Rush hour.....	420	420	460	580	640	670
Average hours.....	380	380	400	520	580	610
Low hours.....	—	—	380	480	530	560
Students.....	130	130	130	160	180	190
Seniors.....	130	130	130	160	180	190

Commercial fares vary based on the volume of passenger traffic, with discounted commercial fares available to senior citizens and elementary, middle and high school students. In addition, Transantiago permits transfers

between the Santiago subway and buses, as long as the passenger pays the higher of the two fares. The table below sets forth the fare structure as of September 30, 2013.

	RUSH HOUR SCHEDULE	NORMAL SCHEDULE	LOW SCHEDULE
<b>Schedule Monday to Friday</b>	07:00 - 08:59 <sup>ss</sup> 18:00 - 19:59 <sup>ss</sup>	06:30 - 06:59 <sup>ss</sup> 09:00 - 18:00 20:00 - 20:44 <sup>ss</sup>	06:00 - 06:29 <sup>ss</sup> 20:45 - 23:00
<b>Metro</b>	<b>\$ 680</b>	<b>\$ 620</b>	<b>\$ 570</b>
<b>Bus + Metro</b>	<b>\$ 680</b>	<b>\$ 620</b>	<b>\$ 600</b>
<ul style="list-style-type: none"> <li>• Saturday, Sunday and holidays the fare will be "normal schedule".</li> <li>• Integrated fare can be used in space of 120 minutes from the first trip and allow only 2 changes.</li> <li>• When doing connection Bus + Metro in "rush hours schedule" the fare will raise in \$80.</li> <li>• When doing connection Bus + Metro in "normal schedule" the fare will raise in \$20.</li> </ul>			
<b>Student</b>	<b>\$ 200</b>	<b>\$ 200</b>	<b>\$ 200</b>
<b>Elderly Passenger</b>	Benefits not apply	<b>\$ 200</b>	<b>\$ 200</b>
<b>Elderly Passenger Benefits:</b> (Only for enrolled in the system) <ul style="list-style-type: none"> <li>• Maximum of 2 trips.</li> <li>• Valid only in working days, in low and normal schedule.</li> <li>• Low fare for Elderly Passenger valid only Saturday, Sunday and holidays during all day.</li> </ul> Information in <a href="http://www.transantiago.cl">www.transantiago.cl</a>			
<b>Student ID Pass / Card minimum charge: \$400</b> <ul style="list-style-type: none"> <li>• Card high charges \$500 multiple starting from \$500 (\$500, \$1.000, \$1.500, \$2.000 and consecutive)</li> </ul>			
<b>Card Price \$1.350 / Card minimum charge: \$1.000</b> <ul style="list-style-type: none"> <li>• Card first charge: \$850</li> <li>• Card high charges \$500 multiple starting from \$1.000 (\$1.000, \$1.500, \$2.000 and consecutive)</li> </ul>			

### Technical Fees

Pursuant to the terms of the agreements executed from time to time with MTT in connection with our integration to Transantiago, in exchange for providing subway transportation services to Transantiago, we receive a technical fee from Transantiago for each confirmed passenger. Between February 2007 and December 2012, we had a three-tier technical fee structure that depended on traffic volume. Commencing on January 1, 2013, the technical fee was set at a flat rate of Ch\$302.06 (in Chilean pesos as of September 2012) per confirmed passenger. For the nine-month period ended September 30, 2013, our fare revenues from the technical fee accounted for 83.4% of our total revenue, while non-fare revenue comprised the remaining 16.6%. Of this 16.6%, sales channels account for 8.8% and rental income from the lease of commercial spaces and advertising spaces accounts for 4.9%. Non-fare revenue has increased in recent years, from Ch\$25,380.2 million in 2010 to Ch\$33,964.8 million in 2012.

The table below shows the average annual technical fee in effect since 2007:

	For the year ended December 31,					
	2007	2008	2009	2010	2011	2012
Average technical fee	Ch\$251.4	Ch\$259.3	Ch\$277.8	Ch\$291.5	Ch\$297.9	Ch\$301.7

When a new line commences operations, the 2013 Transantiago Transportation Services Agreement allows us to increase the technical fee based on the costs associated with the operations and construction of the new line. The flat fee structure became effective as of January 1, 2013 and was fixed at Ch\$302.06 (in Chilean pesos as of September 2012). The base fee is adjusted on a monthly basis according to an adjustment formula that reflects our long-term cost structure (including our operating costs, debt servicing, and replacement of existing assets), or TLTC, reflecting the relative weight of each variable. The relative weight of each variable is determined as a proportion of each variable to the annual payments for each of our long-term total costs, including operational expenses, debt

servicing expenses, refurbishment of assets, foreign currency exchange variations and electricity costs. The adjustment formula is set forth below.

$$I_{\text{readjustment}} = I_{\text{IPC}} \times 0.6135 + I_{\text{US\$}} \times 0.2367 + I_{\text{EURO}} \times 0.0181 + I_{\text{EE}} \times 0.0969 + I_{\text{PE}} \times 0.0348$$

Where:

IIPC	Variation rate of the Consumer Price Index (CPI)
IUS\$	Variation rate of the average monthly U.S. Dollar / Chilean Peso Exchange Rate
IEURO	Variation rate of the average monthly Euro / Chilean Peso Exchange Rate
IEE	Variation rate of the Electrical Energy Price Index
IPE	Variation rate of the Electrical Input Price Index

If the parties agree to an increase in the installed capacity and/or the services provided by us by increasing the frequency of service, purchasing new trains, incorporating technology, adding air conditioned trains, expanding infrastructure of stations, improving operating time or extending or building new lines, such parties must also agree on adjustments to the technical fee that would be required to cover any investment and long-term costs. Also, in each case, the parties shall determine by mutual agreement the time these settings should take effect.

#### History of the Technical Fee

In order to integrate with Transantiago, in February 2007, we executed the Agreement for the Provision of Transportation Services to the Public Transportation System of Santiago (*Convenio Para la Prestación de Servicios de Transporte al Sistema de Transporte Público de Santiago*), or the Original Transantiago Service Agreement, which governed the terms and conditions of the transportation services that we were to provide to passengers using the Transantiago. The Original Transantiago Service Agreement set forth, among others, the regulatory framework of Transantiago, the hours of operation of the Santiago subway, the technical fee and variables by which the technical fee was adjusted.

Prior to the launch of Transantiago in February 2007, our Board of Directors set fares for our transportation services and such fare varied based on the time of day and the type of passenger. With the launch of Transantiago, an integrated set fare was established, which allowed passengers to travel and transfer between city buses and the Santiago subway. At the time of our integration with Transantiago, our fare revenue was based on the number of confirmed passengers and certain passenger volume. The original three-tier structure was replaced in January 2013 by a flat-rate structure.

Initially, the original technical fee varied based on a three-tier structure (with a decreasing technical fee rate as passenger volume grew): the first tier was charged for up to 583 million passengers per year; the second tier was charged for passengers between 583 million to 717 million passengers per year; and the third tier was charged for passengers in excess of 717 million per year.

The initial technical fee under the Original Transantiago Service Agreement was increased several times when factors such as the change in our hours of service or the commencement of operations of the extensions of our existing lines resulted in an increase of our operating costs. The first increase was in November 2007, as a result of the extension of the Santiago subway's hours of service; the second increase was in February 2010, in connection with the commencement of operations of the line 1 East extension and the first section of the line 5 extension to Maipo (Quinta Normal – Pudahuel segment); and the last increase was in February 2011 in connection with the commencement of operations of the second track of the line 5 extension (Pudahuel – Plaza Maipú).

The previous fee structure with three tiers resulted in the following historical revenues:

Number of passengers (in millions)	Revenue per passenger as of,			
	December 31, 2003	November 30, 2007(1)	January 12, 2010(2)	February 03, 2011(3)
		<i>(in Chilean pesos as of December 31, 2003)</i>		
From 0 to 583 passengers.....	215.80	223.57	254.53	260.71
From 583 to 717 passengers.....	89.90	98.35	132.02	138.74
Above 717 passengers.....	48.00	48.00	48.00	48.00

- (1) Technical fee modification by Transantiago measures (working hours: begin at 6:00 AM. End of service: 11:00 PM).
- (2) This modification was effective from January 12, 2010, beginning with the commencement of operations of Line 1 East and first track of the extension of Line 5 to Maipú.
- (3) This modification was effective from February 3, 2011, beginning with the commencement of operations of the second track of Line 5 to Maipú.

The technical fee we receive from Transantiago is less than the fare charged to passengers prior to the implementation of the Transantiago integrated system. However, the lower fee has been offset by higher demand and passenger levels, which increased by over 80%, from 331 million trips per year in 2006 to 601 million trips per year in 2007, in the first year of Transantiago's integrated operations.

#### *Amendment to the Transantiago Service Agreement between MTT and Metro*

In December 2012, we entered into the 2012 Transantiago Transportation Service Agreement, pursuant to which the technical fee structure was changed from the original three-tier structure to a flat-rate structure. In addition, this new agreement provided for a review of the technical fee by us and the MTT in three-year intervals. These revisions to the flat fee will take into account changes in our long-term costs, including increases in installed capacity and/or services provided by the Metro, the purchase of new trains, the incorporation of new technology, the updating of trains to provide air conditioning, the expansion of infrastructure at our stations, the extension or construction of new lines, or any other asset replacement or debt service costs. For instance, technical fee adjustments have been approved for our most significant capital projects, including the construction of new subway lines 3 and 6, as well as the updating of our train cars to provide air conditioning for our passengers' comfort. By adjusting the technical fee, we expect to be able to cover increases in our operating and debt service costs and replacement of assets resulting from our capacity expansion.

As of January 1, 2013, in accordance with the 2012 Transantiago Transportation Services Agreement, the technical fee per confirmed passenger corresponds to a flat rate. That is, the fee, which is Ch\$302.06 (in Chilean pesos as of September 2012) is independent of the number of passengers transported. The significance of this change is that it decreases the sections that did not generate incentives to attract new passengers to the network. For example, under the prior fare structure, 57% of the passengers of the new Lines 3 and 6 would have paid a third tier fee (Ch\$48.0 marginal income as adjusted by the adjustment formula), while with the flat rate, each marginal passenger will provide Ch\$302.06, as adjusted by the adjustment formula.

On June 26, 2013, we entered into the 2013 Transantiago Transportation Services Agreement, which complemented and replaced the 2012 Transantiago Transportation Services Agreement, and which updates the adjustment formula of the technical fee. This new agreement governs the current terms and conditions of the subway transportation services in the metropolitan region of Santiago, establishing the rights and obligations of us and the MTT.

#### *Fare adjustments for lines 3 and 6 and for projects to improve the current Santiago subway network*

The total increase required to fund the investment and increased costs associated with the lines 3 and 6 and the "Improvement of the Current Santiago Subway Network" projects will be up to CP55.5, expressed in currency as of September 2012.

This increase will have two phases:

- As of the commencement of operations of line 6, estimated for December 2016, up to Ch\$23.05, expressed in constant pesos as of September 2012.
- As of the commencement of operations of line 3, estimated for March 2018, the amount of Ch\$32.45, expressed in constant pesos as of September 2012.

*Fare adjustment for the “air-conditioning” project.*

This project contemplates the incorporation of air-conditioning to 540 carriages running on lines 1, 2 and 5. The adjustment in the technical fee will be Ch\$30.0 per passenger for morning and afternoon rush hours as of January 2014. Based on the amount of passengers using the current subway lines in operation, this increase of Ch\$30.0 for morning rush hour (7:30 a.m. through 9:00 a.m.) and afternoon rush hour (6:00 p.m. through 7:30 p.m.) is equivalent to an average increase of Ch\$9.80 per passenger. Upon commencement of operations of line 6 and line 3, we expect the average increase to be equivalent to Ch\$8.60 and Ch\$7.80 per passenger, respectively, which reflects the fact that costs are spread across additional passengers served by the new subway lines. All of these increases will be expressed in constant pesos as of September 2012.

## **Investment Plans and Expansion**

### ***Lines 3 and 6***

Project 63, for the construction of new lines 3 and 6, represents our most significant undertaking and expansion effort since the inauguration of the Santiago subway system. We have recognized a need for greater levels of integration and interconnection within the city of Santiago, as well as greater environmental responsibility. As a result, in the interest of providing ongoing exceptional service to our passengers and to the city of Santiago, we intend to increase the current ratio of kilometers of track per million residents from 15.0 to 20.4. In addition, these new lines are part of an innovative project that incorporates the best practices of international subway systems in order to create a world-class subway system.

We expect to invest approximately U.S.\$2,758.5 million over the course of eight years, U.S.\$1,722 corresponding to line 3 and U.S.\$1,036 corresponding to line 6, which makes this undertaking one of the largest infrastructure projects currently underway in Chile. The total investment amounts listed above include engineering, execution, purchasing, installation and implementation costs. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures.” The final designs were selected by the Secretary for Transportation Planning, (*Secretaría de Planificación de Transporte*), or SECTRA, from 16 available options, with the selected designs presenting the highest potential socio-economic returns. This calculation was principally based on the evaluation of social benefits, including timesavings for commuters and fuel consumption. In addition, the implementation of these designs will generate operational cost savings for Transantiago by encouraging passengers to travel by the Santiago subway rather than other means of transportation.

In September 2012, we began construction of lines 3 and 6, including 37 kilometers of track extensions and the addition of 28 new stations, nine of which are transfer stations that provide improved connection to the existing network. The project presents various construction challenges, including the necessity to work on both lines simultaneously. Both new lines will be underground, since they travel through central and highly populated areas of the city, and as such, underground work is the only possible option that will permit the execution of a project of this magnitude while at the same time respecting existing national environmental standards. The choice of an underground design is based on the low impact that the construction will have on city activities, such that inhabitants may not even be aware of the work in progress. However, underground construction also raises certain complexities, as such work involves excavation, removal of material, installation of frames, pressure concreting, etc., and requires the use of diggers, teams, tow trucks, and special vehicles, as well as the movement and transport of tons of soil and materials.

The environmental permits needed to build lines 3 and 6 are obtained in two phases: first, the construction of shafts and galleries, and second, the construction of tunnels, stations, workshops and garages. The declaration of environmental impact has been approved for the first stage of construction of line 3. The status of the declaration for

line 6 is under consideration by Environmental Assessment Service (*Servicio de Evaluación Ambiental de la Región Metropolitana*). The environmental impact study for line 6 is also under consideration by Environmental Assessment Service (*Servicio de Evaluación Ambiental de la Región Metropolitana*). These approvals allow us to consider environmental aspects in the design and development of Project 63 and certify that our work meets environmental requirements. We expect to have obtained all of the environmental approvals for construction of lines 3 and 6 in the first half of 2014. Since construction of line 3 is in its second stage, the construction sites are being reviewed for any anthropological, archaeological or historical value to the cultural heritage of downtown Santiago.

In total, we expect 11 communities will benefit from this project, including five new communities that will be connected to the Santiago subway when the lines commence operations.

#### *Project Innovations*

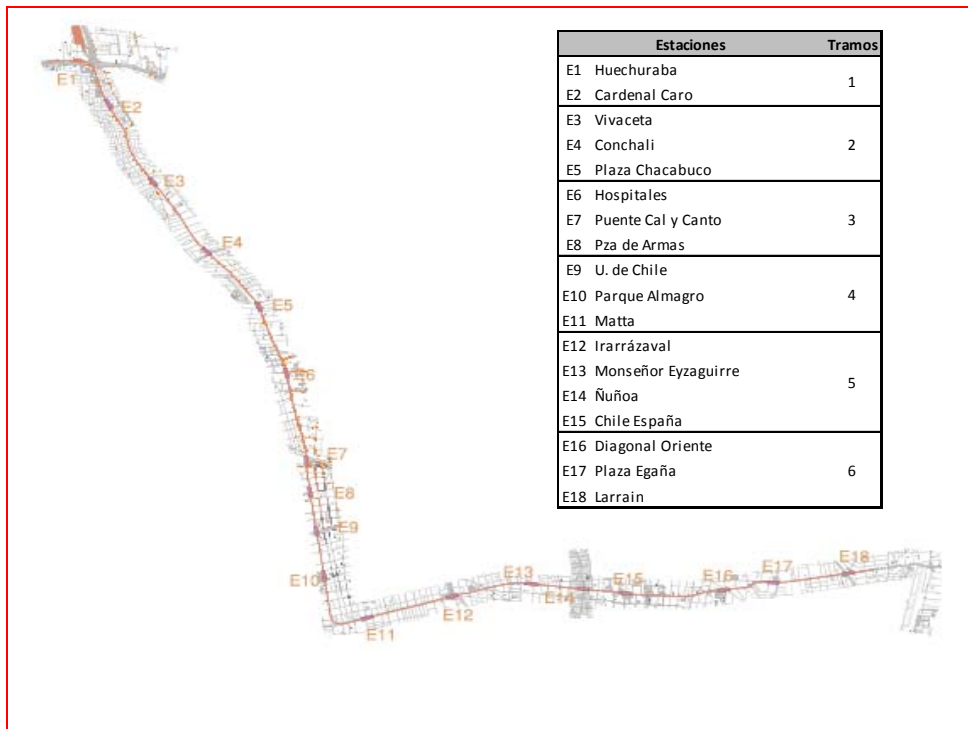
We expect the following improvements as a result of the construction of the new subway lines:

- the installation of platform doors for improved passenger safety and a forced ventilation system;
- the incorporation of the rigid catenary system, in an effort to improve passenger safety and save on electric power costs;
- the trains on these new lines will be of a high standard, with air conditioning, security cameras and automated driving;
- increased services in the Santiago subway, with a total area of 5,000 square meters of space dedicated as commercial space. Machines for the electronic charging of *Tarjetas Bip!*, Wi-Fi in the stations, and the addition of new commercial locations to the network will benefit our passengers;
- the stations in our new lines will all be equipped with escalators and elevators; and
- an improvement in connectivity within the city, including intermodal stations and increased connectivity with suburban trains.

*Line 3 Project*

This line will cover an area of approximately 22.3 km and will include 18 stations, including nine regular pass-through stations, six combination stations, one special station and two terminal stations. It will directly benefit six communities (Huechuraba, Conchalí, Independencia, Santiago, Ñuñoa, and La Reina) and approximately 660,000 people. The estimated commute time between the terminal station and the Plaza de Armas is 17 minutes—50% less than current commute times. The first section of line 3 is scheduled to commence operations in the period ended March 31, 2016, and the full line is expected to be operational by the end of 2018. Once completed, we estimate that line 3 will serve approximately 74 million passengers per year.

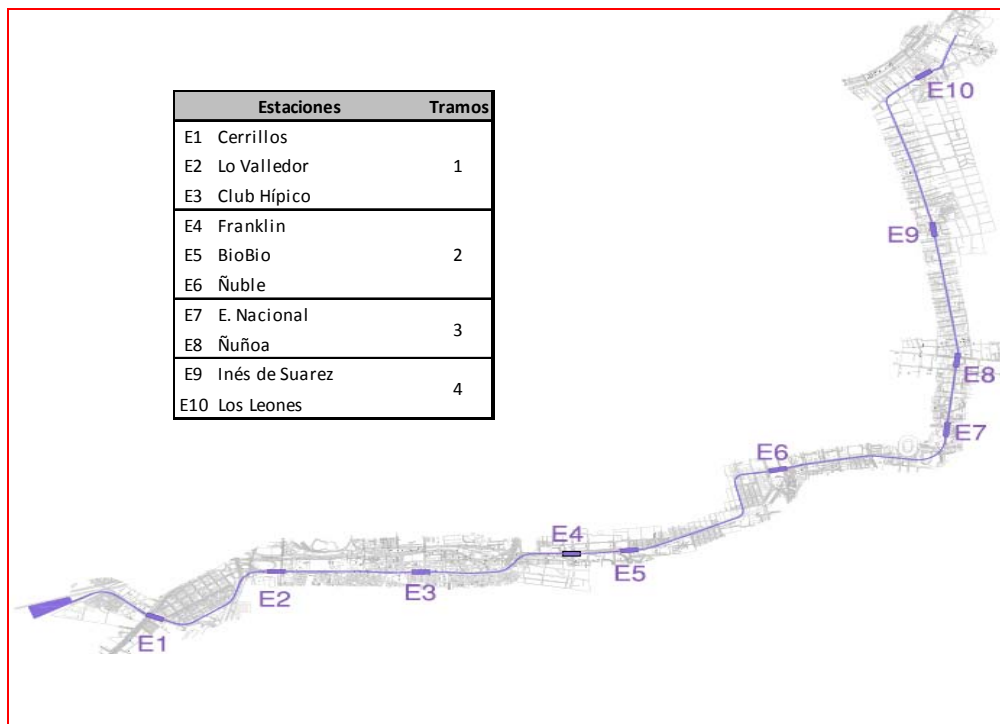
Set forth below is a map of the projected route of line 3.



*Line 6 Project*

This line will cover approximately 15.3 kilometers and will include 10 stations, including four regular pass-through stations, four combination stations, one special station, the Estado Nacional station, which is an atrium-style station designed to serve high volumes of passengers, especially large crowds generated by shows or sporting events, and one terminal station. It will directly benefit eight communities (Cerrillos, Pedro Aguirre Cerda, Estación Central, Santiago, San Miguel, San Joaquín, Ñuñoa and Providencia) and around 870,000 residents. The estimated travel time between the terminal station and the Plaza de Armas is 22 minutes—50% less than the current commute time. We expect line 6 will commence operations in 2016. Once completed, we estimate the line 6 will serve approximately 46 million passengers per year.

Set forth below is a map of the projected route of line 6.



Set forth below is the network map assuming the completion of lines 3 and 6 as currently contemplated:



### Construction Process for Lines 3 and 6

We have assigned a Project Development Management Team with the task of managing the construction of lines 3 and 6. As such, we have not engaged an external EPC contractor for this project, and we will be party to all of the construction contracts with respect to this project.

We have bid or are bidding for more than 40 contracts for major civil construction projects and for more than 10 systems contracts. Some of these projects or contracts have already been awarded and the remaining are currently in the bidding process. Before the end of the first quarter of 2014, we expect to have signed more than U.S.\$2 billion in contracts for civil construction, rolling stock and equipment. The contracts for civil construction will be denominated in UF, while the contracts for rolling stock, systems and equipment will be denominated in U.S. dollars. The project team will be composed of more than 130 direct employees, in addition to the support of external advisors. The internal organization of the Project Development Management Team will include:

- management of line 3 and management of line 6;
- engineering, architecture and civil construction management;
- sub management of planning and control; and
- sub management of systems, trains and equipment.

In addition, the project will include professionals belonging to different Santiago subway management groups who will provide support to the project in their respective areas of specialty. The Project Development Management Team will receive support from these management groups in the areas of human resources, community relations, finance, legal, communications and security, among others.

#### *Tunneling Methods*

In 1994, we adopted the New Austrian Tunneling Method, using channel shifts and galleries, which we applied for the first time in the construction of the first track of line 5. This method defines in detail all of the stages of the construction process and guarantees the safety of our works and the workers.

This method requires a permanent topographic monitoring designed to ensure the safety of the modeling of the underground excavations, and to timely detect possible variations in the land and in contiguous buildings. It consists of the excavation of full tunnel sections and immediate primary concrete and mesh support, and the placement of bolts as fasteners and clamping steel ribs, if necessary. Then, in a second stage, once the first support has reached equilibrium, the final coating is placed, in order to support the weight of the ground once the primary support has deteriorated.

#### *Network Strengthening Program*

As part of our ongoing commitment to providing high-quality service of a global standard, we have incorporated into our portfolio of capital expenditure projects the network strengthening program. Investments through this program include: the acquisition of 126 new cars for lines 1, 2 and 5, at a cost of Ch\$121,504.8 million (U.S.\$240 million), the implementation of air-conditioning systems in 100% of trains on line 1 and 60% of trains on lines 2 and 5, at a cost of Ch\$43,033.0 million (U.S.\$85 million), the modernization of the NS 74 model trains for lines 2 and 5, at a cost of Ch\$103,279.1 million (U.S.\$204 million), as well as the construction of elevators at stations throughout the network, providing accessibility to persons with limited mobility, at a cost of Ch\$17,770.1 million (U.S.\$35 million).

#### **Operating and Signaling Systems**

##### *Piloting Systems*

Trains NS-74, NS-88, NS-93, NS-04 and AS-02 are controlled by automatic pilot systems, which means that the operator does not manually control the train operations and, therefore, does not apply the acceleration or the braking. Instead, the train movement is controlled by an automatic system that performs the acceleration and braking functions for the train. For trains running on line 1, the NS-93 models are equipped with an automatic pilot, whereas the NS-07 models are operated manually by operators, along with supplementary RPS/KPVA (electronic boxes or cases located on the tracks, which are read by the trains) security signaling.

## *Signaling Systems*

### SACEM / MASTRIA

Our signaling systems ensure that trains move safely throughout the subway system. We currently use the following control and signaling systems: SACEM, an integrated system for automatic speed control, on lines 1, 2 and 5 and MASTRIA (the newer generation of the SACEM system) on lines 4 and 4A.

Using our signaling systems, we continuously monitor the location of our trains, both when they arrive at a particular station and as they are moving along the tracks. Track circuits (*Circuitos de Vía*) are used to pinpoint a train's location at any given time. The track is divided into sections, and the track circuits on each section notify the circuit system when that track is in use or free.

In addition, to move a train safely from one track to another, our signaling systems utilize a subsystem – Interlock (*Cambio*). This subsystem equipment can be found at the terminal stations. The Interlock system is essential in that, through certain security measures, it controls all of the signaling system equipment's actions. It also ensures that the stationary signaling equipment operates safely. The Interlock system sends SACEM—Automatic Train Control (*Control Automático del Tren*), or ATC, the required information to activate the protection and automatic driving functions of the trains.

The SACEM equipment is located on each train and in the equipment room of certain stations. In some cases, the SACEM system contains a fixed subsystem with:

- a main cabinet containing the computer rack;
- amplifiers for the transmissions between tracks and trains; and
- beacons and electronic boxes that send information to the trains through which the fixed subsystem sends its information to the train.

The equipment handles different types of information, including:

- data received from the interlocks and track circuits, which are critical for ATC;
- data exchanged with other SACEM locations, used to manage the train traffic between the different locations;
- data exchanged with the traffic regulating equipment through tele-transmission;
- location data sent to the trains; and
- maintenance data sent to the maintenance station, or TM.

### CBTC

We are currently in the process of converting the signaling system used on line 1 to a CBTC signaling system. CBTC uses telecommunications between the train and the track equipment to monitor the exact position of the train along the tracks. Because the CBTC signaling system provides more accurate information than traditional signaling systems, we expect that the timing and reliability of our service will improve. This will allow us to avoid unnecessary delays and to reduce the distance between trains, thereby increasing capacity and improving energy efficiency. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures.”

### Speed-restriction Commands

For operation of the Automatic Train Protection (*Protección Automática del Tren*), or ATP, as well as the Automatic Train Operation (*Operación Automática del Tren*), or ATO, the stationary equipment must be able to communicate with the trains. To enable this communication, we maintain a continuous digital transmission track-to-

train technology that uses the tracks as means of transmission, which is then sent through a CVS card, or a signal adaptor card, and amplified by the inductive connection.

### **Control Center**

We control all of the Santiago subway’s operations from the Integrated Control Center (*Centro Integrado de Control*), or the CIC, which is located on the seventh floor of our corporate offices. We have approximately 40 employees on duty on a daily basis monitoring the operations of the trains using approximately 1,500 cameras and other monitoring equipment. The CIC is an essential component of the Santiago subway and successfully coordinates the transportation of approximately 300,000 passengers per hour or approximately 2.3 million passengers per day. Although the center relies on computer programs to control the movement of trains and cars, the CIC supervisors continuously monitor the system to ensure that it is functioning properly and stays on schedule. The CIC can shut off the trains remotely in the event of an emergency.

In order to address any interruption that may occur, the CIC is equipped with a series of procedures, manuals and action protocols that support our operations. The CIC also has Central Command Stations (*Puestos de Comando Central*), a Communications Center (*Centro de Comunicaciones*), a Safety Control Center (*Centro de Control de Seguridad*) and a Central Distribution Station (*Puesto Central de Distribución*), which together work to regulate the operations in the network, including the use of electric power. All of these stations operate 24 hours a day, 365 days a year. In addition, during peak hours, CIC employs an additional three people to supervise communications, the stations and maintenance of the fleet.

### **Awards and Acknowledgments**

In 2010, we were named by CoMet as the fourth best subway in the world, and in 2012, we were named by Metro Rail the best subway in the Americas.

Set forth below is a description of the most relevant prizes, acknowledgments and certifications that we have received in recent years.

#### **Recent Awards and Acknowledgments**

<b>Type of award</b>	<b>Award</b>	<b>Granting organization</b>
Environmental responsibility .....	First place among Chilean companies for environmental efforts; ranking “Evaluation of environmental efforts of Chilean companies by opinion leaders,” a study conducted by distinguished politicians, business leaders, academics, non-governmental organizations, or NGOs and media.	Centro de Medición de la Universidad Católica, or MIDE US, and Azerta Comunicaciones
Quality of service.....	Best Metro in the Americas, besting in these “Metro Awards” the other finalists including Dallas, Pennsylvania, Montreal, Río de Janeiro and São Paulo. The award considered factors such as the network of coverage, frequency, efficiency, levels of client service, levels of access, security, environmental considerations and technological innovation.	Metro Rail, at the annual industry meeting
Quality of Service .....	Named fourth best metro in the world in 2010.	CoMet
Accessibility .....	Recognition of management and commitment in the area of accessibility, reflecting our efforts on behalf of passengers with reduced mobility.	Red Pacto Global Chile, United Nations
Accessibility .....	Recognized as an “Accessible Company,” as part of the awards for “Recognition of Socially Inclusive Companies 2012.” This award recognizes companies that demonstrate concern for persons with reduced mobility via implementation of accessibility alternatives.	Asociación Chilena de Seguridad, with sponsorship from the Corporación Ciudad Accessible

### Recent Awards and Acknowledgments

Type of award	Award	Granting organization
Sustainability .....	Distinction in the report of Metro Sustainability for “Best Communication Platform,” for more effective communication with interest groups in mind. The report attempts to recognize the social, economic and environmental efforts of the company, in the exercise of transparency and commitment to sustainable development.	Acción RSE a non-profit organization comprised of social enterprises dedicated to corporate social responsibility and sustainable development in Chile
Leadership .....	Election of the Santiago subway to preside over CoMet, the most important community of subways, which reflects our important position at an international level.	CoMet

Additionally, we earned the “Pro-SME Seal” (*Sello Propyme*) after certifying our contribution to the development of small and medium businesses, or SMEs. The initiative, promoted by the Ministry of Economy, Development and Tourism of Chile, aims to ensure better conditions for smaller companies in the country. The seal was renewed in January 2013 and is valid for one year.

### Other Awards and Acknowledgments

Type of award	Award	Granting organization
Energy Efficiency .....	Awarded the Seal of Energy Efficiency, granted to companies that are leaders in the development of initiatives aimed at optimizing the use of energy resources and the reduction of emissions. We are one of the first state-owned enterprises to obtain this recognition.	Chilean Ministry of Energy
Environmental .....	In the third edition of “How green are Chilean companies?” we were selected as one of the most environmentally friendly companies.	MIDE UC and Azerta Comunicación Estratégica
Transparency .....	We placed 16th in the transparency ranking out of 48 public enterprises and presidential candidates. The ranking polls approximately 500 journalists on matters such as availability, reliability and detail of information made available.	Asociación Nacional de Prensa, or ANP, and Fundación de la Prensa
Transparency .....	We ranked 5th out of 97 state-owned enterprises for corporate best practices and obtained the Seal of Corporate Transparency. The ranking evaluates the delivery of information regarding operations by publicly-traded and state-owned companies, in categories such as “Business and Presentation,” “Corporate Governance,” “Financial Information,” “Taxpayer Interest,” “Sustainability,” and “Digital Tools.”	Department of Communications of the Universidad del Desarrollo, KPMG and Chile Transparente
Quality of Service .....	We received first place in passenger transport in the 12th Corporate Reputation Ranking. This ranking was based on 4,500 interviews of Chilean men and women, ages 18 to 60, in the ten principal cities in the country to measure consumer perception of 69 companies from 21 different industries.	Hill+Knowlton Strategies, GFK Adimark and La Tercera

## Property

We own all of the installations and equipment that we use in our operations, including our stations, tunnels, rolling stock, tracks, electrical equipment, tools, spare parts, commercial real estate, buildings, etc., all of which are located in the Santiago metropolitan area. We own approximately 103.5 kilometers of track (distributed between Lines 1, 2, 4, 4A and 5), a fleet of 156 trains comprised of 1,093 cars, 108 stations, four repair shops and six cultural multiplexes (sala Baquedano, sala Grecia, sala Quinta Normal, sala Cal y Canto, sala Irrarrázaval y sala Plaza de Armas).

The net book value of our assets is provided by type of asset in the table below.

<b>Property, Plant and Equipment, by Type</b>	<b>As of September 30, 2013</b>
	<i>(in millions of Ch\$)</i>
Work in progress, net.....	162,933.9
Land, net.....	80,724.7
Civil construction, net.....	1,435,599.6
Buildings, net.....	73,803.5
Rolling stock, net.....	711,567.6
Electrical equipment, net.....	278,566.7
Machinery and equipment, net.....	13,694.1
Other, net.....	19,443.2
<b>Property, plant and equipment, net.....</b>	<b><u>2,776,333.5</u></b>

## Insurance

We carry insurance for our equipment and buildings against material damage and consequent business interruption through comprehensive “all-risk” insurance policies. The material damage insurance for our operations provides insurance coverage for losses due to fire, earthquakes, landslides, floods, equipment breakdown and business interruption, among others. These all-risk insurance policies provide for total replacement values in amounts consistent with industry standards and adequate for the types of businesses in which we engage.

As part of our insurance policies, we also have coverage for losses incurred (1) in the case of personal accidents of our officers traveling abroad, (2) in connection with our fleet of trains and equipment and (3) relating to physical persons present in our facilities, equipment and spaces, whether they are passengers or passers-by (non-passengers) in the paid or unpaid zones named in the policy, among others.

We do not anticipate having any difficulties in renewing any of our insurance policies and believe that our insurance coverage is reasonable in amount and consistent with industry standards.

As of September 30, 2013, we maintain the following insurance policies.

<b>Policy</b>	<b>Broker</b>	<b>Insurance Agency</b>	<b>Coverage Amounts</b>	<b>Gross value of annual premium in UF</b>
Fire insurance and additional insurance for trains NS93.....	Orbital JLF	Mapfre	UF1,358,850.4	611.48
Fire insurance for buildings and content, with additional earthquake insurance.....	AON Risk Service SA.	--	UF830,750.0	4,590.38
Liability policy.....	Marsh S.A.	RSA Seguros	30,000.0	2,418.08
Accident policy for private security.....	AON Risk Service S.A.	BBVA	UF250 per worker	8.12
Passenger accident policy.....	Security Ltda.	Zurich S.A.	UF750	7,775.32
Maritime, Air and Land Transportation insurance.....	March S.A.	RSA S.A.	U.S.\$9,000,000	170.09

## Technology and Intellectual Property

### Trademarks

We own the following commercial trademarks, registered in different classes in the Chilean National Institute of Industrial Property (*Instituto Nacional de Propiedad Industrial*):

- Marks: “Metro,” “Metrobús,” “Metropolitano,” “Subterráneo,” “Metro a Metro,” “El Ferrocarril Metropolitano,” “Metrovisión,” “Metropublicidad,” “Metroclub,” “Club Metro,” “Metromático,” “Metro Channel,” “Metro News,” “Metro Noticias,” “Metro Center,” “Viapass,” “Fullpass,” “Transpass,” “Metro Express,” “El Metro te cuida, Cuida el Metro,” “Metro Full Card,” “Metro Card,” “Metro Pass,” “Metromarket,” “Metro Estación Universidad de Chile,” “Metroligero,” “Metro Chile,” “Metro-Chile,” “Red Metro,” “Metro Red,” “Metrin,” “Metropolitana,” “Metro de Santiago,” “Cuentos en el Metro,” “Cuentos Metro,” “Cuentos Urbanos,” “Cuentos Urbanos de Metro,” “Cuentos Urbanos en el Metro,” “Metro Cuentos Urbanos,” “Metrocuentos,” “Metrourbano,” “Multired,” “Multitrans,” “Bici Metro,” “Metro Bici,” “Te llevo bajo la piel,” “Metroboutique,” “Metro, pasa por ti” and “Red de Clientes Metro.”
- Labels: 8 labels, in different classes.
- Mixed trademarks: “Metro,” “Metrobús,” “Metrotren,” “Metroexpreso,” “Metrotaxi,” “MetroInforma,” “Metro S.A.,” “MetroArte,” “El Metro en la Cultura,” “Metroeventos,” “Metrored,” “Ventana Cultural,” “Metroservicios,” “Metro a Metro,” “Metro de Santiago,” “Conozcámonos,” “Metronet,” “Metrocultura,” “Metroexpress,” “Redmetro,” “Metrocard,” “Metropass,” “Metroligero,” “Metro Tienda,” “Metro en la Cultura,” “Cargafácil,” “MetroTV,” “Multired,” “Multitrans,” “TVMetro,” “Metro Bici,” “Te llevo bajo la piel” and “Metrociudadano.”
- Advertising slogans: “El Metro te cuida, Cuida el Metro,” “Metro, pasa por ti,” “Metro de Santiago, pasa por ti” and “Metro ciudadano pasa por ti.”

### Patents

During 2013, we filed patent applications in Europe, Colombia, Brazil and Venezuela relating to the Multiway Card, a control and security device that registers the electronic charge and payment of fares via a card with a specified amount.

We obtained patents for the Multiway Card in the United States (Record No. 7,229,016, June 12, 2007); Mexico (Record No. 253570, January 18, 2008); Peru (Record No. 5070, August 22, 2008); Argentina (Record No. AR048314B1, June 14, 2010); and Ecuador (Record No. PI-11-2072, September 30, 2011).

We were granted a Chilean patent (Record No. 45,663, August 11, 2009) for our invention of a system and method for the detection of sensors and negative contact strips used for the determination of the position of trains on a railway, particularly of pneumatic rolling system trains .

On December 31, 2008, we were granted a patent (Record No. 44, 277) for our invention of a system to detect the inflation condition in pneumatic rolling systems or guidance systems for metropolitan-type trains.

## Employees

As of September 30, 2013, we had a total of 3,580 employees. The following table shows the number of our full-time employees by area of activity and location.

<b>Position</b>	<b>Number of Employees</b>
Accounting.....	10
CEO and management staff.....	7
Legal department.....	21
Management and finance.....	136
Commercial.....	92
Engineering and technology.....	211
Planning and management control.....	32
Human resources.....	88
Maintenance.....	520
Operations and services management.....	2,294
Sales channels.....	58
Project development.....	111
<b>Total.....</b>	<b>3,580</b>

Approximately 81% of our employees are members of a trade union (*sindicato*). Historically, we have enjoyed good labor relations with our employees and we are committed to maintaining a positive relationship with them.

The table below presents summary information about the trade unions representing our employees.

	<b>Union N°1</b>	<b>Union N°2</b>	<b>Union N°3</b>	<b>Union N°4</b>
<b>Name</b>	<i>Sindicato de Trabajadores de Metro S.A.</i>	<i>Sindicato de Profesionales y Técnicos de Metro S.A.</i>	<i>Sindicato Nacional de Conductores y Trabajadores Metro S.A.</i>	<i>Sindicato Empresa de Trabajadores Conductores Metro S.A.</i>
<b>Principal participants</b>	Guards, Station Managers and Administrative Personnel	Maintenance Technicians, Supervisors and Administrative Personnel	Operators	Part-time Operators and Students
<b>Number of workers as of September 30, 2013</b>	1,235	589	680	384
<b>Year of last negotiated collective bargaining agreement</b>	2013	2012	2010	2012
<b>Year of expiration of current collective bargaining agreement</b>	2016	2015	2014	2016

In addition, we have a total of 79 contracts with third parties, through which we sub-contract a total of 7,307 workers.

	<b>As of September 30, 2013,</b>	
	<b>Contracts</b>	<b>Workers</b>
Metro Operations .....	53	5,095
Line 3 Construction .....	14	924
Line 6 Construction .....	12	1,288
Total Construction Projects.....	26	2,212
<b>Total</b> .....	<b>79</b>	<b>7,307</b>

### **Legal and Administrative Proceedings**

We are party to civil, tax and labor lawsuits, as well as to certain administrative proceedings. As of September 30, 2013, we provisioned Ch\$1,110.5 million for losses that may result from such proceedings. Pursuant to the opinion of internal and outside counsel, we determine the amount provisioned based on an evaluation of the likelihood of loss, classified as probable, possible or remote. Provisions are made only for those losses deemed probable. See “Risk Factors—Risk Factors Related to Our Business—We are party to legal proceedings which could have a material adverse effect on our results of operations and financial condition.” See note 19 to our audited consolidated financial statements.

## REGULATORY FRAMEWORK

### Regulatory Regime

As a state-owned enterprise, we are subject to specific laws applicable to government entities and state-owned enterprises in Chile. In addition, we are generally subject to the commercial laws applicable to private enterprises in Chile.

Our incorporation was authorized by Law No. 18,772 of 1989, or the Metro Act, which converted *Dirección General de Metro* into a corporation (*sociedad anónima*) and set forth certain rules applicable to us. Pursuant to the Metro Act, we ceased to be part of the Public Infrastructure Ministry (*Ministerio de Obras Públicas*). We are managed by a board of directors, pursuant to the Law No. 18,046, or the Chilean Corporations Act, which members are appointed by SEP and the Chilean government, our only shareholders. SEP is a CORFO committee, which represents CORFO's interests in the companies where it holds an interest.

### Undersecretariat of Transportation of Chile

The MTT, through its Undersecretariat of Transportation, is responsible for regulating the public transportation services in Chile and for controlling and supervising the policies, plans and programs related to public transit.

### Transantiago

During 2003 and 2004, the MTT set forth the rules for a public bidding of integrated contracts, which would constitute the regulatory framework of the Santiago Urban Transportation Plan (Transantiago).

After the Transantiago system was launched in February 2007, as a result of subsequent difficulties in its implementation, various changes and reforms to the regulatory framework were enacted. In 2012 and 2013, several amendments were introduced that resulted in new agreements between MTT and us, MTT and AFT (a private company), MTT and Sonda (a private company) and MTT and the respective road operators.

The Transantiago plan was structured by (a) granting concessions over roads for providing public transportation services; (b) integrating the transportation service of the companies that obtained concessions with our underground transportation system; (c) integrating the access to, and management of, the system, by collecting all fares through a technological system; and (d) providing a technological platform for managing the bus system.

This resulted in, among others, the following contracts:

- contracts granting rights to use roads between MTT and each main route bus operator or feeder bus operator;
- agreement between the AFT and MTT, by which AFT undertook the financial management of the system;
- contracts between Sonda S.A., and MTT for the technological services;
- the Original Transantiago Service Agreement;
- the 2012 Transantiago Transportation Services Agreement and the 2012 Transantiago Ancillary Services Agreement;
- individual mandate agreements between AFT and the road operators, for the administration and payment of the fares; and
- the 2013 Transantiago Transportation Services Agreement.

The most relevant changes were included in Act No. 20-378, passed in September 2009, which created a panel of experts entrusted with the determination of the rates of public transport system for the Province of Santiago and the communes of San Bernardo and Puente Alto, according to the methodology set forth by the MTT.

Under the 2012 Transantiago Ancillary Services Agreement, we agreed to sell *Tarjetas Bip!* and operate the charge-card network in our subway facilities. Pursuant to this agreement, we have the right to retain from the total amounts collected the technical fee to which we are entitled for Santiago subway trips.

As part of our integration into the Transantiago system, the Chilean government established an integrated fare system, which allows passengers to travel and transfer freely between the Santiago subway and buses. In exchange for our services, we receive from Transantiago a technical fee for each confirmed passenger. On December 14, 2012, we entered into the 2012 Transantiago Transportation Services Agreement, which provides for the flat-rate technical fee commencing January 1, 2013 and to be updated on a monthly basis in accordance with an adjustment formula that takes into account our total long-term costs and which tracks, among other factors, inflation, currency fluctuations and the price of electric power. The 2012 Transantiago Transportation Services Agreement was later complemented and substituted by the 2013 Transantiago Transportation Services Agreement, maintaining the same flat technical fee of Ch\$302.06.

### **Ministry of Finance Authorization**

Pursuant to Decree Law No. 1263, Chilean government owned companies require prior authorization from the Ministry of Finance to enter into any kind of agreement that results in the incurrence of debt. The Ministry of Finance granted a specific authorization regarding the offering described herein by Decree No. 10, dated January 8, 2014.

### **Enforceability of Obligations**

Except for applicable bankruptcy and insolvency laws, our commercial obligations are fully enforceable in the same manner as those of any privately owned company in Chile. Even though we are a state-owned enterprise, we are subject to the same laws and regulations applicable to all private Chilean companies with respect to the enforceability of such obligations. In particular, the Chilean Constitution provides that if the Chilean government carries out commercial activities, it will be governed by all legislation applicable to private persons with respect to such activities, unless a specific law approved by an absolute majority of both chambers of the Chilean Congress dictates otherwise. As of the date of this offering memorandum, no such law has been passed with respect to us. In addition, Decree Law No. 2,349 of 1978 expressly authorizes state-owned companies to waive their immunity from lawsuits, and we have done so with respect to these notes. As a state-owned enterprise, we are subject to specific laws applicable to government entities and state-owned enterprises in Chile. In addition, we are generally subject to the commercial laws applicable to private enterprises in Chile.

## MANAGEMENT

The following is a summary of certain information concerning our management, certain provisions of our bylaws (estatutos) and Chilean law regarding corporate governance. This summary is qualified in its entirety by reference to our bylaws and/or Chilean law, as the case may be, and it does not purport to be complete.

### Our Board of Directors

We are managed by our board of directors, which is comprised of seven directors who are elected for two-year terms at our annual shareholders' meeting, in accordance with the Chilean Corporations Act. The members of our board of directors are appointed by CORFO's SEP and the Chilean government, our only shareholders. SEP is a committee of CORFO, which represents CORFO's interests in the companies in which CORFO holds an interest. If a vacancy occurs on the board of directors during the course of any two-year term (for example, upon resignation, death or ineligibility by virtue of law), the board of directors may elect a temporary director until the next regularly scheduled meeting of shareholders, when the entire board of directors is to be elected. There are regularly scheduled monthly meetings of the board of directors. Extraordinary meetings are convened by the chairman of the board of directors upon request by any other director with the agreement of the chairman or upon request by a majority of the board of directors. The board of directors is responsible for, among other things, the overall supervision and administration of our business activities, the appointment and removal of our executive officers, the review of our financial statements, the approval of our budget and the approval of any purchase or sale of real estate.

Our current board of directors was elected on April 25, 2013 and each director's term will end upon the election of the new board members at the annual shareholders' meeting to be held in the first quarter of 2014.

Set forth below are the names of our current directors and their respective appointment dates.

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>First Date of Appointment</u>
Fernando Cañas Berkowitz	Chairman	63	2012
José Luis Domínguez Covarrubias	Vice-Chairman	58	2011
Domingo Arteaga Echeverría	Director	56	2010
Bernardo Fontaine Talavera	Director	49	2010
Clemente Pérez Errázuriz	Director	46	2010
Luis de Grange Concha	Director	40	2012
Francisco Javier Silva Donoso	Director	68	2013

The business address of each member of our board of directors is Av. Libertador Bernardo O'Higgins 1414, Santiago, Chile.

Set forth below are brief biographies of our directors.

**Fernando Cañas Berkowitz.** Mr. Cañas Berkowitz has served as chairman of our board of directors since January 2012. Prior to becoming our director, he served as president of BanChile Administradora General de Fondos S.A. since 2010. Mr. Cañas has held numerous positions in Banco de Chile, including president from 2005 to 2007, director of subsidiaries from 2005 to 2007 and chief executive officer from 2007 to 2010. He currently serves on the board of directors of Quiñenco S.A. and is the chairman of the board of directors of *Bolsa Electrónica de Chile*, *Bolsa de Valores*, Transbank S.A. and Clínica Las Condes S.A. Mr. Cañas Berkowitz has a degree in Commercial Engineering from the Universidad de Chile de Valparaíso, and a bachelor's degree in Economics with a major in Management.

**José Luis Domínguez Covarrubias.** Mr. Domínguez Covarrubias has served as vice-chairman of our board of directors since May 2011. In addition to serving on our board, he serves as chairman of the board of directors of Metro Valparaíso S.A., Empresa de los Ferrocarriles del Estado, or EFE and as advisor to the Ministry of the Secretary General of the President (*Ministerio Secretaría General de la Presidencia*). Among the several positions he has occupied, he has served as chairman and chief executive officer of the Compañía Eléctrica Tarapacá S.A., chairman and chief executive officer of Fundación Huinay and chairman of Gas Atacama S.A. Mr. Domínguez Covarrubias holds a degree in Civil Engineering from the Pontificia Universidad Católica de Chile.

**Domingo Arteaga Echeverría.** Mr. Arteaga Echeverría is a member of our board of directors since April 2010. He is the founder and chief financial officer of Cannex World, Singapur, formed as the result of a Singapore-Chilean Joint Venture formed by three large Chilean fishing companies for their export of their products. He is the founder and member of the board of directors of the Deep Sea Chile, a Chilean fishing production company that produces preserved and frozen fish. Mr. Arteaga Echeverría has a degree in Civil Industrial Engineering from the Universidad Católica de Chile.

**Bernardo Fontaine Talavera.** Mr. Fontaine Talavera is a member of our board of directors since April 2010. He is a director and advisor of several companies. He was the executive vice-president of the Retail Finance Division of Falabella and Vice-Chairman of the board of directors of Banco Falabella. He also headed the M&A and Corporate Finance Division of Citicorp-Citibank Chile, and is a member of the board of directors of Banco BICE, BICECORP, BICEVIDA Compañía de Seguros de Vida, Coca-Cola Embonor S.A. and Empresas La Polar S.A. Mr. Fontaine Talavera has a degree in commercial engineering from Pontificia Universidad Católica de Chile.

**Clemente Pérez Errázuriz.** Mr. Clemente Pérez Errázuriz is a member of our board of directors since April 2010. He has served as a director of the National Environmental Council (*Consejo Nacional de Medio Ambiente*), or Conama for the Metropolitan Region; Subsecretary of Public Works, President of the Association of Concessionaries of Public Works (*Asociación de Concesionarios de Obras de Infraestructura Pública*), or Copsa; director of SEP between 2004 and 2005, and as chairman of our board of directors from 2007 to 2010. He is also founder of the environmental consultant Sustentable S.A. He is a partner at the law firm Guerrero, Olivos, Novoa y Errázuriz and a member of the Advisory Board of the master's degree in business administration, or MBA, Program of Pontificia Universidad Católica de Chile. Mr. Pérez Errázuriz has a law degree from Pontificia Universidad Católica de Chile Santiago, a master's degree in public policy, or MPP, from Georgetown University, and a MBA from Pontificia Universidad Católica de Chile.

**Luis de Grange Concha.** Mr. Grange Concha is a member of our board of directors since February 2012. He began his academic career as an associate professor of Social Projects Assessment, Urban Transport Systems Planning and Econometric Matters, at Universidad Diego Portales. He has ample research experience and is the author of various publications and presentations, both nationally and internationally. His areas of specialization are in microeconomic and transportation economic theory; social evaluation of projects; econometrics models and demand estimates; and urban planning and transportation networks. He is currently the President of the Industrial Engineering School and Interim Dean of the Engineering Faculty of the Universidad Diego Portales. Mr. Grange Concha holds a degree in Civil and Industrial Engineering, with a major in Transportation Engineering, a Master's Degree in Engineering Sciences and a PhD in Transportation from the Universidad Católica.

**Francisco Javier Silva Donoso.** Mr. Silva Donoso is a member of our board of directors since August 2013. He has developed a professional career that is principally related to maritime-port companies. He was General Manager of Compañía Sudamericana de Vapores S.A. from 1991 to 2002. He is currently the chairman of the board of directors of the San Antonio Port Company. Mr. Silva Donoso holds a degree in Civil Engineering from the Pontificia Universidad Católica de Chile.

To the best of our knowledge, none of the members of our board of directors has been: (1) convicted in relation to fraudulent offenses; (2) a member of an administrative, management or supervisory body or a senior manager of a company in bankruptcy, receivership or liquidation; (3) the subject of an official public investigation and/or sanctions by statutory or regulatory authorities; or (4) removed or disqualified by a court from an administrative, management or supervisory body of an issuer or from acting in the management of an issuer.

### **Senior Management**

Our board of directors appoints the members of our senior management, who may exercise all powers granted by law or delegated by the board. Our chief executive officer is responsible for all obligations as an agent of the company according to Chilean law. The members of our senior management are subject to the same fiduciary duties applicable to the board of directors.

We rely on our seasoned management team with a proven execution track record and an average of 6 years of experience in the transportation industry. Our management team plays a key role in overseeing our integration into Transantiago, as well as our expansion projects. We also have highly qualified employees with solid experience

who help to provide a seamless transportation experience for our passengers. Our employees strive to provide excellent customer service, thereby enhancing the passengers' comfort.

Set forth below are the names and positions of our current senior management members, their ages as of September 30, 2013 and their respective appointment dates.

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Officer since</u>
Ramón Cañas Cambiaso	Chief Executive Officer	49	2013
Gonzalo Morales Moreno	General Counsel	51	2009
Hernán Vega Molina	Chief Financial and Administrative Officer	61	1997
Roland Zamora Vega	Chief Planning and Controlling Officer	50	2008
Jaime Pinaud Vigorena	Chief Human Resources Officer	50	2012
Álvaro Caballero Rey	Chief Commercial and Corporate Matters Officer	51	2012
Jaime Adasme Araya	Chief Project Development Officer	55	2012
Gastón Quezada Rissetti	Chief Engineering and Technology Officer	49	2011
Rodrigo Terrazas Michell	Chief Operations and Services Officer	47	2013
Víctor Maillard González	Comptroller	65	2003

Set out below are brief biographies of our principal executives.

*Ramón Cañas Cambiaso.* Mr. Cañas Cambiaso has been our Chief Executive Officer since June 2013. He previously was our Chief Operations and Services Officer for one year and two months. Prior to joining us, he worked with Entel where he served as Chief Corporate Officer beginning in 2010, and Aguas Chañar S.A., where he served as General Manager. He began his career at VTR Banda Ancha S.A., where he served as Chief Corporate Officer beginning in 1998, after which he worked for Cocesa Ingeniería y Construcción S.A. He holds a bachelor's degree in Civil Electrical Engineering from the Universidad de Santiago de Chile, and MBAs from the IEDE and the Universidad de Lérida in Spain.

*Gonzalo Morales Moreno.* Mr. Morales Moreno has been our General Counsel since 2009. He previously was our Deputy General Counsel for six years. Prior to joining us, he worked with CORFO, where he served as Deputy Legal Financial Counsel beginning in 1992, where he served as Assistant Counsel. He holds a bachelor's degree in Law from the Universidad de Chile.

*Hernán Vega Molina.* Mr. Vega Molina has been our Chief Financial and Administrative Officer since 1997. Prior to joining us, he worked with the Treasury Department, where he served as Assistant Budget Director beginning in 1993. He began his career at in 1977 with the Budget Office of the Chilean Treasury Department (*Ministerio de Hacienda*). He holds a bachelor's degree in Commercial Engineering from the Universidad de Chile and a masters' degree in economics from Duke University.

*Roland Zamora Vega.* Mr. Zamora Vega has been our Chief Planning and Controlling Officer since 1999. Prior to joining us, he worked with Senda Ingenieros Ltda., where he served as Project Manager beginning in 1996. He began his career in 1989 with Cade Consultores Ltda. He holds a bachelor's degree in Civil and Industrial Engineering from the Pontificia Universidad Católica de Valparaíso.

*Jaime Pinaud Vigorena.* Mr. Pinaud Vigorena has been our Chief Human Resources Officer since 2012. Prior to joining us, he worked with Microsoft Brasil, where he served as Director of Human Resources and Microsoft Cono Sur and Microsoft Chile, where he served as Human Resources Manager. He began his career in 1990 with PricewaterhouseCoopers. He holds a bachelor's degree and a masters' degree in Psychology from the Pontificia Universidad Católica.

*Alvaro Caballero Rey.* Mr. Caballero Rey has been our Chief Commercial and Corporate Matters Officer since 2011. He previously was our Department Head for 15 years. Prior to joining us, he worked with the Chilean Ministry of Transportation and Telecommunications (*Ministerio de Transporte y Telecomunicaciones*), or MTT, where he served as Consultant, Ministerial Secretariat for the Metropolitan Region (*Secretaría Regional Ministerial Metropolitana*) beginning in 1991. He began his career in 1989 with the Industrial Engineering Department of the Universidad de Chile. He holds a bachelor's degree in Civil Engineering from the Universidad de Chile.

*Jaime Adasme Araya.* Mr. Adasme Araya has been our Chief Project Development Officer since 2000. He previously was our Chief Operational Officer for 4 years 2 meses. Prior to joining us, he worked with Chilgener S.A., where he served as Chief of Inspections beginning in 1994. He began his career in 1986 with Empresa Minmetal. He holds a bachelor's degree in Civil Construction from the Universidad de Valparaiso and a masters' degree in Management, Leadership and Teamwork from the Universidad de Chile.

*Gastón Quezada Rissetti.* Mr. Quezada Rissetti has been our Chief Engineering and Technology Officer since 2011. Prior to joining us, he worked with LAN Airlines S.A., where he served as Chief Corporate Office for Contact Center, Chief Corporate Officer for Airports, and Chief Corporate Officer of IT beginning in 1994. He began his career in 1986 with Foxboro Chile S.A. He holds a bachelor's degree in Computer Science from the Universidad de Chile.

*Rodrigo Terrazas Michell.* Mr. Terrazas Michell has been our Chief Operations and Services Officer since 2013. Prior to joining us, he worked with Bazuca.com, where he served as Chief Executive Officer beginning in 2007, and VTR Banda Ancha S.A., where he served as Chief Corporate Operations Officer beginning in 2005. He began his career in 1983 with the Chilean navy. He holds a bachelor's degree in Naval and Electronic Engineering from the Academia Politécnica Naval and an MBA from the Universidad Adolfo Ibañez.

*Víctor Maillard González.* Mr. Maillard González has been our Comptroller since 2003. Prior to joining us, he worked with the Maillard, Salin y Asociados beginning in 2002, with Ernst & Young, where he served as a director, beginning in 1999, and with PricewaterhouseCoopers, where he served as an officer, beginning in 1970. He began his career in 1970 with PricewaterhouseCoopers. He holds a bachelor's degree in Accounting, an MBA and a masters' degree in Tax Law from the Pontificia Universidad Católica de Valparaiso.

As of the date of this offering memorandum, none of our directors or executive officers owns any of our capital stock.

None of our principal executives is related to other principal executives, the members of our board of directors or the members of our board of statutory auditors or other individuals playing a strategic role in our business.

To the best of our knowledge, none of the members of our principal executives has been: (1) convicted in relation to fraudulent offenses; (2) a member of an administrative, management or supervisory body or a senior manager of a company in bankruptcy, receivership or liquidation; (3) the subject of an official public investigation and/or sanctions by statutory or regulatory authorities (including professional associations); or (4) removed or disqualified by a court from an administrative, management or supervisory body of an issuer or from acting in the management of an issuer.

### **Compensation of Directors and Senior Management**

The Company's bylaws provide that directors will receive compensation determined by the ordinary shareholders' meeting on an annual basis.

During the nine-month period ended September 30, 2013 and for the year ended December 31, 2012, our senior management received an aggregate of Ch\$1,291.1 million and Ch\$1,562.8 million, respectively.

## PRINCIPAL SHAREHOLDERS

As of September 30, 2013, the aggregate amount of our issued, outstanding and fully paid capital stock was Ch\$1,875,247,711 represented by 47,493,318,338 common shares. Each common share entitles the holder thereof to one vote at our shareholders' meetings.

The table below sets forth certain information regarding the ownership of our capital structure as of September 30, 2013.

Name of shareholder	Number of shares subscribed	Number of shares paid	% ownership
CORFO.....	29,282,821,437	29,282,821,437	61.66%
Chilean Government – Ministry of Finance ( <i>Ministerio de Hacienda</i> ).....	18,210,496,901	18,210,496,901	38.34%
<b>Total</b> .....	<b>47,493,318,338</b>	<b>47,493,318,338</b>	<b>100.00%</b>
CORFO			
Series A .....	17,179,350,131	17,179,350,131	
Series B.....	12,103,471,306	12,103,471,306	
<b>Total</b> .....	<b>29,282,821,437</b>	<b>29,282,821,437</b>	
Chilean Government – Ministry of Finance ( <i>Ministerio de Hacienda</i> )			
Series A .....	11,150,291,144	11,150,291,144	
Series B.....	7,060,205,757	7,060,205,757	
<b>Total</b> .....	<b>18,210,496,901</b>	<b>18,210,496,901</b>	

CORFO is a Chilean government agency that was created by Law No. 6,334, published in the Chilean Official Gazette on April 29, 1939. Its mission is promoting entrepreneurship, innovation and growth in Chile. Together with the Chilean Ministry of Economy, CORFO's programs support and finance a wide variety of initiatives, with the goal of stimulating the Chilean economy and providing more opportunities for Chile's entrepreneurs, innovators and key industries to be competitive on a global stage. CORFO is managed by a Board, whose members are elected by the Chilean President. Its current members are: (1) the Minister of Economy; (2) the Minister of Foreign Affairs; (3) the Finance Minister; (4) the Minister of Social Development; (5) the Minister of Agriculture; and (6) an Executive Vice-president.

The Treasury Department (*Ministerio de Hacienda*) manages the financial affairs, fiscal policy, and capital markets of Chile. The Ministry of Finance is appointed by the Chilean President and can be removed at any time.

As a result, we are a company entirely owned by the Chilean government, either directly (through the Ministry of Finance) or indirectly (through CORFO).

The Chilean government provides financing to the public sector and government-owned corporations through the public budget, which is prepared by the government and approved by the Chilean Congress annually. During the last quarter of each year, the government presents to the Congress a budget. The approval of the budget requires that the Chilean government enact a law that evidences the commitment of the Chilean government to finance each of its items. The construction projects that we expect to partially fund with the proceeds of this offering have been approved by the Chilean government, which will also provide approximately two-thirds of the financing. The public budget for 2014 has been approved and was published in the Chilean Official Gazette on December 18, 2013.

### *Capital Contributions*

Under Chilean law, shareholders are required to amend the bylaws at a shareholders' meeting in order to approve capital contributions. The Chilean government has approved capital increases at the shareholders' meetings held during the last five years.

Between 2009 and 2010, the Chilean government, as shareholder, approved and subscribed for capital increases in an aggregate amount of Ch\$195,767.1 million (U.S.\$388.3 million). Between 2011 and 2013, the Chilean government, as shareholder, approved and subscribed for capital increases in an aggregate amount of Ch\$472,328.9 million (U.S.\$936.8 million).

## RELATED PARTY AND CERTAIN OTHER TRANSACTIONS

We engage in related party transactions with our shareholders or certain of our affiliates in the ordinary course of business, subject to the approval of our board of directors. All transactions with related parties have been made in the normal course of our business operations, and are on terms no less favorable to us than would have been obtained in an arm's-length transaction and comply with the applicable legal standards. For more detailed information about our related party transactions, see note 14 to each of our consolidated financial statements.

Article 89 of the Chilean Corporations Law requires that our transactions with related parties (as defined by article 100 of the Securities Market Law) be on an arm's-length basis or on similar terms to those customarily prevailing in the market.

Article 100 of the Securities Market Law provides that the following persons are related to a company: (i) the other entities of the business conglomerate to which the company belongs, (ii) parents, subsidiaries and equity-method investors and investees of the company having the ability to appoint at least one member of the management of the company or to control 10% or more of the capital or voting capital of a stock company, (iii) all directors, managers, officers and liquidators of the company, and their spouses or blood relatives to the second degree, or any entity controlled, directly or indirectly, by any of the referred individuals, (iv) any person that, by him/herself or with other persons under a joint action agreement, may appoint at least one member of the management of the company or controls 10% or more of the capital or voting capital of a stock company, and (v) other entities or persons determined as such by the SVS.

In addition, article 44 of the Chilean Corporations Law provides that a corporation may only enter into a material transaction in which one or more directors has a personal interest or is acting on behalf of a third party when such transaction is previously known by the board of directors and approved by it and when the terms and conditions of such transaction are similar to those prevailing in the market, except when the by-laws authorize the performance of such operations without being subject to the referred conditions. For purposes of such provision, and to the extent it exceeds UF2,000, any act or contract for an amount exceeding 1% of a company's equity shall be deemed to be a material transaction. In addition, any act or contract exceeding UF20,000 shall always be deemed to be a material transaction for these purposes whether or not they represent less than 1% of a company's equity.

Chilean law considers a director to have an interest in a transaction when the transaction involves:

- The director, the director's wife or husband or relatives until the second degree of consanguinity or affinity;
- Corporations in which the director occupies the position of manager or owner, either directly or indirectly through third parties, of 10% or more of that corporation's capital;
- Corporations in which any of the previously mentioned persons occupy the position of director or owner, either directly or indirectly through third parties, of 10% or more of that corporation's capital; or
- Controllers of the corporation or their related persons, if their votes were decisive in the election of the director.

However, these dispositions will not be applicable if the transaction has been approved or ratified by an extraordinary shareholders' meeting with a quorum of two-thirds of the shareholders with voting rights. The board of directors must address the issue excluding those directors that are involved in the transaction. The decisions of the board will be documented in the board minutes and disclosed at the following shareholders' meeting.

Transactions that do not meet the foregoing requirements are valid and enforceable; however, the corporation and its shareholders shall have a cause of action to sue for reimbursement on behalf of the corporation, for a total of the benefits reported to the interested party, in addition to indemnification for the damages caused. In such proceedings, the defendant shall prove that the transaction met the legal requirements, and directors and executive officers of companies that violate this provision are personally liable for losses or damages resulting from such violations.

## DESCRIPTION OF THE NOTES

*The following summary describes certain provisions of the notes and the Indenture. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the provisions of the Indenture and the notes. Copies of the Indenture are available for inspection during normal business hours at the Company's principal office and at the Corporate Trust Office of the Trustee in New York City, New York. The holders of the notes are entitled to the benefits of, are bound by, and are deemed to have notice of, all the provisions of the Indenture. Certain terms used in this description are defined under the subheading "—Covenants—Covenant Definitions."*

The notes were issued under an indenture dated as of February 4, 2014 (the "indenture"), between us and Deutsche Bank Trust Company Americas, as trustee, registrar, paying agent and transfer agent.

The following description is a summary of the material provisions of the indenture. Because this is only a summary, it is not complete and does not describe every aspect of the notes and the indenture. A copy of the indenture is available upon request. We urge you to read the indenture because it, and not this description, defines your rights as holders of the notes issued under the indenture.

### General

The notes were issued directly by us. The notes were issued in an aggregate principal amount of U.S.\$500,000,000. Notes may be issued under the indenture from time to time in one or more series. Under the indenture, we are permitted to issue additional notes (which may, in the case of additional notes of the same series as the notes offered by this offering memorandum, have the same terms, including interest rate, maturity and redemption provisions, as the notes); *provided* that if the additional notes are not fungible with the notes for U.S. federal income tax purposes, the additional notes will have a separate CUSIP, ISIN and common code numbers.

The notes will mature on February 4, 2024. The notes will bear interest at the rate per annum set forth on the front cover page of this offering memorandum from February 4, 2014, or from the most recent date on which interest was payable and for which interest has been paid or provided. Interest on the notes will be payable semiannually on February 4 and August 4 of each year, commencing on August 4, 2014, to the person in whose name a note is registered at the close of business on the preceding January 20 or July 20, as the case may be. Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months. If any payment date or redemption date falls on a day which is not a business day, any payment of principal and interest with respect to the notes will be made on the next succeeding business day with the same force and effect as if made on the due date, and no interest on such payment will accrue from and after such due date. At maturity, the redemption price will be 100% of the then outstanding principal amount of the notes.

The notes will be our direct, unconditional and unsecured general obligations and will, other than in the case of certain obligations granted preferential treatment pursuant to Chilean law, at all times rank *pari passu* in right of payment with all of our other unsecured obligations that are not, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to all of our secured indebtedness with respect to the value of our assets securing that indebtedness and to all of the existing and future liabilities, including trade payables, of our subsidiaries. The indenture does not limit the amount of indebtedness or other obligations that may be incurred by us. Although we are wholly-owned by the Republic of Chile, the Republic of Chile is not liable for our obligations under the notes, nor do such obligations form any part of the public debt of the Republic of Chile.

As of September 30, 2013, we had approximately Ch\$1,183,639.5 million (approximately US\$2,347.6 million) aggregate principal amount of indebtedness outstanding that ranked *pari passu* with the notes, Ch\$23,267.3 million (US\$46.1million) of secured indebtedness that ranked effectively senior to the notes and Ch\$608,209.1 million (US\$1,206.3 million) of indebtedness that is guaranteed by the government of Chile.

The trustee will initially act as paying agent and registrar for the notes. The notes may be presented for registration of transfer and exchange at the offices of the registrar for the notes. There will be no service charge for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in that connection.

The notes will be issued only in fully registered book-entry form, without coupons, with a minimum denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

We may at any time purchase notes in the open market, or otherwise, at any price. Any notes redeemed or repurchased by us or any of our affiliates may, at our option, continue to be outstanding or be cancelled, subject to the terms set forth in the indenture. Any such redeemed or repurchased notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Notes sold to qualified institutional buyers and sold offshore in reliance on Regulation S will be issued in the form of global notes as more fully described below under “—Book-Entry System; Delivery and Form.”

### **Book-Entry System; Delivery and Form**

The notes were offered and sold in connection with the initial offering thereof solely to “qualified institutional buyers,” as that term is defined in Rule 144A under the Securities Act, pursuant to Rule 144A, and in offshore transactions to persons other than “U.S. persons,” as defined in Regulation S under the Securities Act, in reliance on Regulation S. Following the initial offering of the notes, the notes may be resold to qualified institutional buyers pursuant to Rule 144A, non-U.S. persons in reliance on Regulation S and pursuant to Rule 144 under the Securities Act, as described under “Transfer Restrictions.”

### ***The Global Notes***

#### *Rule 144A Global Note*

Notes offered and sold to qualified institutional buyers pursuant to Rule 144A were initially issued in the form of one or more registered notes in global form, without interest coupons. The Rule 144A global note will be deposited on the date of the closing of the sale of the notes with, or on behalf of, the Depository Trust Company, or DTC, and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the trustee pursuant to the FAST Balance Certificate Agreement between DTC and the trustee. Interests in the Rule 144A global note will be available for purchase only by qualified institutional buyers.

#### *Regulation S Global Note*

Notes offered and sold in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act were initially issued in the form of one or more registered notes in global form, without interest coupons. The Regulation S global note will be deposited upon issuance with, or on behalf of, a custodian for DTC in the manner described in the preceding paragraph for credit to the respective accounts of the purchasers, or to such other accounts as they may direct, at Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Clearstream Banking, société anonyme.

Investors may hold their interests in the Regulation S global note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations which are participants in such systems. After the expiration of the restricted period (defined below under “—Exchanges Among the Global Notes”), investors may also hold such interests through organizations other than Euroclear or Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold such interests in the Regulation S global note on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Such depositories, in turn, will hold such interests in the Regulation S global note in customers’ securities accounts in the depositories’ names on the books of DTC.

Except as set forth below, the Rule 144A global note and the Regulation S global note, collectively referred to in this section as the “global notes,” may be transferred, in whole and not in part, solely to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form (referred to as “certificated notes”) except in the limited circumstances described below.

The notes will be subject to certain restrictions on transfer and will bear a restrictive legend as set forth under “Transfer Restrictions.”

All interests in the global notes, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

### ***Exchanges Among the Global Notes***

Prior to the 40th day after the later of the commencement of the offering of the notes and the date of the closing of the sale of the notes (the period through and including the 40th day, the “restricted period”), transfers by an owner of a beneficial interest in the Regulation S global note to a transferee who takes delivery of this interest through the Rule 144A global note will be made only in accordance with applicable procedures and upon receipt by the trustee of a written certification from the transferor of the beneficial interest in the form provided in the indenture to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A. Such written certification will no longer be required after the expiration of the restricted period.

Transfers by an owner of a beneficial interest in the Rule 144A global note to a transferee who takes delivery of such interest through the Regulation S global note, whether before or after the expiration of the restricted period, will be made only upon receipt by the trustee of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144 under the Securities Act and that, if such transfer is being made prior to the expiration of the restricted period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

### ***Certain Book-Entry Procedures for the Global Notes***

The descriptions of the operations and procedures of DTC, Euroclear and Clearstream set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither we nor the initial purchasers take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is (i) a limited purpose trust company organized under the laws of the State of New York, (ii) a “banking organization” within the meaning of the New York Banking Law, (iii) a member of the Federal Reserve System, (iv) a “clearing corporation” within the meaning of the Uniform Commercial Code, as amended, and (v) a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC’s participants include securities brokers and dealers (including the initial purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies, or indirect participants that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

We expect that pursuant to procedures established by DTC (i) upon deposit of each global note, DTC will credit the accounts of participants designated by the initial purchasers with an interest in the global note and (ii) ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of participants) and the records of participants and the indirect participants (with respect to the interests of persons other than participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to such persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on

behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note will not be entitled to have notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes, and will not be considered the owners or holders thereof under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee thereunder. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if such holder is not a participant or an indirect participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of notes under the indenture or such global note. We understand that under existing industry practice, in the event that we request any action of holders of notes, or a holder that is an owner of a beneficial interest in a global note desires to take any action that DTC, as the holder of such global note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize holders owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such notes.

Payments with respect to the principal of, premium, if any, liquidated damages, if any, and interest on any notes represented by a global note registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the global note representing such notes under the indenture. Under the terms of the indenture, we and the trustee may treat the persons in whose names the notes, including the global notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither we nor the trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a global note (including principal, premium, if any, liquidated damages, if any, and interest). Payments by the participants and the indirect participants to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interest in a global security by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in

the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### ***Certificated Notes***

If (i) we notify the trustee in writing that DTC is no longer willing or able to act as a depository or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depository is not appointed within 90 days of such notice or cessation, (ii) we, at our option, notify the trustee in writing that we elect to cause the issuance of notes in definitive form under the indenture or (iii) upon the occurrence of certain other events as provided in the indenture, then, upon surrender by DTC of the global notes, certificated notes will be issued to each person that DTC identifies as the beneficial owner of the notes represented by the global notes. Upon any such issuance, the trustee is required to register such certificated notes in the name of such person or persons (or the nominee of any thereof) and cause the same to be delivered thereto.

Neither we nor the trustee shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related notes and we and the trustee may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued).

### **Notices**

Notice to holders of the notes will be given by mail to the addresses of such holders as they appear in the security register.

In addition, so long as the notes are listed on the Luxembourg Stock Exchange for trading on the Euro MTF market and the rules of such exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice will be deemed to have been delivered on the date of first publication.

### **Replacement of Notes**

In case of mutilated, destroyed, lost or stolen notes, application for replacement thereof may be made to the trustee or us. Any such note shall be replaced by the trustee in compliance with such procedures, and on such terms as to evidence and indemnification, as the trustee or we may require and subject to any applicable law or regulation. All such costs as may be incurred in connection with the replacement of any notes shall be borne by the applicant. Mutilated notes must be surrendered before new ones will be issued.

### **Change of Control**

Upon the occurrence of a Change of Control Event, you will have the right to require that we purchase all or a portion of your notes at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following the occurrence of a Change of Control Event we will mail a notice to each holder with a copy to the trustee (the "Change of Control Offer") stating:

- (i) that a Change of Control Event has occurred and that such holder has the right to require us to purchase all or a portion of such holder's notes at a purchase price equal to 100% of the principal amount thereof, plus

accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date);

- (ii) the circumstances and relevant facts regarding such Change of Control Event;
- (iii) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and
- (iv) the instructions, as determined by us, consistent with the covenant described hereunder, that a noteholder must follow in order to have its notes purchased.

We will not be required to make a Change of Control Offer following a Change of Control Event if (1) a third party makes a Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer and purchases all notes validly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption for all outstanding notes has been given pursuant to the indenture unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, we may make a Change of Control Offer in advance of a Change of Control Event and conditioned upon the consummation of such Change of Control Event, if a definitive agreement is in place for the Change of Control at the time the offer to purchase is made.

We will comply, to the extent applicable, with the requirements of Section 14(e)-1 of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes as a result of a Change of Control Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, we will comply with the applicable securities laws and regulations and shall not be deemed to have breached our obligations under the covenant described hereunder by virtue of our compliance with such securities laws or regulations.

Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Event under the indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. However, the indenture will not contain any covenants or provisions that would afford holders of the notes protection in the event of any such transaction.

Our existing indebtedness contains, and future indebtedness that we may incur may contain, provisions that restrict our ability to take actions that would constitute a Change of Control Event or that require the repurchase of such indebtedness upon a change of control. Moreover, the exercise by the holders of their right to require us to repurchase the notes could cause a default under such indebtedness, even if the Change of Control Event itself does not, due to the financial effect of such repurchase on us. Finally, our ability to pay cash to the holders of notes following the occurrence of a Change of Control Event may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The definition of “Change of Control” includes a disposition of all or substantially all of our assets to any person. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of our assets. As a result, it may be unclear as to whether a Change of Control Event has occurred and whether a holder may require us to make an offer to repurchase the notes as described above.

The provisions under the indenture relative to our obligation to make an offer to repurchase the notes as a result of a Change of Control Event may be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

A “*Change of Control*” shall occur if the Republic of Chile, together with its Affiliates, shall fail to (i) be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of a majority of the voting power of our capital stock or of the capital stock of any other persons which succeed to all or substantially all of our assets (whether through a merger or consolidation, or a sale, distribution or other transfer of our assets) or (ii) be entitled to name a majority of the members of our board of directors or the board of directors of any other persons that succeed

to all or substantially all of our assets (whether through a merger or consolidation, or a sale, distribution or other transfer of our assets).

“*Change of Control Event*” means (i) the occurrence of a Change of Control and (ii) a Rating Decline.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Fitch*” means Fitch Ratings Inc. or any successor thereto.

“*Gradation*” means a gradation within a Rating Category or a change to another Rating Category, which shall include: (i) “+” and “-” in the case of Fitch’s and S&P’s current Rating Categories (e.g., a decline from BB+ to BB would constitute a decrease of one gradation), (ii) 1, 2 and 3 in the case of Moody’s current Rating Categories (e.g., a decline from Ba1 to Ba2 would constitute a decrease of one gradation), or (iii) the equivalent in respect of successor Rating Categories of Fitch, S&P or Moody’s or Rating Categories used by Rating Agencies other than Fitch, S&P and Moody’s.

“*Investment Grade*” means a rating equal to or higher than (a) BBB-, in the case of Fitch and S&P, and (b) Baa3, in the case of Moody’s.

“*Moody’s*” means Moody’s Investors Service, Inc., or any successor thereto.

“*Rating Agency*” means Fitch, Moody’s and S&P, or if at least two of the foregoing shall not make publicly available a rating of the notes, a “nationally recognized statistical organization” (within the meaning of Rule 15c(3)-1(c)(2)(vi)(F) under the Exchange Act), as the case may be, selected by us (as certified by a resolution of our board of directors) which shall be substituted for any of Fitch, Moody’s or S&P, as the case may be.

“*Rating Category*” means (i) with respect to Fitch and S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C, R, SD and D (or equivalent successor categories); (ii) with respect to Moody’s, any of the following categories (any of which may include a “1,” “2” or “3”): Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C (or equivalent successor categories), and (iii) the equivalent of any such categories of Fitch, S&P or Moody’s used by another Rating Agency, if applicable.

“*Rating Decline*” means the occurrence if at any time within the earlier of (i) 60 days after the date of public notice of a Change of Control, or of our intention or the intention of any person to effect a Change of Control and (ii) the occurrence of the Change in Control (which period shall in either event be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by a Rating Agency), a Rating Agency withdraws its rating of the notes or the rating of the notes is decreased by a Rating Agency as follows:

- (a) if the notes are not rated Investment Grade by at least two Rating Agencies immediately prior to such public notice or such occurrence of a Change of Control, by one or more Gradations; or
- (b) if the notes are rated Investment Grade by at least two Rating Agencies immediately prior to such public notice or such occurrence of a Change of Control, either (i) by two or more Gradations by any Rating Agency or (ii) such that the notes are no longer rated Investment Grade by at least two Rating Agencies.

“*S&P*” means Standard & Poor’s Rating Service or any successor thereto.

## **Covenants**

We have agreed to restrictions on our activities for the benefit of holders of the notes. The following restrictions will apply to the notes:

### ***Limitation on Liens***

The indenture provides that we will not, nor will we permit any Subsidiary to, issue, assume or guarantee any indebtedness for money borrowed (“Debt”) if such Debt is secured by a lien upon, or secure any outstanding Debt

by a lien upon, any Principal Property or upon any shares of stock of, or indebtedness of, any Subsidiary, now owned or hereafter acquired, without effectively providing that the notes shall be secured equally and ratably with such Debt.

The foregoing restrictions shall not apply to:

- (i) liens on any Principal Property acquired, constructed or improved after the date of the indenture to secure or provide for the payment of the purchase price or cost of construction or improvements (including costs such as increased costs due to escalation, interest during construction and finance costs) thereof incurred after the date of the indenture, *provided* such liens shall not apply to any property theretofore owned by us or any Subsidiary other than the applicable theretofore unimproved real property,
- (ii) liens on any Principal Property acquired from a corporation merged with or into us or into a Subsidiary,
- (iii) liens to secure Debt of a Subsidiary to us or another Subsidiary,
- (iv) liens over any property existing at the time of the acquisition of such property by us or any of our Subsidiaries and not created in connection with such acquisition,
- (v) liens in existence on the date of the indenture,
- (vi) liens on deposits to secure, or any lien otherwise securing, the performance of bids, statutory obligations, surety bonds, appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business,
- (vii) liens created on any property to secure Debt incurred in connection with the financing of such property, the repayment of which Debt is to be made from the revenues arising out of, or other proceeds of realization from, such property, with recourse to those revenues and proceeds and other property used in connection with, or forming the subject matter of, such property, but without recourse to any other of our property or of any Subsidiary, and
- (viii) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any lien referred to in the foregoing clauses (i), (ii), (iv), (v) or (vii), inclusive of any Debt secured thereby, *provided* that the principal amount of Debt so secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement lien shall be limited to all or part of the property which secured the lien extended, renewed or replaced (plus improvements on or additions to such property).

Notwithstanding the foregoing, we and one or more Subsidiaries may issue, assume or guarantee Debt secured by liens which would otherwise be subject to the foregoing restrictions without equally and ratably securing the notes, if the aggregate principal amount of such Debt, together with the aggregate principal amount of all other Debt otherwise subject to the foregoing restrictions (not including Debt permitted to be secured under any of clauses (i) through (viii) above) and the aggregate value of the sale and lease-back transactions described under “—Limitation on Sale and Lease-Back Transactions” below (other than sale and lease-back transactions the proceeds of which have been applied as provided in clause (b) under “—Limitations on Sale and Lease-Back Transactions” below), does not at the time of issuance, assumption or guarantee thereof exceed 10% of Consolidated Total Assets.

#### ***Limitations on Sale and Lease-Back Transactions***

The indenture provides that neither we nor any Restricted Subsidiary will enter into any Sale and Lease-Back Transaction with respect to any Principal Property unless either:

- (a) we or such Restricted Subsidiary would be entitled, pursuant to the provisions described under “—Limitation on Liens” above, to incur Debt in a principal amount equal to or exceeding the value of such Sale and Lease-back Transaction, secured by a lien on the property or assets to be leased, without equally and ratably securing the notes, or

- (b) during, or immediately after the expiration of, the six months after the effective date of such transaction (whether made by us or a Restricted Subsidiary), we apply to the voluntary retirement of our indebtedness (including the notes) maturing by its terms more than one year after the original creation thereof (“Funded Debt”) an amount equal to the value of such transaction, less an amount equal to the sum of (i) the principal amount of notes delivered, within six months after the effective date of such arrangement, to the trustee for retirement and cancellation and (ii) the principal amount of other Funded Debt voluntarily retired by us within such six-month period, in each case excluding retirements of notes and other Funded Debt as a result of conversions or pursuant to mandatory sinking fund or mandatory prepayment provisions or by payment at maturity.

### ***Consolidation, Merger, Sale or Conveyance***

We may not consolidate with or merge into any other corporation or convey or transfer all or substantially all of our properties and assets (determined on a consolidated basis) to any person, unless:

- (i) either (1) we are the surviving entity or (2) the successor corporation shall be a corporation organized and existing under the laws of Chile or any political subdivision thereof or the United States of America or any state thereof or the District of Columbia, and expressly assumes by a supplemental indenture the due and punctual payment of the principal of and interest and additional amounts, if any, on all the outstanding notes and the performance of every covenant in the indenture on our part to be performed or observed,
- (ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing, and
- (iii) we shall have delivered to the trustee an officer’s certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture (if applicable) comply with the foregoing provisions relating to such transaction and with the requirements of the following sentence.

In case of any such consolidation, merger, conveyance or transfer, the successor corporation will succeed to and be substituted for us as obligor on the notes, with the same effect as if it had been named as the company party to the indenture, and we will be released from such obligations.

### ***Periodic Reports***

To the extent the same shall not have been made publicly available by filing with the SEC or on our website, we will (A) make available, upon request, to any holder and any prospective purchaser of notes designated by any holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act; and (B) furnish (or in lieu of furnishing, make accessible electronically with notice to the trustee) to the trustee:

- (1) as soon as they are available, but in any event within 135 calendar days after the end of each of our fiscal years, copies of our audited financial statements (on a consolidated basis) in respect of such fiscal year (including a statement of comprehensive income, statement of financial position and cash flow statement), translated into English, prepared in accordance with rules and regulations issued by the SVS as applicable to us as of such date and audited by a member firm of an internationally recognized firm of independent auditors; and
- (2) as soon as they are available, but in any event within 105 calendar days after the end of each of the first, second and third fiscal quarters of each of our fiscal years, copies of our unaudited financial statements (on a consolidated basis) in respect of the relevant period (including a statement of comprehensive income, statement of financial position and cash flow statement) translated into English, prepared in accordance with rules and regulations issued by the SVS as applicable to us as of such date.

Delivery of such reports, information and documents to the trustee shall be for informational purposes only, and the trustee’s receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including an Event of Default or our compliance with any of the

covenants contained in the indenture (as to which the trustee will be entitled to conclusively rely upon an officer's certificate).

### ***Covenant Definitions***

“*Affiliate*” means, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, “control,” when used with respect to any specified person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Consolidated Total Assets*” means our consolidated total assets appearing on our most recent annual or quarterly consolidated balance sheet or statement of financial position, on a pro forma basis to give effect to any acquisition or disposition of companies, divisions, lines of businesses or operations subsequent to such date and on or prior to the date of determination.

“*Lien*” means any mortgage, pledge, lien, security interest, charge or other encumbrance (including any conditional sale or other title retention agreement or lease in the nature thereof other than a title retention agreement in connection with the purchase of goods in the ordinary course of business).

“*Principal Property*” means any trains, cars, rolling stock, railway lines and tracks, tunnels, viaducts, stations, industrial buildings and real property used for such lines, tracks, tunnels, viaducts, stations and industrial buildings, and any interest in any person holding any of the foregoing, in each case owned by us or any Subsidiary, except any such assets or property which we determine in good faith is not material, individually or in the aggregate, to our business and that of our Subsidiaries taken as a whole.

“*Restricted Subsidiary*” means (a) any Subsidiary which owns any Principal Property and (b) any Subsidiary which owns any stock or debt of a Restricted Subsidiary.

“*Sale and Leaseback Transaction*” means any transaction or series of related transactions pursuant to which we or any Subsidiary sells or transfers any property to any person with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased.

“*Subsidiary*” means any corporation or other business entity of which we own or control (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes shall or might have voting power upon the occurrence of any contingency).

### **Events of Default**

An “*Event of Default*,” with respect to the notes, is defined in the indenture as:

- (i) a failure of us to pay any principal of the notes, when due and payable, whether at maturity, upon redemption or otherwise, or a failure by us to purchase the notes when required pursuant to the terms of the indenture or the notes, or
- (ii) a failure of us for 30 days to pay interest or any additional amounts when due and payable on any notes, or
- (iii) a failure of us to perform or observe any other term, covenant, warranty or obligation in the notes or the indenture, not otherwise expressly included as an Event of Default in (i) or (ii) above, and the continuance of such default for more than 60 days after written notice of such default has been given to us by the trustee or the holders of at least 25% in aggregate principal amount of the notes then outstanding, or
- (iv) a default by us or any Subsidiary in the payment of the principal of any bond, debenture, note or other evidence of indebtedness for money borrowed, or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money

borrowed, having an aggregate principal amount exceeding U.S.\$30 million (or its equivalent in any other currency or currencies) when such indebtedness becomes due and payable (whether at maturity, upon redemption or acceleration or otherwise) if such default shall continue unremedied for more than 30 business days and within such 30 business days the time for payment of such amount has not been expressly extended, or

(v) certain events of bankruptcy or insolvency with respect to us or a Significant Subsidiary.

“*Significant Subsidiary*” means a Subsidiary, the total assets of which exceed 10% of our total assets and the total assets of our Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year.

The indenture provides that (i) if an Event of Default (other than an Event of Default described in clause (v) above) shall have occurred and be continuing with respect to the notes, either the trustee or the holders of not less than 25% of the total principal amount of the notes then outstanding may declare the principal of all such outstanding notes and the interest accrued thereon, if any, to be due and payable immediately and (ii) if an Event of Default described in clause (v) above shall have occurred, the principal of all such outstanding notes and the interest accrued thereon, if any, shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of such notes. The indenture provides that the notes owned by us or any of our Affiliates shall be deemed not to be outstanding for, among other purposes, declaring the acceleration of the maturity of the notes. The right of the holders to give such acceleration notice will terminate if the event giving rise to such right has been cured. Upon the satisfaction by us of certain conditions, including, but not limited to, the payment of all fees and expenses of the Trustee, the declaration described in clause (i) of this paragraph may be annulled by the holders of a majority of the total principal amount of the notes then outstanding.

Past defaults, other than non-payment of principal and interest, may be waived by the holders of a majority of the total principal amount of the notes outstanding. When a default is waived, it is deemed cured, but no such waiver will extend to any subsequent or other default or impair any consequent right. The trustee must give to the holders of the notes notice of all uncured defaults known to it with respect to the notes within 30 days after a responsible officer of the trustee becomes aware of such a default (unless such default shall have been cured); *provided, however*, that, except in the case of default in the payment of principal, interest or additional amounts, the trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the notes.

No holder of notes may institute any action under the indenture unless (a) such holder shall have given the trustee written notice of a continuing Event of Default with respect to the notes, (b) the holders of not less than 25% of the total principal amount of the notes then outstanding shall have made written request to the trustee to institute proceedings in respect of the Event of Default, (c) such holder or holders shall have offered the trustee such reasonable indemnity as the trustee may require, (d) the trustee shall have failed to institute an action for 60 days thereafter and (e) no inconsistent direction shall have been given to the trustee during such 60-day period by the holders of a majority of the total principal amount of the notes. Such limitations, however, do not apply to any suit instituted by a holder of a note for enforcement of payment of the principal or interest on the notes on or after the respective due dates expressed in such notes.

The indenture provides that, subject to the duty of the trustee during default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of the notes, unless such holders shall have offered to the trustee indemnity or security satisfactory to it.

We are required to furnish to the trustee annually a statement as to the performance by us of certain of our obligations under the indenture and as to any default in such performance.

### **Payment of Additional Amounts**

We are required to make all payments in respect of principal, interest, and premium, if any, on the notes free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, fines, penalties, assessments or other governmental charges of whatever nature (or interest on those taxes, duties, fines, penalties, assessments or other governmental charges), imposed, levied, collected, withheld or assessed by, within or

on behalf of the Republic of Chile or any political subdivision or governmental authority thereof (“Taxes”), unless such withholding or deduction is required by law. In such event, we are required to pay to the holder of the notes such additional amounts (“additional amounts”) as may be necessary to ensure that the net amounts received by the holders of the notes, including additional amounts, after such withholding or deduction of Taxes shall equal the amounts which would have been receivable in respect of the notes in the absence of such withholding or deduction. No additional amounts shall be payable in respect of a note:

- (i) in the case of payments for which presentation of a note is required, presentment for payment more than 30 days after the later of:
  - (a) the date on which such payment first became due, and
  - (b) if the full amount payable has not been received in the place of payment of the trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the holder by the trustee, except to the extent that such holder would have been entitled to such additional amounts on presenting such notes for payment on the last day of such period of 30 days,
- (ii) held by or on behalf of a holder or beneficial owner who is liable for taxes, duties, fines, penalties, assessments or other governmental charges relating to the notes, because the holder has some present or former, direct or indirect, connection with the Republic of Chile or any political subdivision or governmental authority thereof, other than the holding of the notes or the receipt of payments in respect thereof, or
- (iii) any tax, assessment or other governmental charge that is imposed or withheld by reason of the failure by the holder or the beneficial owner of a note to comply, after reasonable notice, with our request, addressed to the holder (x) to provide information concerning the nationality, residence, identity or connection with the Republic of Chile or any political subdivision or governmental authority thereof or therein, of the holder or such beneficial owner or (y) to make any declaration or other similar claim to satisfy any information or reporting requirement, which in the case of (x) or (y), is required or imposed by a statute, treaty, regulation or administrative practice of the Republic of Chile or any political subdivision or governmental authority thereof or therein, as a precondition to exemption from all or part of such tax, assessment or other governmental charge, provided, however, that the exclusion set forth in this clause (iii) shall not apply in respect of any certification, identification, information, documentation or other reporting requirement if such requirement would be materially more onerous, in form, in procedure or in the substance of information disclosed, to the holder than comparable information or other reporting requirements imposed under U.S. tax law, regulation and administrative practice (such as IRS Forms W-8BEN and W-9), or
- (iv) any Taxes, to the extent such Taxes were imposed pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; or
- (v) any combination of (i), (ii), (iii) and (iv).

If we pay additional amounts in respect of the Chilean withholding tax on payments of interest, any refunds of such withholding tax will be for our account.

Within 60 days after the date of any payment of any Taxes in respect of any payment under any note pursuant to the provisions set forth above, we shall, upon request, furnish to any holder the original tax receipt for the payment of such Tax (or, if such original tax receipt is not available, a duly certified copy of any original tax receipt) together with such other documentary evidence with respect to such payments as may be reasonably requested from time to time by any holder or beneficial owner of a note.

References to principal, interest, premium or other amounts payable in respect of the notes shall be deemed also to refer to any additional amounts which may be payable.

We will pay any present or future stamp, court or documentary taxes or any excise or property taxes, charges or similar levies which arise in any jurisdiction from the execution, delivery, enforcement or registration of the notes or any other document or instrument relating thereto, excluding any such taxes, charges or similar levies imposed by any jurisdiction outside the Republic of Chile. The obligations set forth above shall survive the transfer or payment of a note.

### **Redemption for Taxation Reasons**

We may redeem the notes at our option in whole, but not in part, at any time, upon giving not less than 30 nor more than 60 days' notice to the holders of the notes, at 100% of their principal amount outstanding, together with interest accrued to the date fixed for redemption, if

- (i) we certify to the trustee (in the manner prescribed below) immediately prior to the giving of such notice that we have or will become obligated to pay additional amounts with respect to such notes in excess of the additional amounts that would be payable were payments of interest on such notes subject to a 4.0% withholding tax as a result of any generally applicable change in or amendment to the laws or regulations of the Republic of Chile or any political subdivision or governmental authority thereof or therein having power to tax, or any generally applicable change in the application or official interpretation of such laws or regulations, which change or amendment occurs after the date of issuance of the notes, and
- (ii) such obligation cannot be avoided by us taking reasonable measures available to us;

*provided, however*, that the notice of redemption shall not be given earlier than 60 days before the earliest date on which we would be obligated to pay such additional amounts if a payment in respect of the notes were then due.

Before giving notice of redemption, we shall deliver to the trustee an officer's certificate stating that we are entitled to effect such redemption in accordance with the terms of the indenture and stating (x) the facts relating thereto and (y) that we cannot avoid payment of the additional amounts by taking reasonable measures available to us. The statement shall be accompanied by a written opinion of counsel to the effect:

- (i) that we have or will become obligated to pay the additional amounts, and
- (ii) that all governmental approvals necessary for us to effect the redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained.

### **Make-whole Redemption**

We may redeem the notes, in whole or in part, at any time and from time to time, at our option, at a redemption price equal to the greater of (1) 100% of the then outstanding principal amount of the notes, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 30 basis points, in each case plus accrued and unpaid interest to the date of redemption.

Notwithstanding the foregoing, payments of principal and/or interest on the notes that are due and payable on or prior to a date fixed for redemption of notes will be payable to the holders of those notes registered as such at the close of business on the relevant record dates according to the terms and provisions of the indenture.

*"Comparable Treasury Issue"* means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

*"Comparable Treasury Price"* means, with respect to the redemption date, (1) the average of four Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“*Independent Investment Banker*” means one of the Reference Treasury Dealers.

“*Reference Treasury Dealer*” means Deutsche Bank Securities Inc. or its affiliates which are primary United States government securities dealers and not less than three other leading primary United States government securities dealers in New York City reasonably designated by us; *provided* that if any of the foregoing cease to be a primary United States government securities dealer in New York City (a “Primary Treasury Dealer”), we will substitute therefor another Primary Treasury Dealer.

“*Reference Treasury Dealer Quotations*” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or about 3:30 p.m., New York City time, on the third business day preceding such redemption date.

“*Treasury Rate*” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

#### **Modification of the Indenture**

We and the trustee may, without the consent of the holders of notes, amend, waive or supplement the indenture or the notes for certain specified purposes, including among other things:

- (i) to evidence our succession by another corporation, and the assumption by such party of our obligations;
- (ii) to add to our covenants or surrender any of our rights or powers for the benefit of all or any series of notes;
- (iii) to cure any ambiguity, defect or inconsistency in the indenture;
- (iv) to add any provisions as may be expressly permitted by the Trust Indenture Act of 1939;
- (v) to provide for the issuance of any new series of securities, and/or add to the rights of any holders of any series of notes;
- (vi) to provide for the appointment of a successor trustee;
- (vii) to add any additional Events of Default for the benefit of any or all series;
- (viii) to conform the text of the indenture to any provision of this “Description of the Notes”; and
- (ix) to make any other change to the indenture as shall not materially and adversely affect the interests of any holder of the notes.

In addition, with certain exceptions, the indenture and the notes may be modified by us and the trustee with the consent of the holders of a majority in aggregate principal amount of the notes affected thereby then outstanding, but no such modification may be made without the consent of the holder of each outstanding note affected by the modification which would:

- (i) change the maturity of any principal of, or any premium on, or any installment of interest on, any note, or reduce the principal amount thereof or the rate of interest or any premium (or additional amounts, if any) payable thereon, or change the method of computing the amount of principal thereof or interest or premium (or additional amounts, if any) payable thereon on any date, or change any place of payment where, or the coin or currency in which, the principal or interest (including additional amounts) on any note are payable, or impair the right of holders to institute suit for the enforcement of any such payment on or after the date when due,

- (ii) reduce the percentage in aggregate principal amount of outstanding notes, where the consent of holders is required for any such modification or for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture, or
- (iii) modify provisions relating to waiver of certain defaults, waiver of certain covenants and the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected by the modification.

The indenture provides that the notes owned by us or any of our affiliates shall be deemed not to be outstanding for, among other purposes, consent to any such modification.

### **Legal Defeasance and Covenant Defeasance**

We may, at our option, at any time upon the satisfaction of certain conditions described below, elect to be discharged from our obligations with respect to the notes (a “Legal Defeasance”). In general, upon a Legal Defeasance, we shall be deemed to have paid and discharged the entire indebtedness represented by the notes and to have satisfied all of our obligations under the notes, except for:

- (i) the rights of holders of notes to receive, solely from the trust fund established for such purposes as described below, payments in respect of the principal of, and interest, and additional amounts, if any, on the notes when such payments are due,
- (ii) certain provisions relating to ownership, registration and transfer of the notes,
- (iii) the covenant relating to the maintenance of an office or agency in New York City,
- (iv) certain provisions relating to the rights, powers, trusts, duties and immunities of the trustee, and
- (v) the Legal Defeasance provisions of the indenture.

In addition, we may, at our option, at any time, upon the satisfaction of certain conditions described below, elect to be released with respect to the notes from the obligations and covenants of the indenture, including those described above under the captions “Change of Control,” “Limitation on Liens,” “Limitations on Sale and Lease-Back Transactions,” “Consolidation, Merger, Sale or Conveyance” and “Periodic Reports” (“Covenant Defeasance”). Following such Covenant Defeasance, the occurrence of a breach or violation of any such covenant with respect to the notes will not constitute an Event of Default under the indenture, and certain other events (not including, among other things, nonpayment of other obligations or certain bankruptcy and insolvency events) described under “Events of Default” also will not constitute Events of Default.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the notes, we will be required to satisfy, among other conditions, the following:

- (i) we shall have irrevocably deposited with the trustee in trust cash or U.S. government obligations, or a combination thereof, sufficient, in the opinion of an internationally recognized firm of independent public accountants, investment bank, appraisal or consulting firm, to pay and discharge the principal of, premium, if any, and each installment of interest on (including additional amounts) the notes on the stated maturity of such principal or installment of interest in accordance with the terms of the notes,
- (ii) in the case of a Legal Defeasance, we shall have delivered to the trustee an opinion of counsel stating that:
  - (x) we have received from, or there has been published by, the Internal Revenue Service a ruling; or
  - (y) since the date of the indenture there has been a change in the applicable United States federal income tax statutes or regulations, in either case to the effect that, and based thereon such opinion shall confirm that, the holders of the notes will not recognize gain or loss for United States federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to United States federal income tax

on the same amount, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred,

- (iii) in the case of a Covenant Defeasance, we shall have delivered to the trustee an opinion of counsel to the effect that the holders of the notes will not recognize gain or loss for United States federal income tax purposes as a result of such deposit and Covenant Defeasance and will be subject to United States federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and Covenant Defeasance had not occurred,
- (iv) no Event of Default, or event which with notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing with respect to the notes, and in the case of a Legal Defeasance, with respect to certain events of bankruptcy or insolvency, at any time during the period ending on the 121<sup>st</sup> day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period), and
- (v) we shall have delivered to the trustee an opinion of counsel and an officer's certificate as to compliance with all conditions precedent provided for in the indenture relating to such Legal Defeasance or Covenant Defeasance, as applicable.

### **The Trustee**

Deutsche Bank Trust Company Americas is the trustee under the indenture and has been appointed by us as registrar, paying agent and transfer agent with respect to the notes. The address of the trustee is 60 Wall Street, MS NYC 60-1630, New York, New York 10005, United States. So long as no Event of Default has occurred and is continuing, we may remove the trustee and appoint a new trustee; *provided*, that such new trustee qualifies to act as trustee under the terms and conditions of the indenture.

### **Governing Law**

The indenture provides that it and the notes will be governed by, and be construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflict of laws. We have irrevocably consented to the non-exclusive jurisdiction of any court of the State of New York or any United States federal court sitting in the Borough of Manhattan, The City of New York, New York, United States, and any appellate court from any of these courts, and have waived any immunity from the jurisdiction of these courts over any suit, action or proceeding that may be brought in connection with the indenture and the notes. We have appointed the Consul General of Chile in The City of New York, as initial authorized agent upon which all writs, process and summonses may be served in any suit, action or proceeding brought in connection with the indenture or the notes against us in any such court and have agreed that such appointment shall be irrevocable so long as any of the notes remain outstanding or until the irrevocable appointment by us of a successor in The City of New York as its authorized agent for such purpose and the acceptance of such appointment by such successor.

The validity of the claims of the holders of the notes to interest and repayment of principal will be subject to the statutory limitation period prescribed by the laws of the State of New York. It should be noted that under New York law, the prescription or statute of limitations for claims against debt is six years.

## TAXATION

### General

The following discussion summarizes certain Chilean tax and United States federal income tax consequences to beneficial owners arising from the purchase, ownership and disposition of the notes. The summary does not purport to be a comprehensive description of all potential Chilean tax and United States federal income tax considerations that may be relevant to a decision to purchase, own or dispose of the notes and is not intended as tax advice to any particular investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Chile and the United States. As of this date, there is no applicable income tax treaty in effect between the United States and Chile. However, the United States and Chile have signed an income tax treaty that will enter into force once the treaty is ratified by both countries. There can be no assurance that the treaty will be ratified by either country. The following summary will assume that there is no applicable income tax treaty in effect between the United States and Chile.

Prospective purchasers of the notes should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of the notes, including, in particular, the application of the tax considerations discussed below to their particular situations, as well as the application of state, local, foreign or other tax laws.

### Chilean Tax Considerations

The following is a general summary of the principal consequences under Chilean tax law with respect to an investment in the notes made by a Foreign Holder (as defined below). It is based on the tax laws of Chile as in effect on the date of this offering memorandum, as well as regulations, rulings and decisions of Chile available on or before such date and now in effect. All of the foregoing is subject to change. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law or international tax treaty. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax law may not be applied retroactively against taxpayers who act in good faith relying on such rulings, regulations or interpretations, but Chilean tax authorities may change their rulings, regulations or interpretations prospectively. For purposes of this summary, the term "Foreign Holder" means either (i) in the case of an individual, a person who is not resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual holder is resident in Chile if he or she has remained in Chile for more than six months in one calendar year, or a total of more than six months in two consecutive fiscal years and (b) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one's family to Chile)); or (ii) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the notes are assigned to a branch or a permanent establishment of such entity in Chile.

Under the Income Tax Law (*Ley de Impuesto a la Renta*), payments of interest or premium, if any, made to a Foreign Holder in respect of the notes will generally be subject to a Chilean withholding tax currently at the rate of 4%. However, the same interest and premium that qualify for the referred 4% withholding tax rate is subject to a special additional tax equal to the difference between the withholding tax paid and a 35% tax rate that will be applied to us separately, to the extent paid to entities related to us, on the portion of our indebtedness considered to be excessive. Our indebtedness will be considered to be excessive ("Excessive Indebtedness") when in the commercial year in which the notes are issued we have an indebtedness with entities related to us qualifying for the 4% withholding tax rate that exceeds three times our equity, as calculated for Chilean tax purposes. Consequently, such qualifying interest or premium paid to entities related to us with respect to debt that exceeds the Excessive Indebtedness ratio will be subject to a 35% tax rate (4% withholding tax plus the difference between the withholding tax paid and a 35% rate).

Under the Excessive Indebtedness rules, a lender or creditor, such as a holder of the notes, will be deemed to be related to the payor or debtor, if: (i) the lender or creditor is incorporated, domiciled or resident in a tax haven (qualified as such by the Chilean Ministry of Finance, based on the list of harmful preferential tax regimes and tax havens published by the Organization for Economic Co Operation and Development) at the time of granting the

loan; or (ii) the lender or debtor, directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other or if lender and debtor have a common partner or shareholder which, directly or indirectly, owns or participates in 10% or more of the capital or the profits of both; or (iii) the debt is guaranteed directly or indirectly by a third party with cash or with cash equivalents securities (excluding securities evidencing obligations of the borrower with any of its related entities), for the amount effectively guaranteed. The debtor will be required to issue a sworn statement in this regard in the form set forth by the Chilean tax authorities.

Under existing Chilean law and regulations, a Foreign Holder will not be subject to any Chilean taxes in respect of payments of principal made by us with respect to the notes. We have agreed, subject to specific exceptions and limitations, to pay to the holders of the notes certain additional amounts in respect of the taxes mentioned above in order that the interest the Foreign Holder receives, net of such taxes, equals the amount which would have been received by such Foreign Holder in the absence of such taxes. If we pay additional amounts in respect of such Chilean withholding taxes, any refunds of such additional amounts will be for our account, as each holder of a note has assigned under the Indenture all rights it may have on those additional amounts to us. See “Description of the Notes—Payment of Additional Amounts.”

The Income Tax Law provides that a Foreign Holder is subject to income tax on his Chilean source income. For this purpose, Chilean source income means earnings from activities performed in Chile or from the sale, disposition or other transactions in connection with assets or goods located in Chile. As of this date, there are no rulings from the Chilean tax authorities under which the capital gain earned by a Foreign Holder on the sale or other disposition of a note issued abroad by a Chilean company may be considered Chilean source income. Therefore, and as long as this interpretation prevails, any capital gains realized on the sale or other disposition by a Foreign Holder of the notes generally would not be subject to any Chilean taxes provided that such sales or other dispositions occur outside of Chile to a Foreign Holder (except that any premium payable on redemption or any other anticipated payment of the notes will be treated as interest, and subject to Chilean interest withholding tax, as described above). However, Circular Letter No.54 of November 25, 2013 and some recent rulings issued by the Chilean tax authority (*Servicio de Impuestos Internos* or “SII”) with respect to securities that may be considered distinguishable from the notes, contain certain interpretations and tax criteria that would imply that any capital gain arising from the sale or other disposition of the notes by a Foreign Holder could be considered Chilean source income that is subject to capital gain taxes in Chile, as according to the SII, the source of the capital gain would be driven by the residency of the issuer, without regard to the tax residency of the holder or the place of issuance of the notes. SII’s interpretations are not binding on taxpayers.

Any other payment to be made by us (other than interests or principal on the notes and except for some special exceptions granted by Chilean law) will be subject to a 35% withholding tax.

A Foreign Holder (other than a Chilean national) will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless notes held by a Foreign Holder are either deemed located in Chile at the time of such Foreign Holder’s death, or, if the notes are not deemed located in Chile at the time of a Foreign Holder’s death, if such notes were purchased or acquired with cash obtained from Chilean sources. A Foreign Holder will not be liable for Chilean stamp, registration or similar taxes.

The issuance of the notes would be subject to a maximum 0.4% stamp tax which would be payable by us. If the stamp tax is not paid when due, Chile’s Stamp Tax Law imposes a penalty of three times the amount of the tax plus inflation adjustments and interest. Until such tax (and any penalty) is paid, Chilean courts will not enforce any action brought with respect to the notes. We have agreed, subject to specific exceptions and limitations, to pay to the holders of the notes any present or future stamp, court or documentary taxes, charges or levies that arise in the Republic of Chile from the execution, delivery, enforcement or registration of the notes or any other document or instrument in relation thereto and we have agreed to indemnify holders of notes for any such taxes, charges or similar levies paid by holders. See “Description of the Notes—Payment of Additional Amounts.”

## United States Federal Income Taxation

The following is a description of certain U.S. federal income tax consequences of the acquisition, ownership, retirement or other disposition of notes by a holder thereof. This description only applies to notes held as capital assets by a “U.S. Holder” (as defined below) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- certain former citizens or long-term residents of the United States;
- holders that will hold a note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes; or
- holders that have a functional currency other than the U.S. dollar.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, retirement or other disposition of notes and does not address the U.S. federal income tax treatment of holders that do not acquire notes as part of the initial distribution at their initial issue price. The “issue price” of a note is generally equal to the first price at which a substantial amount of notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Each prospective purchaser should consult its tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of notes.

This description is based on the Internal Revenue Code of 1986, as amended, or the Code, existing and proposed U.S. Treasury Regulations, or the Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a U.S. Holder is a beneficial owner of notes who, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity that is treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity that is treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

### ***IRS Circular 230 Disclosure***

**Pursuant to IRS Circular 230, we hereby inform you that the description set out herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the Code. Such description was written to support the promotion or marketing of the notes. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.**

### ***Interest***

In certain circumstances, we may be obligated to pay amounts in excess of the stated interest or principal on the notes or required to redeem the notes. Under the contingent payment debt instrument Regulations, or the CPDI Regulations, the possibility of a contingent payment on a note may be disregarded if, as of the issue date, the likelihood of the contingent payment is remote or the amount of the potential contingent payment is incidental. We believe that, based on all the facts and circumstances as of the expected issue date of the notes, the contingencies are remote and incidental; therefore, we do not intend to treat the notes as contingent payment debt instruments, or CPDIs. Our determination, however, is not binding on the Internal Revenue Service, or the IRS, and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on the notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such notes before the resolution of the contingency. In the event that such contingency were to occur, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their tax advisors regarding the potential application to the notes of the CPDI Regulations and the consequences thereof. This discussion assumes that the notes will not be treated as CPDIs.

It is expected and this discussion assumes that either the issue price of the notes will equal the stated principal amount of the notes or the notes will be issued with less than a de minimis amount of original issue discount, as defined in the Regulations. Therefore, interest paid to a U.S. Holder on a note will be includible in such holder's gross income as ordinary interest income in accordance with such holder's usual method of tax accounting. The amount of interest taxable as ordinary income will include amounts withheld in respect of Chilean taxes and, without duplication, any additional amounts paid. In addition, interest on the notes will be treated as foreign source income for U.S. federal income tax purposes. Subject to certain conditions and limitations, foreign taxes, if any, withheld on interest payments may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "baskets" of income. Interest on the notes generally will constitute "passive category income," or, in the case of certain U.S. Holders, "general category income." As an alternative to the tax credit, a U.S. Holder may elect to deduct such taxes (the election would then apply to all foreign income taxes such U.S. Holder paid in that taxable year). The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

### ***Sale, Exchange, Retirement or Other Disposition***

Upon the sale, exchange, retirement or other disposition of a note, a U.S. Holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other disposition, other than accrued but unpaid interest which will be taxable as interest, and such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's tax basis in a note generally will equal the cost of the note to such holder, and any such gain or loss will be capital gain or loss. For a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to any gain will generally be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if such U.S. Holder's holding period for the notes exceeds one year (*i.e.*, such gain is long-term capital gain). Any gain or loss realized on the sale, exchange, retirement or other disposition of a note generally will be treated as U.S. source gain or loss, as the case may be. Consequently, a U.S. Holder may not be able to claim a credit for any foreign tax imposed upon a

disposition of a note unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The deductibility of capital losses is subject to limitations.

### ***Information Reporting and Backup Withholding***

Information reporting and backup withholding requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain U.S. Holders. Information reporting generally will apply to payments of principal of, and interest on, notes, and to proceeds from the sale or redemption of, notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient and certain other persons). The payor will be required to backup withhold on payments made within the United States, or by a U.S. payor or U.S. middleman, on a note to a U.S. Holder, other than an exempt recipient, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Backup withholding is not an additional tax. A U.S. Holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

### ***Foreign Asset Reporting***

Certain U.S. Holders who are individuals are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the notes.

### ***Medicare Tax***

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such U.S. Holder's "net investment income" (or undistributed "net investment income" in the case of estates and trusts) for the relevant taxable year and (2) the excess of such U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its gross interest income and its net gains from the disposition of the notes, unless such interest or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the applicability of this tax to your income and gains in respect of your investment in the notes.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions of the purchase agreement, each initial purchaser named below has severally agreed to purchase from us, and we have agreed to sell to that initial purchaser, the respective principal amounts of notes listed opposite such initial purchaser's name:

Initial Purchaser	Principal Amount of Notes
BBVA Securities Inc. ....	U.S.\$250,000,000
Deutsche Bank Securities Inc. ....	U.S.\$250,000,000
<b>Total</b> .....	<b>U.S.\$500,000,000</b>

The purchase agreement provides that the obligations of the several initial purchasers to purchase the notes offered hereby are subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered by this offering memorandum if any of these notes are purchased.

The initial purchasers may offer and sell the notes through any of their affiliates. In addition, after the initial offering, the initial purchasers may change the offering price and other selling terms without notice.

We have agreed to indemnify the initial purchasers against some specified types of liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchasers may be required to make in respect of any of these liabilities.

The notes have not been registered under the Securities Act. Each initial purchaser has agreed that it will offer or sell the notes only (i) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or (ii) in offshore transactions in reliance on Regulation S under the Securities Act. The notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the notes are registered under the Securities Act or an exemption from the registration requirements thereof is available. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act. See "Transfer Restrictions."

Until the expiration of forty (40) days after the commencement of the offering, any offer or sale of notes within the United States by a broker-dealer may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements thereof.

The addresses of the initial purchasers are:

- BBVA Securities Inc., 1345 Avenue of the Americas, 44<sup>th</sup> Floor, New York, NY 10105
- Deutsche Bank Securities, Inc., 60 Wall Street, New York, NY 10005

The notes are a new issue of securities with no established trading market. We have applied to have the notes listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market. The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. We cannot assure you as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers may close out any short position by purchasing notes in the open market. A short position is more likely to be created if initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market prior to the completion of the offering. Stabilizing transactions

consist of various bids for or purchases of the notes made by the initial purchasers in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or slowing a decline in the market price of the notes. Additionally, these purchases, along with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise. The initial purchasers are not required to enter into any of these transactions and, if they commence any of such transactions, they may discontinue them at any time.

We delivered the notes against payment for the notes on the date specified in the last paragraph of the cover page of this offering memorandum, which was the fifth business day following the date of the pricing of the notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in three business days. Purchasers who wish to trade notes between the date of pricing and the date of settlement may be required, by virtue of the fact that the notes initially will settle in T+5, to specify alternative settlement arrangements to prevent a failed settlement.

The initial purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

In addition, affiliates of some of the initial purchasers are lenders, and in some cases agents or managers for the lenders, under our credit facilities. Certain affiliates of BBVA Securities Inc. are lenders to us under credit facilities totaling approximately U.S.\$60.4 million currently and derivatives facilities totaling U.S.\$1.1 million currently. If any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, the initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments including potentially the notes offered hereby.

#### **Notice to Prospective Investors in the European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) no offer of notes may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers; or
- in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require us or the initial purchasers to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Company or any of the initial purchasers to publish a prospectus pursuant to article 3 of the Prospectus Directive in relation to such offer. Neither we nor the initial purchasers have authorized, nor do we or they authorize, the making of any offer of notes in circumstances in which an obligation arises for us or the initial purchasers to publish a prospectus for such offer.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

#### **Notice to Prospective Investors in the United Kingdom**

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within article 49(2)(a) to (d) of the Order (each such person being referred to as a “relevant person”). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

#### **Notice to Prospective Investors in Switzerland**

The notes may only be publicly offered, distributed or redistributed on a professional basis in or from Switzerland on the basis of a non-public offering, and neither this offering memorandum nor any other solicitation for investments in the notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of articles 652a or 1156 of the Swiss Federal Code of Obligations or of article 2 of the Federal Act on Investment Funds of March 18, 1994. This offering memorandum may not be copied, reproduced, distributed or passed on to others without the initial purchasers’ prior written consent. This offering memorandum is not a prospectus within the meaning of articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange and may not comply with the information standards required thereunder. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and this offering memorandum may not comply with the information required under the relevant listing rules. The notes have not been and will not be approved by any Swiss regulatory authority. The notes have not been and will not be registered with or supervised by the Swiss Federal Banking Commission, and have not been and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The

investor protection afforded to acquirers of investment fund certificates by the Federal Act on investment Funds of March 18, 1994 does not extend to acquirers of the notes.

#### **Notice to Prospective Investors in Chile**

The date of commencement of the offer of the notes is January 28, 2014. The offer of the notes is subject to General Rule No. 336 of the SVS. The notes being offered will not be registered under the Securities Market Law in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the notes are not subject to the supervision of the SVS. As unregistered securities, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding securities registry, except in circumstances which have not resulted and will not result in a public offering under Chilean law and in compliance with General Rule No. 336 of the SVS. Pursuant to Rule No. 336, the notes may be privately offered in Chile to certain “qualified investors,” identified as such therein (which in turn are further described in Rule No. 216, dated June 12, 2008, of the SVS).

*La oferta de los bonos se acoge a la Norma de Carácter General N°336 de la SVS. Los bonos que se ofrecen no están inscritos bajo la Ley de Mercado de Valores en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de estos valores. Los bonos no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente de conformidad con la Norma de Carácter General N°336.*

#### **Notice to Prospective Investors in Peru**

The notes have not been and will not be approved by or registered with the Peruvian securities regulatory authority, the Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*). However, the notes have been registered with the Superintendency of Banking, Insurance and Private Pension Funds (*Superintendencia de Bancos, Seguros y Administradoras Privadas de Fondos de Pensiones*) in order to be offered or sold in private placement transactions addressed to Peruvian institutional investors such as Peruvian private pension funds.

#### **Notice to Prospective Investors in Colombia**

The notes will not be authorized by the *Superintendencia Financiera de Colombia* (Colombian Superintendency of Finance) and will not be registered under the *Registro Nacional de Valores y Emisores* (Colombian National Registry of Securities and Issuers), and accordingly, the notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law.

## TRANSFER RESTRICTIONS

The notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are being offered hereby only (a) to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) (“QIBs”) in compliance with Rule 144A under the Securities Act and (b) in offers and sales that occur outside the United States to persons other than U.S. persons (“non-U.S. purchasers,” which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 of Regulation S. As used herein, the terms “offshore transactions,” “United States” and “U.S. person” have the respective meanings given to them in Regulation S.

Each purchaser of notes will be deemed to have represented and agreed with us and the initial purchasers as follows:

- (1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A under the Securities Act or (b) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);
- (2) It understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the notes have not been and will not be registered under the Securities Act, and that the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (3) it understands and agrees that notes initially offered in the United States to QIBs will be represented by a global note and that notes offered outside the United States pursuant to Regulation S will also be represented by a global note;
- (4) It shall not resell or otherwise transfer any of such notes prior to (a) the date which is one year (or such shorter period of time as permitted by Rule 144(d)(1) under the Securities Act or any successor provision thereunder) after the later of the date of original issuance of the notes and (b) such later date, if any, as may be required by applicable laws except:
  - to the Company or any of its subsidiaries;
  - pursuant to a registration statement which has been declared effective under the Securities Act;
  - within the United States to a QIB in compliance with Rule 144A under the Securities Act;
  - outside the United States to non-U.S. purchasers in offshore transactions meeting the requirements of Rule 904 of Regulation S under the Securities Act; or
  - pursuant to another available exemption from the registration requirements of the Securities Act;
- (5) It agrees that it will give notice of any restrictions on transfer of such notes to each person to whom it transfers the notes;
- (6) It understands that the certificates evidencing the notes (other than the Regulation S global notes) will bear a legend substantially to the following effect unless otherwise agreed by us and the trustee:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS, AND NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF EXCEPT IN ACCORDANCE WITH THE

FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A “QUALIFIED INSTITUTIONAL BUYER” (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE COMPANY THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY INTEREST HEREIN, EXCEPT (A) (I) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH THE ABOVE PARAGRAPHS, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.\*

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\* This legend (other than the first paragraph hereof) shall be deemed removed from the face of this Security without further action of the Company, the Trustee, or the holders of this Security at such time as the Company instructs the Trustee to remove such legend pursuant to the Indenture.

- (7) If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S global note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40-day “distribution compliance period” within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A note, and that each Regulation S note will contain a legend to substantially the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S (“REGULATION S”) UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

THIS GLOBAL NOTE IS A TEMPORARY GLOBAL NOTE FOR PURPOSES OF REGULATION S UNDER THE SECURITIES. NEITHER THIS TEMPORARY GLOBAL NOTE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD OR DELIVERED, EXCEPT AS PERMITTED ABOVE.

NO BENEFICIAL OWNERS OF THIS TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF PRINCIPAL HEREOF OR INTEREST HEREON UNLESS THE REQUIRED CERTIFICATIONS HAVE BEEN DELIVERED PURSUANT TO THE TERMS OF THE INDENTURE.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH THE ABOVE PARAGRAPH, THE COMPANY AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

- (8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the notes, as well as holders of the notes;
- (9) It acknowledges that the trustee will not be required to accept for registration of transfer any notes acquired by it, except upon presentation of evidence satisfactory to the Company and the trustee that the restrictions set forth herein have been complied with; and
- (10) It acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b) Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the Indenture;
- (11) It acknowledges that the Company, the trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the notes are no longer accurate, it shall promptly notify the Company, the trustee and the initial purchasers.
- (12) If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
- (13) It acknowledges that (a) its purchase and holding of the note is not made on behalf of or with "plan assets" of any plan subject to Title I of ERISA, Section 4975 of the Code or any Similar Law or (b) its purchase and holding of the note will not result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any Similar Law.

## **LEGAL MATTERS**

Certain U.S. legal matters in connection with this offering and the notes will be passed upon for us by White & Case LLP, our U.S. counsel, and for the initial purchasers by Davis Polk Wardwell LLP, U.S. counsel to the initial purchasers. Certain legal matters with respect to Chilean law in connection with this offering will be passed upon for us by Guerrero, Olivos, Novoa y Errázuriz and for the initial purchasers by Claro y Cia Ltda.

### **INDEPENDENT AUDITORS**

Our consolidated financial statements as of December 31, 2012 and 2011 and for the years then ended have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesoría Ltda., independent accountants, as stated in their report appearing herein.

Our consolidated financial statements as of December 31, 2010 and for the year then ended have been audited by KPMG Auditores Consultores Ltda., independent auditors, as stated in their report appearing herein.

## LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream. The CUSIP, ISIN and common code numbers for the notes are as follows:

	<b>Restricted Global Note</b>	<b>Regulation S Global Note</b>
CUSIP.....	29246QAA3	P37466AJ1
ISIN .....	US29246QAA31	USP37466AJ19
Common code.....	102843282	102843355

2. Copies of our latest audited annual financial statements and unaudited quarterly financial information (as included herein) and copies of our by-laws, as well as the indenture (including forms of notes), will be available (at our expense) at the offices of any paying agent, including the Luxembourg listing agent.

3. Except as disclosed in this offering memorandum, there has been no material adverse change in the issuer's financial position since September 30, 2013, the date of our latest unaudited financial information included in this offering memorandum. In addition, except as disclosed in this offering memorandum, there are no litigation or arbitration proceedings against or affecting the issuer, and to the issuer's knowledge, there are no pending or threatened proceedings which are materially adverse to the issuer.

4. We have applied to list and admit the Rule 144A Restricted Global Notes and the Regulation S Global Notes for trading on the Euro MTF Market of the Luxembourg Stock Exchange. We will comply with any undertakings assumed or undertaken by us from time to time to the Euro MTF Market of the Luxembourg Stock Exchange in connection with the notes, and we will furnish to them all such information as the rules of the Euro MTF Market of the Luxembourg Stock Exchange may require in connection with the listing of the notes.

5. The issuance of the notes was authorized by our board of directors during their meetings N°s 809, 813 and 825 held on April 22, 2013, June 24, 2013 and November 25, 2013, respectively.

## AVAILABLE INFORMATION

We are not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. For so long as any of the notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, we agree to furnish upon the request of any holder of the notes, to the holder or beneficial owner or to each prospective purchaser designated by any such holder of the notes or interests therein who is a QIB within the meaning of Rule 144A(a)(1), information required by Rule 144A(d)(4) under the Securities Act, unless we either maintain the exemption from reporting under Rule 12g3-2(b) of the Securities Act or furnish the information to the SEC in accordance with Section 13 or 15 of the Exchange Act. Any such request may be made to us in writing at our main offices located at Avenida Libertador Bernardo O’Higgins 1414 Santiago, Chile, Attention: Chief Financial Officer. We are also required periodically to furnish certain information, including quarterly and annual reports, to the SVS and to the *Bolsa de Comercio de Santiago*, *Bolsa de Valores*, or Bolsa, which will be available in Spanish for inspection on the Bolsa’s website at [www.bolsadesantiago.com](http://www.bolsadesantiago.com) and on the SVS’s website at [www.svs.cl](http://www.svs.cl).

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**EMPRESA DE TRANSPORTE DE PASAJEROS METRO S.A. AND SUBSIDIARY**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**As of September 30, 2013 and December 31, 2012 and for the periods ended  
September 30, 2013 and 2012**

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Contents:

- ✓ Interim Classified Consolidated Statements of Financial Position
- ✓ Interim Consolidated Statements of Comprehensive Income by Function
- ✓ Interim Consolidated Statements of Changes to Net Equity
- ✓ Interim Consolidated Statements of Cash Flows
- ✓ Notes to the Interim Consolidated Financial Statements

M\$ : Figures expressed in Thousands of Chilean Pesos

MUSD : Figures expressed in Thousands of United States Dollars

MMUSD : Figures expressed in Millions of United States Dollars

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Interim Classified Consolidated Statements of Financial Position  
 As of September 30, 2013 (unaudited) and December 31, 2012  
 (In thousands of Chilean pesos)

<b>ASSETS</b>	<b>Note</b>	<b>09.30.2013</b>	<b>12.31.2012</b>
<b>Current Assets</b>			
Cash and cash equivalents	(4)	197,450,492	162,517,705
Other current financial assets	(10)	1,756,290	910,355
Other current non-financial assets	(11)	4,041,126	2,584,244
Commercial debtors and other current accounts receivable	(5)	9,558,924	5,532,994
Inventories	(6)	7,729,955	7,346,285
Current tax assets		778,353	471,231
Total current assets		<u>221,315,140</u>	<u>179,362,814</u>
<b>Non-Current Assets</b>			
Other non-current financial assets	(10)	7,895,179	9,892,122
Other non-current non-financial assets	(11)	72,769,529	86,962,252
Non-current rights receivables		756,099	1,490,664
Intangible assets other than goodwill	(7)	2,699,269	2,954,704
Property, plant and equipment	(8)	2,776,333,460	2,683,391,400
Investment properties	(9)	13,334,826	13,496,309
Total non-current assets		<u>2,873,788,362</u>	<u>2,798,187,451</u>
Total Assets		<u>3,095,103,502</u>	<u>2,977,550,265</u>

Interim Classified Consolidated Statements of Financial Position  
 As of September 30, 2013 (unaudited) and December 31, 2012  
 (In thousands of Chilean pesos)

<b>LIABILITIES AND EQUITY</b>	<b>Note</b>	<b>09.30.2013</b>	<b>12.31.2012</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Other current financial liabilities	(12)	108,912,072	72,332,056
Commercial accounts payable and other accounts payable	(15)	35,771,945	35,233,059
Other short-term provisions	(19)	1,110,500	1,095,003
Current provisions for employee benefits	(17)	8,855,985	7,540,583
Other current non-financial liabilities	(13)	10,035,350	11,598,967
Total current liabilities		164,685,852	127,799,668
<b>Non-Current Liabilities</b>			
Other non-current financial liabilities	(12)	1,097,994,776	1,157,188,724
Non-current accounts payable to related entities	(14)	97,653,136	7,653,136
Non-current provisions for employee benefits	(17)	12,106,742	12,044,195
Other non-current non-financial liabilities	(13)	3,468,985	3,182,039
Total non-current liabilities		1,211,223,639	1,180,068,094
Total liabilities		1,375,909,491	1,307,867,762
<b>Equity</b>			
Issued capital	(20)	1,875,247,711	1,776,047,711
Accumulated profits (losses)	(20)	(191,000,126)	(141,311,634)
Other reserves	(20)	34,957,071	34,957,071
Equity attributable to the owners of the parent		1,719,204,656	1,669,693,148
Non-controlling interests	(20)	(10,645)	(10,645)
Total equity		1,719,194,011	1,669,682,503
Total liabilities and equity		3,095,103,502	2,977,550,265

## Interim Consolidated Statements of Comprehensive Income by Function

For the periods ended September 30, 2013 and 2012 (unaudited)

(In thousands of Chilean pesos)

INCOME STATEMENT	Note	ACCUMULATED		QUARTER	
		01.01.2013 09.30.2013	01.01.2012 09.30.2012	07.01.2013 09.30.2013	07.01.2012 09.30.2012
<b>PROFITS (LOSSES)</b>					
Revenues	(21)	181,590,441	175,900,154	63,543,604	60,331,768
Cost of sales	(21)	(160,782,929)	(146,093,338)	(53,162,352)	(49,099,621)
Gross profit		20,807,512	29,806,816	10,381,252	11,232,147
Other income, by function	(21)	1,134,794	677,612	489,645	244,329
Administrative expenses	(21)	(16,586,503)	(18,614,348)	(5,580,105)	(5,872,899)
Other expenses, by function	(21)	(617,491)	(197,824)	(600,895)	(23,184)
Other profits (losses)	(21)	1,448,593	(8,134,198)	(1,547,880)	(4,357,242)
Financial income	(21)	6,297,232	6,024,198	2,208,469	2,148,136
Financial expense	(21)	(37,481,624)	(37,938,964)	(12,234,810)	(12,968,709)
Exchange differences	(21)	(15,437,294)	35,866,499	1,699,445	21,018,757
Income from indexation units	(21)	(8,982,694)	(10,446,591)	(8,511,343)	1,349,123
Profit (loss) before taxes		(49,417,475)	(2,956,800)	(13,696,222)	12,770,458
Income tax expenses					
Profit (loss) from ongoing operations		(49,417,475)	(2,956,800)	(13,696,222)	12,770,458
Profit (loss)		(49,417,475)	(2,956,800)	(13,696,222)	12,770,458
<b>Profit (Loss) Attributable To</b>					
Profit (loss) attributable to the owners of the parent		(49,417,475)	(2,956,800)	(13,696,222)	12,770,458
Profit (loss) attributable to non-controlling interests					
Profit (loss)		(49,417,475)	(2,956,800)	(13,696,222)	12,770,458
<b>Comprehensive Income Statement</b>					
Profit (loss)		(49,417,475)	(2,956,800)	(13,696,222)	12,770,458
Other comprehensive income	(21)	(271,017)	15,143	(156,452)	(3,212)
Total comprehensive income		(49,688,492)	(2,941,657)	(13,852,674)	12,767,246
<b>Comprehensive income attributable to</b>					
Comprehensive income attributable to the owners of the parent		(49,688,492)	(2,941,657)	(13,852,674)	12,767,246
Comprehensive income attributable to non-controlling interests					
Total comprehensive income		(49,688,492)	(2,941,657)	(13,852,674)	12,767,246



Interim Consolidated Statements of Changes to Net Equity  
 As of September 30, 2013 and 2012 (unaudited)  
 (In thousands of Chilean pesos)

Items	Issued capital	Treasury stock	Other Reserves			Total other reserves	Accumulated Profits (losses)
			Various other reserves	Revaluation surplus	Reserve for profits and losses on defined benefits plans		
Opening Balance Current Period 01.01.2013	1,776,047,711		30,336,377	4,620,694		34,957,071	(141,311,634)
Profit (loss)							(49,417,475)
Other comprehensive income					(271,017)	(271,017)	
Comprehensive income							
Issuance of shares	99,200,000						
Changes due to transfers and other changes					271,017	271,017	(271,017)
<b>Final Balance Current Period 09.30.2013</b>	<b>1,875,247,711</b>		<b>30,336,377</b>	<b>4,620,694</b>		<b>34,957,071</b>	<b>(191,000,126)</b>
Opening Balance Previous Period 01.01.2012	1,571,086,742		30,336,377	4,620,694		34,957,071	(116,202,432)
Profit (loss)							(2,956,800)
Other comprehensive income					15,143	15,143	
Comprehensive income							
Issuance of equity	95,600,000						
Changes due to transfers of own shares in portfolio		(95,600,000)					
Changes due to transfers and other changes					(15,143)	(15,143)	15,143
<b>Final Balance Previous Period 09.30.2012</b>	<b>1,666,686,742</b>	<b>(95,600,000)</b>	<b>30,336,377</b>	<b>4,620,694</b>		<b>34,957,071</b>	<b>(119,144,089)</b>



Interim Consolidated Statements of Cash Flows  
 For the periods ended September 30, 2013 and 2012 (unaudited)  
 (In thousands of Chilean pesos)

<b>Statement of Cash Flows - Direct Method</b>	<b>01.01.2013</b>	<b>01.01.2012</b>
	<b>09.30.2013</b>	<b>09.30.2012</b>
<b>Statement of cash flows</b>		
<b>Cash flows from (used in) operating activities</b>		
Classes of cash receipts from operating activities		
Receipts from sales of goods and rendering of services	177,562,537	168,164,999
Other receipts from operating activities	3,270,114	2,309,179
Payments to suppliers for goods and services	(77,425,631)	(75,204,399)
Cash payments to and on behalf of employees	(46,208,168)	(38,722,380)
Other payments for operating activities	(4,379,260)	(3,251,471)
Net cash flows from (used in) operating activities	<u>52,819,592</u>	<u>53,295,928</u>
<b>Cash flows from (used in) investing activities</b>		
Purchases of property, plant and equipment	(127,756,275)	(71,660,478)
Purchases of intangible assets	(20,706)	(199,295)
Other payments for the acquisition of debt instruments of other entities	(1,512,919)	-
Net cash flows from (used in) investing activities	<u>(129,289,900)</u>	<u>(71,859,773)</u>
<b>Cash flows from (used in) financing activities</b>		
Cash from shares issued	99,200,000	
Cash from long-term loans		29,577,900
Loans from related entities	90,000,000	90,000,000
Loan repayments	(33,489,353)	(67,571,321)
Interest paid	(41,242,167)	(40,660,297)
Other cash inflows (outflows)	(5,482,906)	31,695,380
Net cash flow from (used in) financing activities	<u>108,985,574</u>	<u>43,041,662</u>
Net increase (decrease) in cash and cash equivalents before accounting for exchange rate changes	32,515,266	24,477,817
<b>Effects of exchange rate changes on cash and cash equivalents</b>	2,417,521	(3,776,807)
Net increase in cash and cash equivalents	<u>34,932,787</u>	<u>20,701,010</u>
Cash and cash equivalents at beginning of the period	<u>162,517,705</u>	<u>118,151,489</u>
Cash and cash equivalents at the end of the period	<u><u>197,450,492</u></u>	<u><u>138,852,499</u></u>



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012 AND FOR THE PERIOD ENDED  
SEPTEMBER 30, 2013 AND 2012**

(In thousands of Chilean pesos)

**1. General Information**

*Empresa de Transporte de Pasajeros Metro S.A.*, (hereinafter referred to as the Company) is a Chilean State-owned Enterprise created by Law 18,722 on January 28, 1989 as the legal successor, in all the rights and obligations, to the *Dirección General de Metro*.

The Company is a stock corporation bound by the principles applicable to open stock corporations, and has its legal domicile at 1414 Avenida Libertador Bernardo O'Higgins, Santiago, Chile.

The Company is registered on the Register of Securities under file number 421 and is subject to the supervision by the Chilean Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros*, or SVS).

The purpose of the Company is to carry out all activities related to providing passenger transportation services on subways or other complementary electric modes of transportation and all associated services.

The Company's consolidated financial statements for the year ended as of December 31, 2012, were approved by its Board of Directors at meeting held on March 25, 2013 and were subsequently presented at the Ordinary Shareholders' Meeting held on April 26, 2013, where they were approved.

These consolidated financial statements are presented in thousands of Chilean pesos (unless expressly stated otherwise) since this is the functional currency of the main jurisdiction in which the Company operates.

**2. Summary of main accounting policies**

The main accounting policies adopted in the preparation of these consolidated financial statements, as required by IAS 1, have been designed in accordance with International Financial Reporting Standards (hereinafter "IFRS") in effect as of September 30, 2013 and have been applied on a consistent basis to all the periods presented in the financial statements.

**2.1. Preparation basis**

The consolidated financial statements comprise the statements of financial position as of September 30, 2013 and December 31, 2012 and the comprehensive income statements, statements of changes in equity and statements of cash flows for the periods ended as of September 30, 2013 and 2012, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" incorporated in IFRS, issued by the International Accounting Standards Board (hereinafter the "IASB") and specific instructions issued by the SVS. Through Ordinary Official Letter No. 6158 dated March 5, 2012, the Company was authorized by the SVS to exceptionally apply Public Sector International Public Sector Accounting Standard (hereinafter "IPSAS") 21, instead of IAS 36. Note 2.8 provides more details regarding this exception.



These consolidated financial statements were approved by the Board on November 11, 2013, authorizing their publication by management.

These consolidated financial statements have been prepared in accordance with historical cost principles, although modified by the revaluation of certain assets included in financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss, as applicable.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates, necessary for the quantification of certain assets, liabilities, income and expenses.

It also requires that management use its judgment in the process of applying the Company's accounting policies. The areas that involve a greater degree of judgment or complexity or areas, in which assumptions or estimates are significant for the financial statements, are described in Note 3 Management's Estimates and Accounting Criteria.

The Company's financial statements have originally been issued in Spanish. For purposes of the offering memorandum, they were translated from Spanish into English.

## 2.2. Consolidation basis

Subsidiary Transub S.A. is consolidated as of the date on which control of the Company was transferred. and up to the date on which that control no longer exists. Consolidation contains the financial statements of the parent company and its subsidiary which includes all assets, liabilities, income, expenses and cash flows of the subsidiary, once the adjustments and eliminations for intra-group transactions have been made.

For valuation purposes, at the date of acquisition, the assets, liabilities and contingent liabilities of the subsidiary are valued at fair value.

The value of the non-controlling interest of the consolidated subsidiary is presented under shareholders' equity, in non-controlling interests, in the consolidated statement of financial position and in income (loss) attributable to non-controlling interest in the consolidated income statement.

The Suburban Passenger Transport Company (Transub S.A.) is in a pre-operational stage and has not yet registered any activity since its creation to the present date and was consolidated under the guidelines of SVS Memo 1819 of November 14, 2006.

Tax ID No.	Company Name	Share percentage		
		09.30.2013 – 12.31.2012		
		Direct	Indirect	Total
96.850.680-3	Transub S.A.	66.66		66.66

Participation in this subsidiary is not subject to joint control.

The Company does not have interests in joint ventures or in associated investments.

## 2.3. Foreign Currency Transactions

### 2.3.1. Functional and presentation currency

The entries included in the consolidated financial statements are presented using the currency of the main jurisdiction in which the reporting entity operates in (functional currency). The Company's functional currency is the Chilean peso, all information is presented in thousands of Chilean pesos rounded to the nearest unit (M\$).

### 2.3.2. Transactions and balances

Transactions in foreign currency are converted to the functional currency using the exchange rates in effect on the transaction dates. Profits and losses in foreign currency that result from the settlement of these transactions and from conversion at the closing exchange rates for monetary assets and liabilities denominated in foreign currency, are recognized in the comprehensive income statement, unless they have to be deferred, then they are recorded in equity, as in the case of cash flow hedges, if any.

Exchange rate differences affecting financial assets classified at fair value with changes in income are included in gains or losses.

### 2.3.3. Exchange rates

Assets and liabilities in foreign currency and those negotiated in *Unidades de Fomento* (indexation units, or UF), are presented at the following exchange and conversion rates and closing values, respectively:

Date	Ch\$/US\$	Ch\$/EUR	Ch\$/UF
09-30-2013	504,20	682,00	23.091,03
12-31-2012	479,96	634,45	22.840,75
09-30-2012	473,77	609,35	22.591,05
12-31-2011	519,20	672,97	22.294,03

CLP = Chilean pesos

USD = US dollar

EUR = Euro

UF = Unidades de Fomento (indexation unit)

#### 2.4. Property, plant and equipment

Property, plant and equipment items are initially valued at their purchase price, plus all costs directly attributable to getting the asset to operating conditions for its intended use.

Subsequent valuation shall be calculated using the cost model discounting the corresponding accumulated depreciation and impairment losses, which are recorded in the comprehensive income statement.

Due to the adoption of IFRS during 2010, the Company's main assets have been recorded at acquisition cost, value that according to studies does not exceed the depreciated replacement value.

The concept of cost includes the acquisition cost and any and all concepts defined in IAS 16, as applicable.

Work in progress is reclassified under the same property, plant and equipment heading to final operating property, plant and equipment, once the testing period has been completed and the assets are available for use, moment at which their depreciation begins.

Costs of extensions, modernization or improvements that represent an increase in productivity, capacity, efficiency or lengthening of the useful lives of assets, are capitalized as higher cost of the corresponding assets.

Substitutions or renovation of assets that increase their useful lives, or their economic capacity, are recorded as higher value of the respective assets, with the consequent accounting derecognition of the substituted or renovated assets.

Periodic maintenance, conservation and repair expenses are recorded directly in income as costs for the period in which they are incurred.

Major maintenance costs of rolling stock, which consider among other things, replacement of parts and pieces, are capitalized as an asset that is independent from the main asset, as long as the conditions established for recognition in IAS 16 are fulfilled, and for that reason that cost is derecognized from the value of the main asset.

Depreciation of property, plant and equipment items is calculated using the straight-line method to allocate costs over their estimated economic useful lives, except in the case of certain technical components identified in rolling stock, which are depreciated on the basis of cycles and kilometers travelled.

According to IAS 16, amortization (depreciation) of property, plant and equipment must be recorded separately for each significant part that composes a final property, plant and equipment item. In the case of rolling stock, the company separately depreciates the significant components of a property, plant and equipment item that have different useful lives than the rest of the elements that compose it.

Residual values, in the cases defined and useful lives of assets are reviewed and adjusted prospectively in each statement of financial position, in order to have remaining useful lives that are in accordance with the current service use and with the effective use of the asset.

Profits and losses on the sale of property, plant and equipment, are calculated comparing the income obtained to the carrying amount and are included in the comprehensive income statement.

At least once a year the Company evaluates the existence of possible impairment of property, plant and equipment, in accordance with IPSAS 21, as described in Note 2.8.

The effects of the impairment analysis are recorded directly in income.

## 2.5. Investment properties

Investment properties are land and buildings held by the Company to obtain economic benefits derived from their rental or to obtain capital appreciation from holding on to them.

The Company has commercial stores, land and buildings leased under operating leases.

Investment properties that correspond to land and buildings are valued using the cost model.

The estimated useful lives of investment properties are detailed as follows:

### Useful lives

Useful lives of commercial premises : 77 years on average.

Useful lives of other buildings : 88 years on average.

## 2.6. Intangible assets

### 2.6.1. Easements

Easement rights are presented at historical cost. If those easements have indefinite useful lives, they are not subject to amortization. However, indefinite useful lives are subject to review at each reported period, to determine whether the consideration of indefinite useful life is still applicable. These assets are subject to periodic impairment tests.

### 2.6.2. Software

Licenses for information programs acquired are capitalized on the basis of the costs incurred to acquire them and prepare them to use the specific program. These costs are amortized over their estimated useful lives.

Expenses related to internal development that do not qualify for capitalization, or to information program maintenance, are recognized as an expense as they are incurred.

## 2.7. Finance income

Finance income, composed of interest from investing cash and cash equivalents, from derivative transactions and other finance income is recognized in the consolidated comprehensive income statement over the term of the financial instrument, using the effective interest rate method and fair value in the case of derivative transactions.

Finance expense, both interest and expenses on bank loans, obligations with the public, bonds and other finance expenses are recognized in the consolidated income statement over the term of the debt using the effective interest rate method. Costs of interest incurred in the construction of any asset qualified as property, plant and equipment, are capitalized over the period necessary to complete the asset for its intended use. Other interest costs are recorded as an expense in the comprehensive income statement.

## 2.8. Losses due to impairment of non-financial assets

Since the Company is a State-owned entity, its business model is oriented toward public service with emphasis on social benefits. It has an operating, services and infrastructure operation model, which means that its main source of income is established through a technical tariff, determined by the authority that does not cover recovery of its assets.

This business model defined by its shareholders, the Ministry of Finance (*Ministerio de Hacienda*) and the Corporación de Fomento de la Producción, or CORFO, goes against the concept of economic profitability of assets, as per IAS 36, where the value of use corresponds to the present value of estimated future cash flows expected to be obtained from the operation of the assets.

Therefore, the Company formally requested authorization from the SVS to apply IPSAS 21 instead of IAS 36, which is a standard that is specifically for State-owned entities with assets that are not cash generating. Through Ordinary Official Letter 6158 dated March 5, 2012 the SVS authorized the Company to apply IPSAS 21 to determine impairment of its assets.

The application of this standard allows the financial statements of the Company to accurately present the Company's economic and financial reality, and enables it to compare the carrying amount to the replacement cost.

This standard defines the value of use of a non-cash generating asset as the present value of an asset maintaining its potential service. The present value of an asset maintaining its potential service is determined using depreciated replacement cost or cost of reinstatement methods.

However, under specific circumstances in which certain assets lose their service potential, the loss of value is recognized directly in income.

## 2.9. Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and accounts receivable, financial assets held to maturity and available-for-sale assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of their initial recognition.

In accordance with IFRS 7 "Financial Instrument Disclosures" we consider that the carrying amounts of assets valued at the amortized cost are a reasonable approximation to their fair value, therefore, as indicated in IFRS 7, it is no necessary to provide disclosures related to fair value for each of them.

### 2.9.1. Financial assets at fair value with changes in income

Are financial assets held for trading. A financial asset is classified in this category if it is acquired mainly for the purpose of selling it in the short-term. Derivatives are also classified as acquired for trading unless they have been designated as hedges. Assets in this category are classified as current assets.

### 2.9.2. Loans and accounts receivable

Are non-derivative financial assets, with fixed or determinable payments, that are not traded in the local financial market. They are included in current assets, except for those maturing in excess of 12 months as of the date of the statement of financial position, which are classified as non-current assets. Loans and accounts receivable include trade and other accounts receivable. These items are initially recorded at fair value plus any directly attributable transaction costs. These are subsequently valued at amortized cost, using the effective interest method less impairment losses.

### 2.9.3. Financial assets held to maturity

Are non-derivative financial assets, with fixed or determinable payments and fixed maturity date that the Company owns and which it has the intention and capacity to hold to maturity. They are valued at amortized cost.

If the Company sold a not insignificant amount of financial assets held to maturity, the entire category would be reclassified as available-for-sale. These available-for-sale financial assets are included in non-current assets, except for those maturing in less than 12 months from the date of the statement of financial position, which are classified as current assets.

### 2.9.4. Financial assets available-for-sale

Financial assets available-for-sale are non-derivative financial assets that are designated under this category or do not classify for any of the other categories. They are included in non-current assets unless management has the intention of disposing of the investment within the 12 months following the date of the statement of financial position.

#### 2.9.5. Recognition and measurement of financial assets

Financial assets and liabilities are initially recognized at their fair value. In the case of assets and liabilities that are not accounted for at fair value through profit or loss, the fair value shall be adjusted by the cost of transactions that are directly attributable to their purchase or issuance.

Subsequent valuation depends on the category in which the asset has been classified.

Available-for-sale financial assets and financial assets at fair value through profit or loss, are subsequently accounted for at their fair value (with their counterpart in shareholders' equity and income respectively). Loans and accounts receivable and financial assets held to maturity, are recorded at amortized cost using the effective interest rate method.

Derivative financial instruments are initially recognized at their fair value, classified in a hierarchical manner in level 2 according to IAS 39. Costs of transaction attributable to those instruments are recognized in income as they are incurred.

When a derivative financial instrument is not designated for a relationship that qualifies as a hedge, all changes in fair value are recognized immediately in income.

Profits and losses that arise from changes in the fair value of financial assets at fair value through profit or loss are included in the income statement under other profits (losses), in the period in which such changes to fair value have occurred.

Investments are derecognized in the accounting when the rights to receive their cash flows have expired or have been transferred and the Company has substantially transferred all the risks and advantages derived from its ownership of such investments.

At each date of the statement of financial position the Company evaluates whether there is objective evidence that a financial asset, or a group of financial assets, might have suffered impairment losses.

#### 2.10. Inventories

Inventory is valued initially at acquisition cost. Inventory items are subsequently valued at the lower of cost value or net realizable value. Cost is determined using their weighted average purchase price.

Inventory of in-house products are valued at their cost or net realizable value, whichever is lower.

The net realizable value is the estimated selling price in the normal course of business, less applicable cost of sales.

Spare parts classified as inventory are adjusted at their net realizable value, recognizing their technological obsolescence with a direct charge to income.

#### 2.11. Commercial debtors and other accounts receivable

Commercial accounts receivable are initially recognized at their fair value (nominal value that includes implicit interest) and thereafter at their amortized cost using the effective interest rate method, less impairment losses. An impairment loss provision is established for trade accounts receivable when there is objective evidence that the Company will not be able to collect all the amounts owed to it in accordance with the original terms of the account receivable. The amount of the provision is the difference between the carrying amount of the asset and the real value of estimated future cash flows discounted at the effective interest rate.

Commercial debtors are reduced through the allowance for doubtful accounts and the amount of losses is recognized with a charge to the consolidated income statement.

#### 2.12. Cash and cash equivalents

Cash and cash equivalents include cash, checking accounts balances, time deposits and other highly liquid short-term investments with original maturities of three months or less.

#### 2.13. Share Capital

The capital stock of the Company is represented by Series A and Series B common shares.

#### 2.14. Commercial creditors and other accounts payable

Suppliers and other accounts payable are initially recognized at their fair value net of directly attributable costs. They are subsequently valued at amortized cost.

#### 2.15. Loans and other financial liabilities

Loans, obligations with the public and other financial liabilities of a similar nature are initially recognized at their fair value net of the costs incurred in the original transaction. They are subsequently valued at their amortized cost and any difference between the proceeds obtained by the Company (net of the costs necessary to obtain them) and their reimbursement value, is recognized in the consolidated income statement during the term of the debt using the effective interest rate method.

Financial obligations are classified as current liabilities and non-current liabilities in accordance with the contractual maturity date of the nominal principal.

For loans with financial institutions the nominal rate is similar to the effective rate, since there are no additional transaction costs that must be taken into consideration.

In accordance with IFRS 7 "Financial Instrument Disclosures", we consider that the carrying amounts of the Company's financial liabilities, valued at their amortized cost are a reasonable approximation of their fair value. Therefore, as indicated in IFRS 7, it is not necessary to make disclosures related to the fair value of each financial liability, except for instruments with the public and foreign loans, as described in the note on risk management policies.

## 2.16. Income tax and deferred taxes

The income tax provision is determined through the application of the tax rate on the taxable net income base for the period, after applying the permitted tax deductions, plus variations in deferred tax assets and liabilities and tax credits.

Differences between the carrying amount of the assets and liabilities and their tax base generate deferred tax assets or liabilities balances, which are calculated using the tax rates that are expected to be in force when the assets and liabilities are realized.

Deferred tax assets are reviewed at each date of the statement of financial position and are reduced to the extent that it is not probable that the related tax credits will be realized (see Note 18).

## 2.17. Employee benefits

### 2.17.1. Personnel vacations

The Company recognizes employee vacation expenses using the accrual method.

### 2.17.2. Provision for Severance Payment

The Company has created liabilities for its obligations to pay severance payments to all workers whose contracts and collective agreements state that they are entitled to this benefit in all cases.

The liability recognized is the present value of that obligation plus/minus adjustments on actuarial profits or losses and discounted debt service. The present value of the obligation is determined discounting estimated outgoing cash flows, at a market interest rate for long-term debt instruments that approximates the term of the termination benefits obligation up to their expiration date. During the 2013 period the Company has changed the way of accounting for defined benefits plans, including actuarial profits and losses as part of other comprehensive income, in accordance with what is established in the amendment of IAS19. Previously, and until December 31, 2012 they were recognized in income for the year.

### 2.17.3. Incentive bonuses

The Company has an annual incentive bonus plan for compliance with objectives, based on the individual conditions of each employment contract. These incentives consist of an percentage of the applicable monthly salary and are accrued on the basis of the estimated amount to be paid.

#### 2.18. Provisions

The Company recognizes provisions when:

- ✓ It has a present obligation, whether legal or implicit, as a result of past events;
- ✓ It is probable that an outflow of resources will be necessary to settle the obligation; and
- ✓ The amount has been reliably estimated.

The amount recognized as a provision must be the best estimate of the disbursement necessary to pay the present obligation at the end of the reporting period.

#### 2.19. Classification of balances (current and non-current)

In the consolidated statement of financial position, balances are classified in function of their expiration date or maturity, as current those expiring in twelve months or less from the cut-off date of the consolidated financial statements and as non-current those in excess of that period.

#### 2.20. Revenue recognition

Ordinary income is recognized when it is probable that the economic benefit associated to the compensation received or to be received, will flow to the Company and their amount can be reliably measured. The Company recognizes revenues at their fair value, net of value added tax, returns, rebates and discounts.

- a) Income from transportation of passengers is recognized when the service has been provided.
- b) Income from operating leases is recognized on an accrual basis.
- c) Income from sale of assets is recognized when the good has been delivered to the client and there is no pending obligation to be fulfilled that might affect acceptance of the good by the client.
- d) Income from interest is recognized using the effective interest rate method.
- e) Other income is recognized when the services have been rendered.

Expenses include both the losses and expenses that arise from the Company's ordinary activities. Expenses from ordinary activities include cost of sales, remuneration and depreciation. Generally, expenses represent an outflow or decrease in assets, such as cash and cash equivalent and inventory or property, plant and equipment.

#### 2.21. Lease contracts

The Company has contracts that have the characteristics of a financial lease; therefore these have been recorded as established in IAS 17 "Leases". When assets are leased under a financial lease, the value of the lease payments is recognized as an account receivable. The difference between the gross amount receivable and the real value of the amount is recognized as financial yield of the principal.

Income from financial leases is recognized over the term of the lease using the net investment method, which reflects a constant periodic yield rate.

Contracts that do not fulfill the characteristics of a financial lease are classified as operating leases.

A lease is an operating lease when the lessor conserves a significant part of the risks and benefits derived from ownership of the leased goods.

2.22. New standards and interpretations issued but not yet effective

a) Standards early adopted by the Company.

No standards have been adopted or applied before their official publication.

b) Accounting pronouncements with effective application as of January 1, 2013:

Standards, Interpretations and Amendments	Mandatory application for
<p>Amendment to IAS 1: "Presentation of Financial Statements"</p> <p>Modifies aspects of the presentation of the components of "Other Comprehensive Income". These components are required to be grouped into those that will be and those that will not be subsequently reclassified to profits or losses.</p>	<p>Annual periods beginning on or after July 1, 2012</p>
<p>IFRS 10: "Consolidated Financial Statements"</p> <p>Establishes clarifications and new parameters for the definition of control, as well as principles for the preparation of consolidated financial statements, applicable to all entities (including specific purpose entities or structured entities).</p>	<p>Annual periods beginning on or after January 1, 2013.</p>
<p>IFRS 11: "Joint Arrangements"</p> <p>Redefines the concept of joint control, thus aligning itself with IFRS 10, and requires that entities that are part of a joint arrangement determine the type of arrangement (joint operation or joint venture) through evaluation of their rights and obligations. The standard eliminates the possibility of proportional consolidation for joint ventures.</p>	<p>Annual periods beginning on or after January 1, 2013</p>
<p>IFRS 12: "Disclosure of Interests in Other Entities"</p> <p>Requires certain disclosures that allow evaluation of the nature of interests in other entities and the risks associated to them, as well as the effects of those interests on the financial position, financial yield and cash flows of the entity.</p>	<p>Annual periods beginning on or after January 1, 2013</p>
<p>IFRS 13 "Fair Value Measurement"</p> <p>Establishes a single standard, a framework for measuring the fair value of assets and liabilities, and incorporates new concepts and clarification of their measurement. In addition it requires information to be disclosed on measurement of the fair value of assets and liabilities.</p>	<p>Annual periods beginning on or after January 1, 2013</p>

<p>New IAS 27: "Separate Financial Statements"</p> <p>Everything related to consolidated financial statements was eliminated from IAS 27 for the purpose of issuing IFRS 10, restricting its scope only to separate financial statements.</p>	<p>Annual periods beginning on or after January 1, 2013</p>
<p>New IAS 28: "Investments in Associates and Joint Ventures"</p> <p>Modified by the effect of the issuance of IFRS 10, IFRS 11, for the purpose of standardizing the definitions and other clarifications contained in these new IFRS.</p>	<p>Annual periods beginning on or after January 1, 2013</p>
<p>Amendment to IFRS 7: "Financial Instruments – Disclosures"</p> <p>Clarifies the requirements on information to be disclosed for the compensation of financial assets and financial liabilities.</p>	<p>Annual periods beginning on or after January 1, 2013</p>
<p>Amendment to IAS 19: "Employee Benefits"</p> <p>Modifies recognition and disclosure of changes in defined service benefits and taxable plan assets, eliminating the corridor method and accelerating recognition of the cost of past services.</p>	<p>Annual periods beginning on or after January 1, 2013</p>
<p>Improvements to IFRS</p> <p>Corresponds to a series of improvements, that are necessary but not urgent, which modify the following standards: IFRS 1, IAS 1, IAS 16, IAS32 and IAS 34.</p>	<p>Annual periods beginning on or after January 1, 2013</p>
<p>Transition Guide (Amendment to IFRS 10, 11 and 12)</p> <p>Amendments clarify the IFRS 10 transition guide. In addition, these amendments simplify the transition of IFRS 10, IFRS 11 and IFRS 12, limiting the requirements to provide comparative adjusted information only for the preceding comparative period. On the other hand, for disclosures related to non-consolidated structured entities, the amendments remove the requirement to present comparative information for periods prior to the first time application of IFRS 12.</p>	<p>Annual periods beginning on or after January 1, 2013</p>

As a consequence of and due to the application of the amendments to IAS 19, the Company changed the manner of accounting for defined benefits plans, including actuarial profits and losses, which until December 31, 2012 were recognized in income for the year, and which must now be recognized as part of other comprehensive income and excluded permanently from profit or loss for the year.

The amendments to IAS 19, required the retrospective application of associated effects, which implied the reformulation of the financial statements for previous years, only for comparison purposes. These changes do not affect the determination of the Company's shareholders' equity or comprehensive income.

The main amendments issued originally and implemented, measured in terms of changes, in respect to the consolidated financial statements of the Company are detailed as follows.

As of December 31, 2012

<b>Statement of Financial Position</b> (In thousands of Chilean pesos)	<b>Original issued</b> <b>01-01-2012</b> <b>12-31-2012</b>	<b>Reformulated</b> <b>01-01-2012</b> <b>12-31-2012</b>	<b>Variance</b> <b>01-01-2012</b> <b>12-31-2012</b>
<b>Shareholders' equity</b>			
Retained earnings (accumulated losses)	(141,311,634)	(141,342,563)	30,929
Increase (decrease) from transfers and other changes (IAS 19R)		30,929	(30,929)
<b>Total retained earnings (accumulated losses)</b>	<b>(141,311,634)</b>	<b>(141,311,634)</b>	
Other various reserves	30,336,377	30,336,377	
Revaluation surplus	4,620,694	4,620,694	
Reserves for profits (losses) on defined benefit plans (IAS 19R)		30,929	(30,929)
Increase (decrease) from transfers and other changes		(30,929)	30,929
<b>Total other reserves</b>	<b>34,957,071</b>	<b>34,957,071</b>	

<b>Income Statement by Function</b> (In thousands of Chilean pesos)	<b>Original issued</b> <b>01-01-2012</b> <b>12-31-2012</b>	<b>Reformulated</b> <b>01-01-2012</b> <b>12-31-2012</b>	<b>Variance</b> <b>01-01-2012</b> <b>12-31-2012</b>
<b>PROFITS (LOSSES)</b>			
Administrative expenses	(25.880.405)	(25.911.334)	(30.929)
Profit (loss) for the period	(25.109.202)	(25.140.131)	(30.929)

<b>Comprehensive Income Statement</b>	<b>Original issued</b> <b>01-01-2012</b> <b>12-31-2012</b>	<b>Reformulated</b> <b>01-01-2012</b> <b>12-31-2012</b>	<b>Variance</b> <b>01-01-2012</b> <b>12-31-2012</b>
Profit (loss)	(25.109.202)	(25.140.131)	(30.929)
Other comprehensive income		30.929	30.929
<b>Total comprehensive income</b>	<b>(25.109.202)</b>	<b>(25.109.202)</b>	

As of September 30, 2012

<b>Statement of Financial Position</b> (In thousands of Chilean pesos)	<b>Original issued</b> <b>01-01-2012</b> <b>09-30-2012</b>	<b>Reformulated</b> <b>01-01-2012</b> <b>09-30-2012</b>	<b>Variance</b> <b>01-01-2012</b> <b>09-30-2012</b>
<b>Shareholders' equity</b>			
Retained earnings (accumulated deficit)	(119,787,723)	119,802,866	15,143
Increase (decrease) from transfers and other changes (IAS 19R)		(15,143)	(15,143)
Increase (decrease) from transfers and other changes (land revaluation)		(643,634)	(643,634)
<b>Total retained earnings (accumulated losses)</b>	<b>(119,787,723)</b>	<b>119,144,089</b>	<b>(643,634)</b>
Other various reserves	30,336,377	30,336,377	
Revaluation surplus (land revaluation)	5,264,328	4,620,694	643,634
Reserves for profits (losses) on defined benefit plans (IAS 19R)		15,143	(15,143)
Increase (decrease) from transfers and other changes (IAS 19R)		(15,143)	15,143
<b>Total other reserves</b>	<b>35,600,705</b>	<b>34,957,071</b>	<b>643,634</b>

<b>Income Statement by function</b> (In thousands of Chilean pesos)	<b>Original issued</b> <b>01-01-2012</b> <b>09-30-2012</b>	<b>Reformulated</b> <b>01-01-2012</b> <b>09-30-2012</b>	<b>Variance</b> <b>01-01-2012</b> <b>09-30-2012</b>
<b>PROFITS (LOSSES)</b>			
Administrative expenses	(18,599,205)	(18,614,348)	(15,143)
Profit (loss) for the period	(2,941,657)	(2,956,800)	(15,143)

<b>Comprehensive Income Statement</b>	<b>Original issued</b> <b>01-01-2012</b> <b>09-30-2012</b>	<b>Reformulated</b> <b>01-01-2012</b> <b>09-30-2012</b>	<b>Variance</b> <b>01-01-2012</b> <b>09-30-2012</b>
Profit (loss)	(2,941,657)	(2,956,800)	(15,143)
Other comprehensive income		15,143	15,143
<b>Total comprehensive income</b>	<b>(2,941,657)</b>	<b>(2,941,657)</b>	

Other standards and amendments issued, which have come into effect as of January 1, 2013, have not had a significant effect on the interim consolidated financial statements of Metro S.A. and its subsidiary.

- c) Accounting pronouncements with effective application as of January 1, 2014 and following:

As of the date of issuance of these interim consolidated financial statements, the following accounting pronouncements had been amended by the IASB, but their application was not mandatory.

Standards, Interpretations and Amendments	Mandatory application for
Amendment to IAS 32: "Financial Instruments: Presentation" Clarifies the requirements for remuneration of financial assets and financial liabilities, in order to eliminate the inconsistencies of the current application of the remuneration criterion of IAS 32.	Annual periods beginning on or after January 1, 2014
Amendments to IFRS 10, 12 and IAS 27: "Investment Entities" Under the requirements of IFRS 10, reporting entities are obligated to consolidate all companies over which they have control. The amendment establishes an exception to these requirements, allowing investment entities to measure their investments at their fair value through profit or loss in accordance with IFRS 9, instead of consolidating them.	Annual periods beginning on or after January 1, 2014
IFRS 9: "Financial Instruments: Classification and Measurement" Corresponds to the first stage of the IASB project to replace IAS 39 "Financial Instruments: Recognition and Measurement". Modifies the classification and measurement of financial assets and includes the treatment and classification of financial liabilities.	Annual periods beginning on or after January 1, 2015
IFRIC 21: "Levies" This interpretation of IAS 37 "Provisions, Contingent Assets and Contingent Liabilities", provides a guide regarding when an entity must recognize a liability for a levy imposed by the government, other than income tax, in its financial statements.	Annual periods beginning on or after January 1, 2014
Amendment to IAS36: "Impairment of Assets" The amendment clarifies the scope of the disclosures on recoverable value of impaired assets limiting information requirements to the recoverable amount that is based on fair value less disposal costs.	Annual periods beginning on or after January 1, 2014
Amendment to IAS39: "Financial Instruments: Recognition and Measurement" This amendment incorporates in the Standard the criteria that must be met in order not to suspend hedge accounting, in cases where the hedge instrument is novated.	Annual periods beginning on or after January 1, 2014

The Company is assessing the impact that IFRS 9 will have on the date of its effective application. Management believes that the rest of the standards, interpretations and amendments pending application will not have a significant effect on the consolidated financial statements of the Company and its subsidiary.

### **3. Management valuation and accounting criteria**

The estimates and criteria used by management are continuously assessed and are based on historical experience and other factors, including the expectation of occurrence of future events that are considered reasonable based on the circumstances.

The most relevant management estimates and criteria are detailed as follows:

#### **3.1. Obligations for severance payments**

The Company recognizes the liability for the agreed upon obligations for severance payments using an actuarial methodology that considers factors such as the discount rate, effective turnover and other factors inherent to the Company. Any change in these factors and assumptions, shall have an impact on the carrying amount of the severance obligation.

The Company determines the most appropriate discount rate at the end of each year considering the market conditions as of the valuation date. This interest rate is used to determine the present value of estimated future cash outflows foreseen to be required to settle the severance obligation. When determining interest rates, the Company considers representative rates of financial instruments that are denominated in the currency in which the obligation is expressed and which have expiry terms that are close to the payment terms of such obligation.

#### **3.2. Useful life of property, plant and equipment**

Property, plant and equipment and intangible assets with finite useful lives are depreciated using the straight-line method on the basis of an estimated useful life. This useful life estimate considers technical aspects, nature and conditions of use of those assets. This estimate might vary significantly as a consequence of technological innovations or other variables, which will imply adjusting the remaining useful lives, recognizing higher or lower depreciation, as applicable. Likewise, residual values are determined based on technical aspects that might vary in accordance with the specific conditions of each asset.

#### **3.3. Litigation and other contingencies**

The Company is involved in different types of legal and administrative proceedings for which it is not possible to exactly determine the economic effect that their outcome might have on the financial statements of the Company. In cases where in the opinion of the Company's management and legal counsel a favorable outcome for the Company will be obtained or when the outcome is uncertain, no provisions have been made in this respect. On the contrary, in cases where the Company's management and legal counsel expect an unfavorable outcome, provisions have been established with a charge to expenses based on estimates of the maximum amounts to be paid.

#### **3.4. Change of Accounting Criteria for Land Valuation**

In the process of convergence to IFRS, the Company adopted as accounting policy for the valuation of its land the use of the attributed cost determined as of the transition date, with subsequent measurements to be carried out using the revaluation model and/or their fair value.

In general terms the revaluation model establishes that land must be valued on the basis of the value determined through appraisals performed by an independent expert when its fair value experiences significant changes.

During the closing process for the 2012 financial statements, the Company adopted a voluntary change in accounting policy in reference to the type of valuation applicable to land subsequent to the initial recognition, from the revaluation model to the cost model. This change in accounting criteria is basically founded on preventing these items from experiencing significant and volatile changes in their fair value.

This change in accounting policy did not involve retroactive accounting effects, since Metro S.A. has maintained the values of its land since 2010, date on which it issued its first financial statements under IFRS.

### 3.5. Measurements and/or valuations at fair value

The fair value is the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants on the measurement date. The Company uses the assumptions that market participants would use when establishing the price of the asset or liability under current market conditions, including assumptions regarding risk.

To measure fair value the following must determine:

- a) the concrete asset or liability to be measured
- b) for a non-financial asset, the maximum and best use of the asset and if the asset is used in combination with other assets or in an independent manner
- c) the market in which an orderly transaction would take place for the asset or liability; and
- d) the appropriate valuation technique(s) to be used when measuring fair value. The valuation technique(s) used must maximize the use of relevant observable entry data and minimize non-observable entry data.

Market value hierarchies for items at fair value:

Each of the market values for the financial instruments is supported by a methodology for calculation and entry of information. Each of them has been analyzed to determine at which of the following levels they can be allocated:

Level 1, corresponds to methodologies using market units (without adjustment) in active markets and considering the same assets and liabilities valued.

Level 2, corresponds to methodologies using market trading data, not included in Level 1, which are observable for the assets and liabilities valued, whether directly (prices) or indirectly (derived from prices).

Level 3, corresponds to methodologies using valuation techniques, which include data on the assets and liabilities valued, which are not supported on observable market data.

The Company measures and/or values all financial instruments at their fair value upon initial measurement and they are subsequently valued at amortized cost, except for derivative transactions and cross currency swaps (CCS), which continue to be valued at their fair value after their initial recognition.

The Company hierarchically classifies its measurement of fair value under level 2, as established in IAS 39, and the costs of transactions attributable to those instruments are recognized in income as they are incurred.

In all cases changes in the fair value of these items are considered components of net income for the period.

Valuation techniques used to measure fair value for assets and liabilities.

The valuation techniques used by the Company are appropriate under the circumstances and there is sufficient data available on the Company's assets and liabilities to measure their fair value, maximizing the use of observable variables and minimizing the use of non-observable variables. The specific technique used by the Company to value and/or measure the fair value of its assets (derivative financial instruments) is the market focus.

Entry data for fair value measurement.

- ✓ Quoted prices for similar assets in active markets.
- ✓ Quoted prices for identical or similar assets in markets that are not active.
- ✓ Variables other than quoted prices that are observable for the asset.
- ✓ Interest rates and observable yield curves at commonly quoted intervals.
- ✓ Implicit volatilities.

Items where profits (losses) are recognized on fair value measurements.

Income items where profits (losses) are recognized on fair value measurements are under other profits (losses).

Fair value measurement for assets and liabilities

A fair value measurement for assets or liabilities is for a concrete asset or liability (derivative financial instruments). This is why, when measuring fair value the Company keeps in mind the characteristics of the asset or liability in the same manner as market participants would take into account when establishing the price of that asset or liability on the measurement date. The characteristics include the following elements, for example:

- a. the condition and location of the asset or liability; and
- b. restrictions, should there be any, for recognition of the asset or payment of the liability.

On the basis of the previous methodologies, inputs and definitions the Company has determined the following market levels for the financial instruments portfolio that it holds as of September 30, 2013:

Financial assets and liabilities at fair value, classified by hierarchy with effects on income	09-30-2013		
	Level 1 M\$	Level 2 M\$	Level 3 M\$
<b>Financial assets</b>			
Cross Currency Swap		6,275,326	
<b>Financial liabilities</b>			
Cross Currency Swap		7,946,316	

Financial assets and liabilities at fair value, classified by hierarchy with effects on income	12-31-2012		
	Level 1 M\$	Level 2 M\$	Level 3 M\$
<b>Financial assets</b>			
Cross Currency Swap		9,019,111	
<b>Financial liabilities</b>			
Cross Currency Swap		12,665,753	

#### 4. Cash and Cash Equivalents

Balances of cash and cash equivalents are detailed as follows:

Items	Currency	Balance as of	
		09-30-2013 M\$	12-31-2012 M\$
<b>Available</b>			
Cash	Ch\$	19,966	27,593
	US\$	2,562	480
	EUR	682	635
Banks	Ch\$	962,444	174,865
	US\$	515,359	24,360
<b>Total available</b>		<b>1,501,013</b>	<b>227,933</b>
<b>Term deposits</b>			
Term deposits	Ch\$	135,209,516	116,633,862
	US\$	34,187,328	27,909,086
<b>Total term deposits</b>		<b>169,396,844</b>	<b>144,542,948</b>
<b>Repurchase agreements</b>			
Repurchase agreements	Ch\$	15,544,842	16,135,074
	US\$	10,470,230	960,000
	EUR	537,563	651,750
<b>Total repurchase agreements</b>		<b>26,552,635</b>	<b>17,746,824</b>
<b>Total cash and cash equivalents</b>			
Subtotal by currency	Ch\$	151,736,768	132,971,394
	US\$	45,175,479	28,893,926
	EUR	538,245	652,385

Cash equivalents: correspond to short-term highly liquid investments such as time deposits and fixed income investments –repurchase agreements– that are easily convertible into cash, and are subject to insignificant risk of changes in value, which are maintained to comply with short-term payment commitments, which are detailed as follows as of September 30, 2013 and 2012:

##### Term deposits

Investment Type	Currency	Capital in currency of origin M\$ - MUSD	Average annual rate	Average days to maturity	Capital in local currency M\$	Interest accrued in local currency M\$	Book value 09-30-2013 M\$
Term deposit	Ch\$	134,521,919	5.10%	57	134,521,919	687,597	135,209,516
Term deposit	US\$	67,788	0.30%	45	34,178,755	8,573	34,187,328
<b>Total</b>					<b>168,700,674</b>	<b>696,170</b>	<b>169,396,844</b>

Investment Type	Currency	Capital in currency of origin M\$ - MUSD	Average annual rate	Average days to maturity	Capital in local currency M\$	Interest accrued in local currency M\$	Book value 12-31-2012 M\$
Term deposit	Ch\$	116,258,788	5.62%	59	116,258,788	375,074	116,633,862
Term deposit	US\$	58,129	0.88%	13	27,899,618	9,468	27,909,086
<b>Total</b>					<b>144,158,406</b>	<b>384,542</b>	<b>144,542,948</b>

### Repurchase agreements

Code	Dates		Counterpart	Origin Currency	Subscription value M\$	Annual rate %	Final value M\$	Instrument identification	Book value 09-30-2013 M\$
	Beginning	End							
CRV	09-26-2013	10-01-2013	BCI Corredor de Bolsa	Ch\$	2,200,000	4.92%	2,201,503	Promissory Note	2,201,203
CRV	09-30-2013	10-01-2013	Banco Estado Corredores de Bolsa	Ch\$	1,300,000	4.92%	1,300,178	Promissory Note	1,300,000
CRV	09-26-2013	10-01-2013	BCI Corredor de Bolsa	Ch\$	2,000,000	4.92%	2,001,367	Promissory Note	2,001,093
CRV	09-27-2013	10-02-2013	Banco Estado Corredores de Bolsa	Ch\$	1,450,000	5.04%	1,451,015	Promissory Note	1,450,609
CRV	09-30-2013	10-02-2013	Banco Estado Corredores de Bolsa	Ch\$	1,000,000	5.04%	1,000,280	Promissory Note	1,000,000
CRV	09-26-2013	10-02-2013	BCI Corredor de Bolsa	Ch\$	2,000,000	4.92%	2,001,640	Promissory Note	2,001,093
CRV	09-30-2013	10-03-2013	Banco Estado Corredores de Bolsa	Ch\$	200,000	5.04%	200,084	Promissory Note	200,000
CRV	09-30-2013	10-03-2013	Banco Estado Corredores de Bolsa	Ch\$	1,750,000	5.04%	1,750,735	Promissory Note	1,750,000
CRV	06-12-2013	10-08-2013	ITAU Corredor de bolsa	Ch\$	480,000	5.16%	488,118	Promissory Note	487,568
CRV	08-09-2013	10-09-2013	Banco del Estado de Chile	Ch\$	1,700,000	5.16%	1,714,864	Fixed-Term Deposit	1,712,671
CRV	09-27-2013	10-10-2013	Banco Estado Corredores de Bolsa	Ch\$	1,440,000	5.04%	1,442,621	Promissory Note	1,440,605
CRV	09-12-2013	10-03-2013	Banco del Estado de Chile	EURO	249,759	0.01%	253,888	Fixed-Term Deposit	253,889
CRV	09-26-2013	10-03-2013	Banco del Estado de Chile	EURO	78,447	0.00%	79,073	Fixed-Term Deposit	79,073
CRV	09-26-2013	10-10-2013	Banco del Estado de Chile	EURO	202,981	0.00%	204,601	Fixed-Term Deposit	204,601
CRV	08-14-2013	10-10-2013	Banco del Estado de Chile	US\$	1,839,412	0.15%	1,817,037	Fixed-Term Deposit	1,816,961
CRV	09-12-2013	10-24-2013	Banco del Estado de Chile	US\$	413,214	0.20%	413,540	Fixed-Term Deposit	413,485
CRV	09-13-2013	10-30-2013	Banco del Estado de Chile	US\$	1,676,123	0.23%	1,684,042	Fixed-Term Deposit	1,683,719
CRV	09-12-2013	11-07-2013	Banco del Estado de Chile	US\$	2,016,013	0.25%	2,017,918	Fixed-Term Deposit	2,017,386
CRV	09-06-2013	11-22-2013	Banco del Estado de Chile	US\$	509,460	0.24%	504,459	Fixed-Term Deposit	504,281
CRV	09-13-2013	11-27-2013	Banco del Estado de Chile	US\$	1,003,960	0.30%	1,009,030	Fixed-Term Deposit	1,008,543
CRV	09-03-2013	12-23-2013	Banco del Estado de Chile	US\$	509,750	0.30%	504,666	Fixed-Term Deposit	504,314
CRV	09-04-2013	12-23-2013	Banco del Estado de Chile	US\$	510,380	0.30%	504,662	Fixed-Term Deposit	504,309
CRV	09-03-2013	12-23-2013	Banco del Estado de Chile	US\$	509,750	0.30%	504,666	Fixed-Term Deposit	504,313
CRV	09-04-2013	12-23-2013	Banco del Estado de Chile	US\$	1,020,760	0.30%	1,009,324	Fixed-Term Deposit	1,008,618
CRV	09-06-2013	12-23-2013	Banco del Estado de Chile	US\$	509,460	0.30%	504,654	Fixed-Term Deposit	504,301
			<b>Total</b>		<b>26,569,469</b>		<b>26,563,965</b>		<b>26,552,635</b>

Code	Dates		Counterpart	Origin Currency	Subscription value M\$	Annual rate %	Final value M\$	Instrument identification	Book value 12-31-2012 M\$
	Beginning	End							
CRV	12-20-2012	01-02-2013	Banco Estado Corredores de Bolsa	Ch\$	4,300,000	5.64%	4,308,758	Promissory Note	4,307,410
CRV	12-27-2012	01-02-2013	Banco del Estado de Chile	Ch\$	4,400,000	4.08%	4,402,992	DPF	4,401,995
CRV	12-24-2012	01-03-2013	Banco Estado Corredores de Bolsa	Ch\$	1,400,000	5.64%	1,402,193	Promissory Note	1,401,536
CRV	12-26-2012	01-07-2013	Banco Estado Corredores de Bolsa	Ch\$	1,000,000	5.76%	1,001,920	Promissory Note	1,000,800
CRV	11-26-2012	01-25-2013	Banco del Estado de Chile	Ch\$	5,000,000	4.80%	5,040,000	DPF	5,023,333
CRV	12-27-2012	01-03-2013	Banco del Estado de Chile	EURO	121,151	0.00%	121,371	DPF	121,371
CRV	12-27-2012	01-03-2013	Banco del Estado de Chile	EURO	529,417	0.00%	530,421	DPF	530,379
CRV	12-21-2012	02-21-2013	Banco del Estado de Chile	US\$	950,040	0.30%	959,816	DPF	960,000
			<b>Total</b>		<b>17,700,608</b>		<b>17,767,471</b>		<b>17,746,824</b>

## 5. Commercial debtors and other current accounts receivable

The breakdown of this line item as of September 30, 2013 and December 31, 2012 is as follows:

Commercial debtors and other accounts receivable, Gross	Balance as of	
	09-30-2013 M\$	12-31-2012 M\$
<b>Commercial debtors and other accounts receivable, Gross</b>	<b>10,247,937</b>	<b>6,035,165</b>
Commercial debtors, Gross	8,965,265	5,252,253
Other accounts receivable, Gross	1,282,672	782,912

Commercial debtors and other accounts receivable, Net	Balance as of	
	09-30-2013 M\$	12-31-2012 M\$
<b>Commercial debtors and other accounts receivable, Net</b>	<b>9,558,924</b>	<b>5,532,994</b>
Commercial debtors, Net	8,276,252	4,750,082
Other accounts receivable, Net	1,282,672	782,912

There are no clients that individually hold significant balances in relation to the Company's total sales or accounts receivable.

As of September 30, 2013 and December 31, 2012 the analysis of net trade and other accounts receivable by age and expiration date is detailed as follows:

Commercial debtors, net	Balance as of	
	09-30-2013 M\$	12-31-2012 M\$
Up to 3 months	6,827,836	4,373,544
Between 3 months and 1 year	1,248,469	375,838
More than 1 year	199,947	700
<b>Total</b>	<b>8,276,252</b>	<b>4,750,082</b>

Other Accounts Receivable, Net	Balance as of	
	09-30-2013 M\$	12-31-2012 M\$
Maturity up to 3 months	323,982	183,056
Maturity from 3 months to 1 year	958,690	599,856
<b>Total</b>	<b>1,282,672</b>	<b>782,912</b>

Movements in the impairment provision and bad debt write-offs are detailed as follows:

Expired and unpaid commercial debtors with impairment	M\$
<b>Balance as of December 31, 2012</b>	<b>502,171</b>
Increase (reduction) in the period	186,842
<b>Balance as of September 30, 2013</b>	<b>689,013</b>

The Company establishes a provision using the evidence of impairment of commercial debtors.

Once pre-judicial and judicial collection measures have been exhausted the assets are written-off against the provision recorded. The Company only uses the provision method and no direct write-offs, for a better control of this item.

## 6. Inventories

Inventory balances are composed as follows:

Inventory types	09-30-2013	12-31-2012
	M\$	M\$
Inventory and inputs	1,438,224	879,473
Maintenance parts and accessories	6,182,031	6,239,117
Imports in transit and others	109,700	227,695
<b>Total</b>	<b>7,729,955</b>	<b>7,346,285</b>

As of September 2013 and December 31, 2012, inventory consumption was charged to the statement of income under the cost of sales line item of the comprehensive income statement, in the amount of M\$5,446,434 and M\$4,887,025, respectively.

As of September 2013 there are no inventory write-offs recognized in expenses, whereas as of the same date the previous year there was M\$1,261. Based on the analysis performed by management there is no objective evidence of impairment of spare parts, maintenance accessories and supplies inventory that are included in this group.

There are no inventory items pledged or subject to any lien in the period.

## 7. Intangible assets other than goodwill

Intangible assets other than goodwill correspond to licenses and software and transit easements. They are accounted for using the acquisition cost and subsequently valued at the net cost of the corresponding accumulated amortization and impairment losses which they may have experienced.

Licenses and software is amortized using the straight-line method over the applicable useful life, which is generally estimated at four years. For easements, the contracts are established in perpetuity, considered with undefined useful life, and therefore they are not amortized.

At the balance sheet date, the Company found no objective evidence of impairment for this type of asset, in accordance with what is described in Note 2.8.

The items of the comprehensive income statement that include amortization of intangible assets with finite useful lives are the cost of sales and administrative expenses line items.

There are no intangible assets with ownership restrictions or that secure any liabilities of the Company.

a) Intangible assets other than goodwill as of September 30, 2013 and December 31, 2012 are detailed as follows:

Item	09-30-2013			12-31-2012		
	Gross Intangible M\$	Accumulated amortization M\$	Net Intangible M\$	Gross Intangible M\$	Accumulated amortization M\$	Net Intangible M\$
Licenses and Software	4,146,923	(2,028,656)	2,118,267	4,055,888	(1,682,186)	2,373,702
Easements	581,002		581,002	581,002		581,002
<b>Total</b>	<b>4,727,925</b>	<b>(2,028,656)</b>	<b>2,699,269</b>	<b>4,636,890</b>	<b>(1,682,186)</b>	<b>2,954,704</b>

b) Movements of intangible assets other than goodwill for the nine-month period ended September 30, 2013 are detailed as follows:

Movements	Licenses and Software M\$	Easements M\$	Net Total Intangibles M\$
Opening balance 01-01-2013	2,373,702	581,002	2,954,704
Additions	91,035		91,035
Amortization	(346,470)		(346,470)
Ending balance 09-30-2013	2,118,267	581,002	2,699,269
Average remaining useful live	3 years	Perpetual	

c) Movements of intangible assets other than goodwill for 2012 are detailed as follows:

Movements	Licenses and Software M\$	Easements M\$	Net Total Intangibles M\$
Beginning balance 01-01-2012	1,994,676	581,002	2,575,678
Additions	791,735		791,735
Amortization	(412,709)		(412,709)
Ending balance 12-31-2012	2,373,702	581,002	2,954,704
Average remaining useful live	4 years	Perpetual	

## 8. Property, Plant and Equipment

a) Property, plant and equipment items are detailed as follows:

Property, Plant and Equipment, by type	09-30-2013 M\$	12-31-2012 M\$
<b>Classes of property, plant and equipment, net</b>		
<b>Property, plant and equipment, net</b>	<b>2,776,333,460</b>	<b>2,683,391,400</b>
Work in progress, net	162,933,895	78,814,062
Land, net	80,724,733	57,386,998
Civil works, net	1,435,599,569	1,448,580,862
Buildings, net	73,803,525	74,884,040
Rolling stock, net	711,567,604	697,915,106
Electrical equipment, net	278,566,728	293,575,353
Machinery and equipment, net	13,694,145	14,275,255
Other, net	19,443,261	17,959,724
<b>Classes of property, plant and equipment, gross</b>		
<b>Property, plant and equipment, gross</b>	<b>3,088,690,234</b>	<b>2,941,716,360</b>
Work in progress, gross	162,933,895	78,814,062
Land, gross	80,724,733	57,386,998
Civil works, gross	1,517,472,934	1,516,901,916
Buildings, gross	82,613,905	82,185,626
Rolling stock, gross	830,734,797	795,874,598
Electrical equipment, gross	372,134,246	370,749,113
Machinery and equipment, gross	22,632,463	21,844,323
Other, gross	19,443,261	17,959,724
<b>Classes of Accum. Dep. &amp; Imp. of Property, Plant &amp; Equipment</b>		
<b>Total accum. dep. and impairment of property, plant and equipment</b>	<b>312,356,774</b>	<b>258,324,960</b>
Accumulated depreciation of civil works	81,873,365	68,321,054
Accumulated depreciation of buildings	8,810,380	7,301,586
Accumulated depreciation of rolling stock	119,167,193	97,959,492
Accumulated depreciation of electrical equipment	93,567,518	77,173,760
Accumulated depreciation machinery and equipment	8,938,318	7,569,068

b) Property, plant and equipment movements during the periods ended September 30, 2013 and 2012 are detailed below:

2013 movement		Work in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment
Beginning bal. as of January 1, 2013		78,814,062	57,386,998	1,448,580,862	74,884,040	697,915,106	293,575,353	14,275,255
Movements	Additions	103,926,078	23,337,735	169,164		17,835,834	528,269	356,962
	Transfers	(19,802,129)		401,854	374,451	17,632,767	867,609	463,321
	Derecognition or sales	(4,116)				(17,521)	(10,440)	(1,074)
	Depreciation expense			(13,552,311)	(1,454,966)	(21,798,582)	(16,394,063)	(1,400,319)
	Total movements	84,119,833	23,337,735	(12,981,293)	(1,080,515)	13,652,498	(15,008,625)	(581,110)
Ending bal. as of September 30, 2013		162,933,895	80,724,733	1,435,599,569	73,803,525	711,567,604	278,566,728	13,694,145

2012 movement		Work in progress	Land	Civil works	Buildings	Rolling stock	Electrical equipment	Machinery and equipment
Beginning bal. as of January 1, 2012		38,057,681	56,965,858	1,463,876,383	76,168,250	666,024,366	311,795,233	14,779,689
Movements	Additions	58,993,227	421,140	131,223		50,076,300	548,821	629,755
	Transfers	(18,236,846)		2,629,844	647,046	10,123,783	3,274,356	755,651
	Derecognition or sales					(1,091,127)	(105,704)	(20,806)
	Depreciation expense			(18,056,588)	(1,931,256)	(27,218,216)	(21,937,353)	(1,869,034)
	Total Movements	40,756,381	421,140	(15,295,521)	(1,284,210)	31,890,740	(18,219,880)	(504,434)
Ending bal. as of December 31, 2012		78,814,062	57,386,998	1,448,580,862	74,884,040	697,915,106	293,575,353	14,275,255

- c) The useful life of the main assets that compose property, plant and equipment are detailed as follows:

The main useful lives used to depreciate the following assets are detailed as follows:

Items	Estimated useful life in years
Railway network	60
Stations	100
Tunnels	100
Rolling stock	40

- d) Impairment

As of the date of the statement of financial position, the Company did not find objective evidence of impairment of its property, plant and equipment assets as described in Note 2.8.

- e) Collateral contract and insurance agreement on rolling stock

To guarantee the financial loan signed on January 23, 2004 granted by a syndicate of banks, whose bank agent is BNP Paribas, an immovable pledge agreement was signed on 26, NS93 model train cars. These assets are covered by fire insurance issued by Mapfre Seguros Generales in accordance with Policy No. 101-13-00132077 brokered by Orbital JLT Corredores de Seguros Ltda.

- f) Investment Projects

As of September 30, 2013, the estimated balances necessary to carry out the authorized projects that form part of the Company's expansion plan which ends in 2018, is approximately MM\$ 1,431,116 detailed as follows by type of investment: MM\$ 809,461 for civil works, MM\$ 330,714 for systems and equipment and MM\$ 290,941 for rolling stock.

- g) Parts and accessories

As of September 30, 2013 spare parts and accessories and maintenance materials reached M\$ 21,342,968 and M\$ 17,434,027 as of December 31, 2012. These values include spare parts that have not moved for over four years, based on which obsolescence provisions were established in the amount of M\$ 2,263,990 as of September 30, 2013 and as of December 31, 2012.

- h) Disclosures of revalued assets (first-time adoption of IFRS1)

1. TINSA Consultants were hired as independent experts on land valuation during the convergence process.
2. The comparison method was used (regarding commercial market value).
3. Fair value was directly determined based on prices observable in an active market.
4. Reserve funds were created for the revaluation of lands, which are recorded in equity in the balance sheet.

## i) Other disclosures

1. There are no property, plant and equipment items that are out of service.

The gross carrying amount of property, plant and equipment that is fully amortized and is still in use is M\$8,055,701 as of September 30, 2013.

2. There are no material property, plant and equipment elements that have been removed and not classified, that are recorded as held for sale in accordance with IFRS 5.

3. There are no useful life revaluations.

## j) Financing costs

During the 2013 and 2012 periods the Company did not capitalize any interest costs attributable to property, plant and equipment.

**9. Investment properties**

Investment properties correspond mainly to commercial spaces, land and buildings that are held by the Company to be exploited them under operating leases.

Investment properties corresponding to land and buildings are valued using the cost model.

Total investment properties as of September 30, 2013, amount to M\$13,334,826 (M\$13,496,309 as of December 31, 2012).

Investment properties	Commercial Stores	Land	Buildings	Total
Balance as of 01-01-2013	3,866,971	607,816	9,021,522	13,496,309
Additions				
Withdrawals				
Closing balance	3,866,971	607,816	9,021,522	13,496,309
Depreciation for the period	(86,175)		(75,308)	(161,483)
Loss due to impairment				
<b>Balance as of 09-30-2013</b>	<b>3,780,796</b>	<b>607,816</b>	<b>8,946,214</b>	<b>13,334,826</b>

Investment properties	Commercial Stores	Land	Buildings	Total
Balance as of 01-01-2012	3,981,872	607,816	8,216,763	12,806,451
Additions			897,569	897,569
Withdrawals				
Closing balance	3,981,872	607,816	9,114,332	13,704,020
Depreciation for the period	(114,901)		(92,810)	(207,711)
Loss due to impairment				
<b>Balance as of 12-31-2012</b>	<b>3,866,971</b>	<b>607,816</b>	<b>9,021,522</b>	<b>13,496,309</b>

Operating income and expenses of investment properties as of September 2013 and 2012 are detailed as follows:

Investment property income and expenses	Accumulated		Quarterly variation	
	09-30-2013	09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Commercial premises	2,430,285	2,363,404	848,117	789,987
Land	1,502,186	1,368,069	494,821	503,839
Buildings	204,729	191,747	69,652	68,143
<b>Total lease income amount</b>	<b>4,137,200</b>	<b>3,923,220</b>	<b>1,412,590</b>	<b>1,361,969</b>
Commercial premises	(83,603)	(77,707)	(30,984)	(17,257)
Land	(27,997)	(28,593)	(10,531)	1,748
Buildings	(63,322)	(63,742)	(23,961)	(21,416)
<b>Total lease expense amount</b>	<b>(174,922)</b>	<b>(170,042)</b>	<b>(65,476)</b>	<b>(36,925)</b>

The Company has not evidenced indications of impairment of investment properties.

The Company has no pledges (mortgage or other type of guarantee) on investment properties.

Lease contracts generally establish the obligation to maintain and repair properties, therefore expenses are attributed to the tenants, except for expenses involving payment of property taxes which the lessor is responsible for.

In accordance with IAS 40 a fair value estimate must be disclosed for investment properties valued using the cost model. For this purpose we have valued them using internal valuations, based on projected future discounted cash flows.

As of September 30, is the Company estimated that this fair value amounts to M\$76,723,893 (M\$68,599,639 as of December 31, 2012).

#### 10. Other financial assets, current and non-current

Other current and non-current financial assets are detailed as follows:

Item	09-30-2013		12-31-2012	
	Current	Non-current	Current	Non-current
	M\$	M\$	M\$	M\$
Hedge operations	223,598	6,051,728	887,788	8,131,323
Financial lease	19,773	1,490,227	22,567	1,421,783
Promissory notes receivable		352,070		339,016
Investment in financial instruments	1,512,919			
Other accounts receivable		1,154		
<b>Total</b>	<b>1,756,290</b>	<b>7,895,179</b>	<b>910,355</b>	<b>9,892,122</b>

## Hedge Operations

Financial assets as of September 30, 2013

Tax ID No.	Name	Ctry	Tax ID No.	Name	Country	Currency	Nominal rate	Amortization	Current		
									Maturity		Total Current 09-30-2013 M\$
									Up to 90 days M\$	90 days to 1 year M\$	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.64240%	biannual	7,559		7,559
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.64240%	biannual	620		620
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.64490%	biannual	2,553		2,553
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.61630%	biannual	1,830		1,830
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.56750%	biannual	0		0
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.62540%	biannual	14,094		14,094
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.64390%	biannual	18,631		18,631
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.64240%	biannual	25,819		25,819
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.64240%	biannual	4,047		4,047
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.61526%	biannual	1,078		1,078
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.62340%	biannual	917		917
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.64240%	biannual	1,666		1,666
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.62090%	biannual	641		641
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.64490%	biannual	12,760		12,760
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.63890%	biannual	5,176		5,176
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.62090%	biannual	392		392
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.64240%	biannual	2,012		2,012
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.58740%	biannual		154	154
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.61630%	biannual	2,104		2,104
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.59550%	biannual		5,074	5,074
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.61840%	biannual	9,155		9,155
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.59450%	maturity		13,985	13,985
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US\$	0.59450%	maturity		4,999	4,999
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US\$	0.59550%	biannual		5,005	5,005
61.219.000-3	Metro S.A.	Chile	97.951.000-4	HSBC Bank Chile	Chile	US\$	0.81740%	biannual	2,346		2,346
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	US\$	0.64240%	biannual	56,149		56,149
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US\$	4.19000%	biannual		24,832	24,832
<b>Total</b>									<b>169,549</b>	<b>54,049</b>	<b>223,598</b>

Financial assets as of December 31, 2012

Tax ID No.	Name	Ctry	Tax ID No.	Name	Country	Currency	Nominal rate	Amortization	Current			
									Maturity		Total Current	
									Up to 90 days M\$	90 days to 1 year M\$		12-31-2012 M\$
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.82040%	biannual		5,085	5,085	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040%	biannual		417	417	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.84065%	biannual		1,858	1,858	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72700%	biannual		553	553	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.84065%	biannual		588	588	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.73800%	biannual		6,747	6,747	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82590%	biannual		12,354	12,354	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040%	biannual		17,367	17,367	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040%	biannual		2,722	2,722	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72800%	biannual		349	349	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72650%	biannual		395	395	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040%	biannual		1,120	1,120	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.72300%	biannual		264	264	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.84065%	biannual		9,185	9,185	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.80390%	biannual		3,206	3,206	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72300%	biannual		161	161	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.82040%	biannual		1,353	1,353	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.89470%	biannual	1,823		1,823	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.72700%	biannual		635	635	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.92370%	biannual	25,323		25,323	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72700%	biannual		3,397	3,397	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.91815%	Maturity	70,337		70,337	
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US\$	0.91815%	Maturity	25,143		25,143	
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US\$	0.92370%	biannual	24,980		24,980	
61.219.000-3	Metro S.A.	Chile	97.951.000-4	HSBC Bank Chile	Chile	US\$	0.92700%	biannual		1,462	1,462	
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	US\$	0.82040%	biannual		38,226	38,226	
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US\$	4.19000%	biannual		632,738	632,738	
<b>Total</b>									<b>147,606</b>	<b>740,182</b>	<b>887,788</b>	<b>3,</b>

### Financial Leasing

From August 1, 2004 to July 31, 2034, the Company leases to Chilectra S.A. each and every one of the components of the SEAT Rectification Substations, Vicente Valdés and the 20 KV networks up to their arrival to the verifying spots. The useful life of the assets have the same duration as the respective lease contract, therefore and in accordance with IAS 17, it is a financial lease. For that reason, machinery and equipment was derecognized from property, plant and equipment and recognized in accounts receivable at the time of adoption of IFRS.

Additionally, the present value of the lease installments pending from 2009 to 2034 was calculated, considering a 10% discount rate that is expressed in the respective lease agreement, producing a positive effect in the Company's shareholders' equity.

The Company issues an annual invoice to Chilectra S.A., during the first 15 days of July, which shall be paid 30 days after that invoice is received. The payments that the tenant makes are divided into two parts, one that represents the financial burden and another which reduces the existing debt. The total financial burden is distributed among the periods that constitute the term of the lease.

There are no unguaranteed residual value amounts accrued in favor of the lessor.

There is no accumulated provision for minimum payments on uncollectible leases.

There are no contingent leases recognized as income for the period.

Unpaid future minimum lease payments (*)	09-30-2013			12-31-2012		
	Gross amount M\$	Interest M\$	Current value M\$	Monto gross M\$	Interest M\$	Current value M\$
Up to 1 year	161,240	134,876	26,364	151,820	129,253	22,567
More than 1 year but less than 5 years	806,200	629,149	177,051	759,100	607,548	151,552
More than 5 years	2,257,359	950,774	1,306,585	2,277,300	1,007,069	1,270,231
<b>Total</b>	<b>3,224,799</b>	<b>1,714,799</b>	<b>1,510,000</b>	<b>3,188,220</b>	<b>1,743,870</b>	<b>1,444,350</b>

(\*) Is presented due to pending installments in accordance with the amortization table.

## 11. Other non-financial assets, current and non-current

Other current and non-current non-financial assets are detailed as follows:

Other current non-financial assets	09-30-2013 M\$	12-31-2012 M\$
Prepaid expenses	1,997	33,504
Advances to suppliers and personnel	4,039,129	2,550,740
<b>Total</b>	<b>4,041,126</b>	<b>2,584,244</b>

Other non-current non-financial assets	09-30-2013 M\$	12-31-2012 M\$
Funds allocated to pay for expropriations of new lines	50,654,183	65,019,448
VAT tax credit (*)	21,305,107	21,143,333
Advance payment	810,239	799,471
<b>Total</b>	<b>72,769,529</b>	<b>86,962,252</b>

(\*) The calculation base for the proportional part of the VAT fiscal credit was questioned through administrative resolution issued by the SII for which Metro S.A. filed a complaint. The complaint is currently in process at the Supreme Court, by virtue of the recourse filed by Metro S.A. against the second instance sentence dictated by the Court of Appeals of Santiago on June 27, 2013. That appeal was accepted for process on July 24, 2013.

In the opinion of our legal counsel, it is possible that there is an obligation that will require an outflow of resources for the Company, notwithstanding that the decrease in the remaining tax credit would increase the cost of property, plant and equipment with a potential impact of higher accumulated depreciation, which retroactive recording is estimated at M\$2,221,712 as of September 30, 2013 (M\$1,933,111 as of December 31, 2012).

## 12. Other financial liabilities, current and non-current

The breakdown of this line item is as follows:

Item	09-30-2013		12-31-2012	
	Current M\$	Non-current M\$	Current M\$	Non-current M\$
Loans and accrued interest	87,902,423	268,975,738	50,143,308	322,062,679
Bonds	20,231,793	821,850,578	21,368,637	823,280,403
Hedge operations	777,856	7,168,460	820,111	11,845,642
<b>Total</b>	<b>108,912,072</b>	<b>1,097,994,776</b>	<b>72,332,056</b>	<b>1,157,188,724</b>

Loans with accrued interest

Biannual and equivalent loans that have accrued interest as of September 30, 2013

Tax ID No.	Name	Country	Tax ID No.	Name	Country	Currency	Effective rate	Current			1 to 3 M
								Maturity		Total Current	
								Up to 90 days M\$	90 days 1 year M\$	09-30-2013 M\$	
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US\$	1.89%	32,332,812	53,135,300	85,468,112	148,6
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	US\$	0.71%	1,255,951	910,762	2,166,713	6,4
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	Euros	2.00%	42,064	13,574	55,638	1
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Société Générale	France	US\$	1.79%		30,637	30,637	15,1
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	US\$	2.06%	118,337	62,986	181,323	30,2
<b>Total</b>								<b>33,749,164</b>	<b>54,153,259</b>	<b>87,902,423</b>	<b>200,5</b>

Biannual and equivalent loans that have accrued interest as of December 31, 2012

Tax ID No.	Name	Country	Tax ID No.	Name	Country	Currency	Effective rate	Current			1 to 3 M
								Maturity		Total Current	
								Up to 90 days M\$	90 days to 1 year M\$	12-31-2012 M\$	
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US\$	1.77%	7,837,800	39,890,926	47,728,726	158,2
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	US\$	0.72%	453,376	1,601,410	2,054,786	6,1
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	Euros	2.00%	7,008	43,588	50,596	1
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Société Générale	France	US\$	2.10%	112,176		112,176	14,3
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	US\$	2.28%	157,913	39,111	197,024	
<b>Total</b>								<b>8,568,273</b>	<b>41,575,035</b>	<b>50,143,308</b>	<b>178,8</b>

Restrictions on Loans with accrued interest:

- ✓ Financial Loan Agreement for the Metro Line 4 Project, with a syndicate of banks led by BNP Paribas, in the amount of US\$150,000,000, which is State guaranteed. As of September 30, 2013 it has been fully used, leaving a principal balance of US\$20,588,235.26.
- ✓ Buyer Credit Facility Agreement for the Metro Line 4 Project, with a syndicate of banks led by BNP Paribas, in the amount of US\$340,000,000, which is State guaranteed. As of September 30, 2013 it has been fully used, leaving a principal balance of US\$114,283,100.49.
- ✓ Buyer Credit Facility Agreement for the Lines 2 and 5 Extension Project, with a syndicate of banks led by BNP Paribas, in the amount of US\$99,965,926, which is State guaranteed. As of September 30, 2013 it has been fully used, leaving a principal balance of US\$ 2,079,177.56.
- ✓ Financial Loan Agreement to finance part of the Line 4 Project to Extend Line 2 to the North on Recoleta, with a syndicate of banks led by BNP Paribas, in the amount of US\$200,000,000, which is secured by a lien on model NS 93 trains. As of September 30, 2013 it has been fully used.

That agreement establishes that during 2013 the maximum debt/equity ratio must not exceed 2.0. As of September 30, 2013 this debt/equity ratio is 0.80.

- ✓ Financial Loan Agreement for Extension Projects on Line 5 to Maipú and Extension of Line 1 to Los Dominicos, with a syndicate of international banks headed by BNP Paribas, in the amount of US\$130,000,000, which is not guaranteed. As of September 30, 2013 it has been fully used.

That agreement establishes that as of September 30, 2013, the maximum debt/equity ratio must be equal to or less than 1.70 with minimum equity of MM\$700. As of September 30, 2013 this debt/equity ratio is 0.80. Equity reaches MM\$1,719, calculated as set forth in the relevant loan agreement.

- ✓ Debt Restructuring Loan Agreement, with BNP Paribas, in the amount of US\$90,000,000 (Bullet payment at maturity date). This financing is state guaranteed in the amount of US\$60,000,000. As of September 30, 2013 it has been fully used, leaving a principal balance of US\$45,999,052.80.

That agreement establishes that as of September 30, 2013, the maximum debt/equity ratio must be equal to or less than 1.70 with minimum equity of MM\$700. As of September 30, 2013 this debt/equity ratio is 0.80, equity reaches MM\$1,719, calculated as set forth in the relevant loan agreement.

- ✓ Debt Restructuring Credit Agreement, with Société Générale, in the amount of US\$30,000,000. This financing is not guaranteed. As of September 30, 2013 it has been fully used.

That agreement establishes that as of September 30, each year, the maximum debt/equity ratio must be equal to or lower than 1.70 with minimum equity of MM\$700. As of September 30, 2013 this debt/equity ratio is 0.80, equity reaches MM\$1,719, calculated as set forth in the relevant loan agreement.

- ✓ Debt Restructuring Loan Agreement, with Banco Bilbao Viscaya Argentaria, for US\$ 60,000,000. This financing does not have any guarantees. As of September 30, 2013 it has been fully used.

That agreement establishes that as of September 30, each year, the maximum debt/equity ratio must be equal to or less than 1.70, with minimum equity of MM\$700. As of September 30, 2013 this debt/equity ratio is 0.80 and equity reaches MM\$1,719, calculated as set forth in the relevant loan agreement.

## Bonds

The breakdown of this line item in M\$ is as follows:

The Company's biannual liabilities in Chile as of September 30, 2013

Series	Debtor Tax ID No.	Name	Debtor country	Bank Tax ID No.	RTB Bank and payer	Cntry.	Currency	Nominal rate	Effective rate	Type of Amortization	Current		Total Current	1 to
											Maturity			
											Up to 90 days M\$	90 days - 1 year M\$		
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.3%	biannual	1,616,373	2,671,906	4,288,279	9,
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.9%	biannual	1,868,433	808,186	2,676,619	4,
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.5%	biannual	1,539,403	2,562,228	4,101,631	9,
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.1%	biannual	1,539,402	2,597,498	4,136,900	9,
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.9%	biannual	1,325,404		1,325,404	6,
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.0%	biannual		502,596	502,596	4,
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.1%	biannual		127,887	127,887	4,
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.5%	biannual		207,409	207,409	9,
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.8%	biannual		645,479	645,479	
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.5%	biannual	1,518,628		1,518,628	
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.0%	biannual		198,280	198,280	
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.8%	biannual		502,681	502,681	
<b>Total</b>											<b>9,407,643</b>	<b>10,824,150</b>	<b>20,231,793</b>	<b>57,</b>

The Company's biannual liabilities in Chile as of December 31, 2012

Series	Debtor Tax ID No.	Name	Debtor country	Bank Tax ID No.	RTB Bank and payer	Cntry.	Currency	Nominal rate	Effective Rate	Type of Amortization	Current		Total Current	1 to
											Maturity			
											Up to 90 days M\$	90 days - 1 year M\$		
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	6.27%	biannual	3,960,820	1,598,853	5,559,673	
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.6%	5.95%	biannual	799,426	1,226,287	2,025,713	
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Banco Bice	Chile	UF	5.5%	5.53%	biannual	3,808,772	1,522,717	5,331,489	
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.14%	biannual	2,286,055		2,286,055	
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.93%	biannual		443,440	443,440	
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.93%	biannual	1,085,876		1,085,876	
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.14%	biannual	838,068		838,068	
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.3%	4.45%	biannual	448,115		448,115	
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.7%	4.78%	biannual	1,394,580		1,394,580	
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.5%	4.54%	biannual		485,663	485,663	
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.00%	biannual	1,299,367		1,299,367	
L	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.88%	biannual		170,598	170,598	
<b>Total</b>											<b>15,921,079</b>	<b>5,447,558</b>	<b>21,368,637</b>	<b>4</b>

On July 31, 2001, December 5, 2001, August 9, 2002, September 3, 2003, June 23, 2004 and September 14, 2005, the Company placed Series A to G bonds in the domestic market, all calculated on the basis of a 360-day year, at a 25-year term with 10 years of grace period for the principal payment, with biannual interest payments and without early redemption. The par value is expressed in M\$.

On September 3, 2008, the Company placed Series H and I bonds in the domestic market, calculated on the basis of a 360-day year, with a 12-year term and 7 years of grace period for series H and a 21-year term with 10 years of grace period for Series I, with biannual interest payments and early redemption. The par value is expressed in M\$.

On November 18, 2009, the Company placed Series J bonds in the domestic market, calculated on the basis of a 360-day year, at a 25-year term with 10 years of grace period, with biannual payment of interest and without early redemption. The par value is expressed in M\$.

On October 6, 2011, the Company placed series K bonds in the domestic market, calculated on the basis of a 360-day year, at a 21-year term with 16 years of grace period for principal payment, with semiannual interest payments and early redemption. The par value is expressed in M\$.

On May 24, 2012, the Company placed Series L bonds in the domestic market, calculated on the basis of a 360-day year, at a 21-year term with 21 years of grace period for principal payment, with payment of biannual interest and early redemption. The par value is expressed in M\$.

The Series A and B bonds are have a State guarantee, in accordance with DL 1,263 and laws 18,196, 18,382 and 19,702, in Exempt Decree 117, issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 389 issued by the Ministry of Finance, both on April 20, 2001.

The Series C bonds are guaranteed by the State, in accordance with DL 1,263 and laws 18,196, 18,382 and 19,774, in Exempt Decree 274 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 363 issued by the Ministry of Treasury, both on May 13, 2002.

The Series D and E bonds are guaranteed by the State, in accordance with DL 1,263 and laws 18,196 and 19,847, Exempt Decree 222 dated April 29, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction, and Supreme Decree 356 issued by the Ministry of Finance on May 7, 2003.

The Series F bonds are guaranteed by the State, in accordance with DL 1,263 and laws 18,196 and 19,847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 1,024, dated November 11, 2003 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

The Series G bonds are guaranteed by the State, in accordance with DL 1,263 and laws 18,196 and 19,847. The authorization to issue and guarantee bonds in the domestic market was authorized by Supreme Decree 592, dated May 11, 2005 issued by the Ministries of Finance and Economy and of Development and Reconstruction.

The Series H, I, J, K and L bonds are not guaranteed, notwithstanding the creditors' general pledge right set forth in Chilean law.

The Company is not subject to any financial or other restrictive covenants under the instruments governing its Series A to G bonds. For the Series H, I, J, K and L bonds, the Company is required during each calendar year to maintain a debt/equity ratio that is lower than 1.7, equity in excess of MM\$700 and an interest coverage ratio greater than 1.0. Those covenants are calculated and determined using the financial statements prepared as of December 31 of each calendar year and filed with the SVS.

## Hedge Operations

The breakdown of this line item is as follows:

Financial liabilities as of September 30, 2013

Tax ID No.	Name	Cntry.	Tax ID No.	Name	Country	Currency	Nominal rate	Type of Amortization	Current			1 to
									Maturity		Total Current 09-30-2013 M\$	
									Up to 90 days M\$	90 days - 1 year M\$		
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	1.97%	biannual	25,355		25,355	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	biannual	2,651		2,651	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.35%	biannual	10,262		10,262	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.39%	biannual	8,065		8,065	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.30%	biannual			0	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.63%	biannual	66,278		66,278	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.59%	biannual	84,938		84,938	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.63%	biannual	116,367		116,367	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.41%	biannual	16,787		16,787	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.46%	biannual	4,943		4,943	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.46%	biannual	4,150		4,150	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	biannual	7,076		7,076	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	biannual	2,845		2,845	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.09%	biannual	45,472		45,472	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.08%	biannual	18,532		18,532	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.32%	biannual	1,677		1,677	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.42%	biannual	8,618		8,618	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.38%	biannual		687	687	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.39%	biannual	9,271		9,271	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.75%	biannual		25,930	25,930	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.27%	biannual	38,056		38,056	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	3.10%	Maturity		79,930	79,930	
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.91%	Maturity		15,445	15,445	
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	UF	1.97%	biannual		15,925	15,925	
61.219.000-3	Metro S.A.	Chile	97.951.000-4	HSBC Bank Chile	Chile	UF	2.39%	biannual	6,588		6,588	
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	1.93%	biannual	162,008		162,008	
<b>Total</b>									<b>639,939</b>	<b>137,917</b>	<b>777,856</b>	<b>3</b>

Financial liabilities as of December 31, 2012

Tax ID No.	Name	Ctry.	Tax ID No.	Name	Country	Currency	Nominal rate	Type of Amortization	Current		Total Current 12-31-2012 M\$	1 to
									Maturity			
									Up to 90 days M\$	90 days - 1 year M\$		
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	1.97%	biannual		13,878	13,878	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	biannual		1,451	1,451	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.35%	biannual		5,954	5,954	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.39%	biannual		2,145	2,145	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.30%	biannual		1,912	1,912	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.63%	biannual		27,940	27,940	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.59%	biannual		45,627	45,627	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.63%	biannual		63,692	63,692	1
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.41%	biannual		9,188	9,188	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.46%	biannual		1,409	1,409	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.46%	biannual		1,596	1,596	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	biannual		3,873	3,873	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	biannual		1,043	1,043	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.09%	biannual		26,093	26,093	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.08%	biannual		9,477	9,477	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.32%	biannual		615	615	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.42%	biannual		4,717	4,717	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.38%	biannual	5,558		5,558	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.39%	biannual		2,466	2,466	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.75%	biannual	86,684		86,684	
61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.27%	biannual		12,480	12,480	
61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	3.10%	Maturity	270,483		270,483	
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	UF	1.91%	Maturity	52,266		52,266	
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	UF	1.97%	biannual	53,237		53,237	
61.219.000-3	Metro S.A.	Chile	97.951.000-4	HSBC Bank Chile	Chile	UF	2.39%	biannual		3,761	3,761	
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	1.93%	biannual		89,741	89,741	
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	US\$	0.15%	biannual	22,825		22,825	
<b>Total</b>									<b>491,053</b>	<b>329,058</b>	<b>820,111</b>	<b>5</b>

### 13. Other non-financial liabilities, current and non-current

Other current and non-current non-financial liabilities are detailed as follows:

Current	09-30-2013 M\$	12-31-2012 M\$
Real estate taxes	9,414,654	11,032,722
Deferred income	455,032	382,337
Guarantees received	165,664	183,908
<b>Total</b>	<b>10,035,350</b>	<b>11,598,967</b>

Non-current	09-30-2013 M\$	12-31-2012 M\$
Deferred income (*)	3,468,985	3,182,039
<b>Total</b>	<b>3,468,985</b>	<b>3,182,039</b>

(\*) Corresponds to long-term operational leases.

### 14. Balances and transactions with related parties

*Notes and accounts receivable:*

As of September 30, 2013 and December 2012, the Company has no outstanding balances of receivable from related parties.

*Notes and accounts payable:*

Correspond to capital contributions received from the Government of Chile for network expansion projects. As of September 30, 2013, contributions pending capitalization reached M\$97,653,136 (M\$7,653,136 as of December 31, 2012).

*Transactions:*

During 2013, the Company received contributions from the Ministry of Public Works in the amount of M\$189,200,000, of which M\$99,200,000 were capitalized through the issuance and placement of 2,684,709,066 shares. Therefore the balance pending capitalization as of September 30, 2013 amounts to M\$97,653,136 composed of contributions received during 2013 in the amount of M\$90,000,000 and M\$7,653,136, corresponding to previous years.

During the period from January to September 2012, the Company received contributions from the Ministry of Public Works in the amount of M\$90,000,000, part of these contributions for 2012 were capitalized in December 2012.

*Key management employees*

Key employees of the Company are those that have authority and responsibility for planning, directing and controlling the activities inherent to the entity. The Company has determined that key management employees are composed of Directors, the General Manager and Managers of the Company's different areas.

The expense for compensation received by key management employees is detailed as follows:

Directors' income are detailed as follows:

Directors' Income	Accumulated		Quarterly variation	
	09-30-2013	09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Travel and per diems		7,928		7,928
Fixed income	82,591	78,772	28,179	27,152
Fees	22,692	22,130	8,659	7,328
Other fees	17,071	17,133	6,166	5,724
<b>Total</b>	<b>122,354</b>	<b>125,963</b>	<b>43,004</b>	<b>48,132</b>

#### *Board of Directors expenses*

During 2013 there were no disbursements for transportation, whereas in the same period in 2012 the disbursement was in the amount of M\$7,348.

There were no disbursements for per diems in 2013, whereas in the same period in 2012 the disbursement was in the amount of M\$580.

#### *Remunerations of the General Manager and Other Managers:*

During 2013 the compensation paid to the General Manager amounted to M\$144,228 (M\$143,600 in 2012) and compensation paid to Other Managers amounted to M\$1,146,918 (M\$1,066,227 in the corresponding period in 2012).

## 15. Commercial creditors and other accounts payable

The breakdown of this line item is as follows:

Item	09-30-2013 M\$	12-31-2012 M\$
Debts from purchases, projects and services received	25,850,849	28,621,321
Accounts payable – Transantiago system	8,276,679	4,770,491
Retentions	1,296,804	1,581,271
Other accounts payable	347,613	259,976
<b>Total</b>	<b>35,771,945</b>	<b>35,233,059</b>

## 16. Information by segments

The Company reports information by segment in accordance with what is established in IFRS 8 "Operating Segments". IFRS 8 stipulates that this Standard must be applied by entities the capital stock or debt securities of which are publicly traded or by entities that are in the process of issuing securities to be traded in public markets.

The Company is a stock company that is subject to the rules of open stock corporations in Chile, and its corporate purpose is to carry out all activities related to providing transportation services on underground railways or other complementary electric modes of transportation and services associated with its ordinary course of business. Its main income is derived from passenger transportation services.

The processes associated with the services provided by the Company are based on a common technological and administrative infrastructure. Current activities focus on providing services in a domestic environment with common economic and political conditions.

The Company has just one operating segment: transportation of passengers in the city of Santiago, Chile.

## 17. Provisions for employee benefits

### Current

Item	09-30-2013 M\$	12-31-2012 M\$
Obligations vacations	3,636,780	2,683,304
Obligations personnel benefits	1,803,448	1,674,180
Obligations productivity bonus	3,415,757	3,183,099
<b>Total</b>	<b>8,855,985</b>	<b>7,540,583</b>

### Non-current

Item	09-30-2013 M\$	12-31-2012 M\$
Provision for dismissal	13,249,538	13,133,525
Provision for mortality	346,283	378,204
Provision for resignations	80,850	86,528
Advance payments	(1,569,929)	(1,554,062)
<b>Total</b>	<b>12,106,742</b>	<b>12,044,195</b>

### Reconciliation of movement of the provision for severance payments

Item	M\$
<b>Liabilities as of 01.01.2013</b>	12,044,195
Service interest	236,381
Benefits paid	(615,010)
Severance advance	15,867
Actuarial (profits) losses	271,017
UF readjustment income or losses	154,292
<b>Liabilities as of 09.30.2013</b>	<b>12,106,742</b>

Item	M\$
<b>Liabilities as of 01.01.2012</b>	12,441,579
Service interest	264,000
Benefits paid	(1,005,956)
Severance advance	(34,519)
Actuarial (profits) losses	(15,143)
UF readjustment income or losses	213,779
<b>Liabilities as of 09.30.2012</b>	<b>11,863,740</b>

#### *Sensitivity analysis*

As of September 30, 2013, the sensitivity of the value of the actuarial liability for post employment benefits in case of a variation of 50 base points in the discount rate assumes a decrease of M\$508,693, in case of an increase in the rate and an increase of M\$538,468 in case of a decrease in the rate.

#### *Projection of the actuarial calculation for the following year*

The projected calculation for the following year amounts to M\$14,506,325.

#### *Estimate of expected cash flows for the following year*

The Company estimates that for the following year there will be no expected payment flows, since there are no economic indication and/or the intention to terminate any employee entitled to the benefit.

#### *General considerations*

The Company has benefits that are agreed upon with its active employees, which require actuarial valuation and it has collective agreements, which include benefits for the concept of termination, voluntary retirement and death of an employee. In agreements with its unions, the Company froze the benefits accrued by employees on different dates.

#### *[Frozen indemnity]*

Corresponds to the severance benefits established in the respective collective agreements of the Company. The benefit is based on the various reasons for termination of the employment contract, such as resignation and death.

The freezing dates established in the agreements depend on the union and the reason for the termination. These dates are set at: May 31, 2002, August 31, 2003 and November 30, 2003.

#### *Legal indemnity*

The company does not record liabilities associated to legal severance pay since this qualifies under IAS 19 as a termination benefit and it is an uncertain obligation.

### Actuarial Assumptions

Actuarial assumptions are long-term assumptions and should there be sufficient substantive evidence, they must be updated.

#### 1. Mortality

The RV-2009 men and RV-2009 women's mortality tables were used to calculate termination benefits. These tables have been established by the Chilean SVS.

#### 2. Workforce Rotation

The rotation tables were prepared using information available to the Company, and constant ratios may be observed in the following table:

Reason	Rate %
Dismissal	1.26
Resignation	0.10
Mortality	0.07
Other reasons	0.12

#### 3. Discount rate

The real annual discount rates used for each period are as follows:

Period	Rate %
12/31/2009	3.4000
12/31/2010	3.4105
12/31/2011	2.7400
12/31/2012	2.7400
09/30/2013	2.4500

#### 4. Termination

The estimated maximum average termination ages are:

Gender	Age in years
Women	62
Men	68

## 18. Income taxes

The Company had a negative first category (corporate) tax base of M\$448,718,108 as of September 2013, (M\$411,232,209 as of December 2012 and M\$381,584,387 as of September 2012), determined in accordance with current legal provisions, therefore no income tax provision has been recognized as of these dates.

Because the Company has consistently recorded tax losses since the 1996 taxable year, the Company considers that it is unlikely that there will be sufficient future taxable profits to allow it to reverse deferred tax assets, therefore these have been recognized up to the amount of deferred tax liabilities (1).

Temporary Difference	Tax assets		Tax liabilities	
	09-30-2013 M\$	12-31-2012 M\$	09-30-2013 M\$	12-31-2012 M\$
Provision for bad debts	137,803	95,263		
Deferred income	784,855	712,873		
Provision for vacations	727,356	450,362		
Severance payments	829,665	898,881		
Provision for lawsuits	222,100	219,001		
Provision for maintenance	270,539	242,291		
Provision for employee benefits	360,690	334,836		
Provision for replacements	452,798	452,798		
Irrecoverable VAT on loan for extensions			57,512,209	54,283,909
Capitalized expenses			14,880,400	13,817,065
Fixed asset	49,167,996	42,079,280		
Tax loss	89,743,622	82,246,441		
Other events	341,614	380,087		
<b>Subtotal</b>	<b>143,039,038</b>	<b>128,112,113</b>	<b>72,392,609</b>	<b>68,100,974</b>
Net deferred tax asset	70,646,429	60,011,139		
Reduction of deferred tax asset (1)	(70,646,429)	(60,011,139)		
<b>Deferred net tax</b>				

## 19. Provisions, Contingencies and Guarantees

As of September 30, 2013 the Company is involved in legal proceedings (civil and labor), which include subsidiary lawsuits, which are not provisioned because of the application of IAS 37, due to their almost non-existent probability of loss.

The following are the current cases included in the provisions for lawsuits:

Type of case	File Name	Matter	Court	Case No.	Current Status
L	Abarca Vega, Jaime with NIT S.A.	Unlawful termination & collection of services	1st Labor Court of Santiago	O-2687-2013	1
CIP	Almazán Sepúlveda Manuel	Damage indemnity	8th Civil Court of Santiago	46954-2012	1
CIP	Almuna Guzmán, Ester	Damage indemnity	21st Civil Court of Santiago	15048-2005	12
OTS	Álvarez Abarca, Carolina	Infraction claim and civil complaint	Local Police Court of San Ramón	15386-2013	2
CIP	Castillo Calderon Jorge	Damage indemnity	20th Civil Court of Santiago	6866-2011	2
L	Castro González, Verónica	Unlawful termination & collection of services	2nd Labor Court of Santiago	O-3016-2013	1
CIP	Comunidad Edificio Plaza Santa Ana	Damage indemnity and recovery of the real estate	17th Civil Court of Santiago	2121-2012	1
L	Donoso	Labor sentence executive collection	S/N Labor and Pension Collection Court	J-783-2011	12
CIP	Donoso Bravo, Patricio	Damage indemnity	18th Civil Court of Santiago	21783-2012	1
CIP	Elizondo Uribe, Ángel	Damage indemnity	2nd Civil Court of Santiago	1998-2010	5
L	Garriman Rubio, Alfredo	Labor sentence executive collection	S/N Labor and Pension Collection Court	J-1761-2011	1
CO	González Barrera, Wilson y Other with Conama, Municipalidad de Puente Alto	Annulment of public right	18th Civil Court of Santiago	14201-2005	5
CIP	Gutiérrez Urrutia, Claudia con Delgado Sánchez, Luis; OHL S.A.	Damage indemnity	5th Civil Court of Santiago	16182-2005	1
CIP	Herrera Herrera, Máximo Arturo	Damage indemnity	12th Civil Court of Santiago	32443-2011	1
OTS	Hidalgo Fernández, Noemí Estela	Infraction claim and civil complaint	3rd Local Police Court of La Florida	66.681-10-2011	5
OTS	Kaulen Downey, Joaquín and other	Infraction claim and civil complaint	4th Local Police Court of Santiago	965-5-2013	2
CIP	Lagunas Morales, Julio	Damage indemnity	22nd Civil Court of Santiago	19550-2010	1
CIP	Lecaros Lefain, José	Damage indemnity	8th Civil Court of Santiago	4275-2013	1
CIP	Madrid Jaña, Corina with Const. Huarte Andina and Metro S.A.	Damage indemnity	29th Civil Court of Santiago	15856-2009	1
CIP	Melendez Salas, María	Damage indemnity	14th Civil Court of Santiago	3342-2011	1
CIP	Méndez Vargas, Yolanda	Damage indemnity	13th Civil Court of Santiago	10867-2012	1
CIP	Molina Cabrera, Felicia	Damage indemnity	11th Civil Court of Santiago	17.771-2011	1
L	Morales Muñoz, Mónica with Wackenhut-VALCORP Servicios S.A.	Executive sentence collection	N/N Labor and Pension Collection Court	10-2007	1
OTS	Municipalidad de Ñuñoa	Infraction claim	2nd Local Police Court of Ñuñoa	6545-2013	1
CIP	Nova Manquiel, Estela and other, and Construcciones Especializadas Ltda.	Damage indemnity	13th Civil Court of Santiago	8415-2013	1
CIP	Quinchavil Aguirre, Gabriel	Damage indemnity	27th Civil Court of Santiago	28528-2012	1
CIP	Ramos Pontillo, Julia	Damage indemnity	26th Civil Court of Santiago	22647-2012	1
CIP	Ramos Urbina, Guillermo	Damage indemnity	15th Civil Court of Santiago	28472-2011	1
CIP	Riffo Padilla, Uberlinda	Damage indemnity	23rd Civil Court of Santiago	8093-2010	5
CIP	Rodríguez Duarte, Alioska with Balfour Beatty Chile S.A.	Damage indemnity	5th Civil Court of Santiago	10.191-2009	5
L	Rojas Rojas, Rodrigo	Unlawful termination & collection of services	1st Labor Court of Santiago	O-3601-2013	1
OTS	Sandoval Vidal, Ximena	Infraction claim and civil complaint	2nd Local Police Court of Lo Prado	9510-2012	8
CIP	Santander Herrera, Roxana	Damage indemnity	12th Civil Court of Santiago	8386-2011	1
L	Sazo Gutierrez, Eduardo	Annulment of termination, unlawful termination & collection of services	1st Labor Court of Santiago	O-3389-2013	1
CIP	Sepúlveda Aro, Moisés	Damage indemnity	7th Civil Court of Santiago	6480-2007	1
CIP	Serrano Díaz, Jaime and Municipalidad de Las Condes	Damage indemnity	17th Civil Court of Santiago	470-2013	1
CIP	Soto Valencia, Agustina	Damage indemnity	27th Civil Court of Santiago	25700-2011	1

### Type of Lawsuit

L	Labor
CIP	Civil – Indemnity for Damages
CO	Civil - Others
OTS	Other

### Current Status

1	At first instance discussion and evidence	7	At second instance with favorable sentence
2	At first instance for sentencing	8	At second instance with unfavorable sentence
3	At first instance with favorable sentence	9	Appeal cause heard
4	At first instance with unfavorable sentence	10	Appeal with favorable sentence
5	At second instance after hearing the cause	11	Appeal with unfavorable sentence
6	At second instance in agreement	12	Incidental compliance

The Company has been sued and the lawsuits are recorded in current liabilities provision items, detailed as follows:

Other short-term provisions	09-30-2013 M\$	12-31-2012 M\$
Lawsuit provision	1,110,500	1,095,003
<b>Total</b>	<b>1,110,500</b>	<b>1,095,003</b>

A provision is a liability for which there is uncertainty regarding its amount or expiration date.

A liability is a present obligation of the entity, arising due to past events, which settlement the entity expects will require an outflow of resources.

The information recorded in this note, corresponds to provisions for lawsuits where there is uncertainty regarding the amount involved and its payment will be made in the short-term, involving certain legal complaints filed against the Company by suppliers, employees, individuals affected by termination of contract or services provided and the timeframes will depend on the legal proceedings. Movements of provisions are detailed as follows:

Item	Amount M\$
<b>Balance 01.01.2012</b>	<b>1,162,247</b>
Accrued provisions	1,171,651
Provision reversals	(1,238,895)
<b>Balance as of 12.31.2012</b>	<b>1,095,003</b>
Accrued provisions	256,240
Provision reversals	(240,743)
<b>Balance as of 09.30.2013</b>	<b>1,110,500</b>

#### Direct Guarantees

The guarantees granted by the Company are in US dollars, expressed in thousands of Chilean pesos as of September 30, 2013.

Guarantee creditor	Debtor		Type of guarantee	Assets committed		Release of guarantee	
	Name	Relationship		Type	Carrying amount	Date	Assets
Subterráneos de Buenos Aires Soc.del Estado	Metro S.A.	Not related	Real	Cash	17,546	2013	
Subterráneos de Buenos Aires Soc.del Estado	Metro S.A.	Not related	Real	Cash	5,849	2013	

As of the closing date of the financial statements there are no balances pending payment, since they are Performance Bonds.

## 20. Changes to net equity

### 2013 capital increase

At an Extraordinary Shareholders' Meeting held on June 25, 2013, the shareholders of the Company agreed to:

- ✓ Increase the issued and subscribed capital stock of the Company by M\$99,200,000, nominal value, through the issuance of 2,684,709,066 Series A common shares, which CORFO will subscribe and pay for by December 31, 2013 at the latest.

On August 26, 2013, CORFO made the government capital contributions related to the capital increased authorized on June 25, 2013.

### 2012 capital increase

At an Extraordinary Shareholders' Meeting held on December 27, 2012, the shareholders of the Company agreed to:

- ✓ Increase the issued and subscribed capital stock of the Company by capitalizing government contributions in an aggregate amount of M\$109,360,969, nominal value, through the issuance of 2,932,715,714 Series A common shares subscribed and paid by the Government of Chile and CORFO prorated to their equity interest ownership.

On November 26, 2012 Corfo paid the government contributions subscribed on September 11, 2012.

An Extraordinary Shareholders' Meeting was held on September 11, 2012 where the shareholders agreed to:

- ✓ Increase issued and subscribed capital, by the sum of M\$ 95,600,000, nominal value, through the issuance of 2,531,779,661 Series A cash shares that Corfo will subscribe and pay by December 31, 2012 at the latest.

- a. Paid-in capital – The paid-in capital of the Company as of September 30, 2013 is represented by 28,329,641,275 and 19,163,677,063 Series A and B registered shares without par value, respectively, with 29,282,821,437 shares corresponding to CORFO and 18,210,496,901 shares corresponding to the Government of Chile.

The paid-in capital of the Company as of December 31, 2012 was represented by 25,644,932,209 and 19,163,677,063 Series A and B registered shares without par value, respectively, with 26,598,112,371 shares corresponding to CORFO and 18,210,496,901 shares corresponding to the Government of Chile.

Series A shares correspond to founders' capital and to capital increases subscribed and paid by the Government of Chile and by CORFO and cannot be disposed of. Series B shares correspond to capital increases that could allow the incorporation of other shareholders.

Shareholders are detailed as follows:

Shareholders	09-30-2013			12-31-2012	
	Number of shares and percentages				
	Subscribed and paid-up shares	Shares paid	% ownership	Subscribed and paid-up shares	% ownership
Chilean Economic Development Agency	29,282,821,437	29,282,821,437	61.66%	26,598,112,371	59.36%
Chilean State – Ministry of Finance	18,210,496,901	18,210,496,901	38.34%	18,210,496,901	40.64%
<b>Total</b>	<b>47,493,318,338</b>	<b>47,493,318,338</b>		<b>44,808,609,272</b>	
Chilean Economic Development Agency					
Series A	17,179,350,131	17,179,350,131		14,494,641,065	
Series B	12,103,471,306	12,103,471,306		12,103,471,306	
<b>Total</b>	<b>29,282,821,437</b>	<b>29,282,821,437</b>		<b>26,598,112,371</b>	
Chilean State – Ministry of Finance					
Series A	11,150,291,144	11,150,291,144		11,150,291,144	
Series B	7,060,205,757	7,060,205,757		7,060,205,757	
<b>Total</b>	<b>18,210,496,901</b>	<b>18,210,496,901</b>		<b>18,210,496,901</b>	

- b. Distribution of net income and dividends - the Company's dividends policy is in accordance with current legislation according to which at least 30% of net profits for the year must be distributed as cash dividends, unless otherwise resolved by the Shareholders' Meeting by the unanimous vote of the outstanding shares issued.

At the Ordinary Shareholders' Meeting held on April 25, 2013, the shareholders resolved not to distribute net income or dividends.

- c. Non-controlling Interests

Non-controlling interests correspond to the recognition by the Company of the share in the equity and net income of its subsidiary not directly or indirectly attributable to the Company. For the periods ended September 30, 2013 and 2012, these are detailed as follows:

Subsidiaries	Percentage		Equit		Share of income	
	Non-controlling interest		Non-controlling interest		Income (loss)	
	2013	2012	2013	2012	2013	2012
	%	%	M\$	M\$	M\$	M\$
Empresa de Transporte Suburbano de Pasajeros S.A. (Transub S.A.)	33.33	33.33	(10,645)	(10,645)		

d. Other reserves

Other reserves are composed of revaluation of paid-in capital for the period of transition to IFRS, revaluation surplus (first-time adoption) of land and adjustments originating from the change in accounting standard, as stated in Circular 456 issued by the SVS.

Other reserves	09-30-2013 M\$	12-31-2012 M\$
Inflation adjustment paid-up capital	30,336,377	30,336,377
Revaluation surplus	4,620,694	4,620,694
<b>Total</b>	<b>34,957,071</b>	<b>34,957,071</b>

Additional and complementary information is presented in the consolidated statement of changes in net equity.

## 21. Income and Expenses

### Revenue

Revenue for the periods ended as of September 30, 2013 and 2012, is detailed as follows:

Revenue	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Revenues from passenger transportation services	151,465,930	151,091,195	51,016,533	52,051,212
Sales channel income	16,036,763	11,576,318	7,917,468	3,895,987
Leases of commercial stores, spaces and advertising	8,877,559	8,432,392	2,893,340	2,741,434
Leases in intermodal terminals	1,361,268	1,090,073	437,596	348,472
Other income	3,848,921	3,710,176	1,278,667	1,294,663
<b>Total</b>	<b>181,590,441</b>	<b>175,900,154</b>	<b>63,543,604</b>	<b>60,331,768</b>

### Other income *other than revenue*

Other income for the periods ended as of September 30, 2013 and 2012 is detailed as follows:

Other income	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Income from fines and indemnization	565,251	299,104	250,180	130,795
Revenue from fines and indemnities	239,061	220,938	92,802	90,793
Welfare revenue	89,790	13,424	5,600	6,370
Sale of proposals	240,692	144,146	141,063	16,371
<b>Total</b>	<b>1,134,794</b>	<b>677,612</b>	<b>489,645</b>	<b>244,329</b>

### *Expenses by nature*

Cost of sales, administrative expenses and other expenses by function for the periods ended as of September 30, 2013 and 2012, are detailed as follows:

Expenses by nature	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Energy purchases	(22,346,754)	(21,785,105)	(7,173,308)	(7,467,843)
Personnel expenses	(45,015,451)	(38,676,499)	(14,628,085)	(12,592,240)
Maintenance and operating expenses	(28,619,814)	(24,974,286)	(9,857,053)	(8,526,507)
Depreciation and amortization	(55,066,547)	(53,503,759)	(18,441,459)	(17,853,447)
General expenses and others	(26,938,357)	(25,965,861)	(9,243,447)	(8,555,667)
<b>Total</b>	<b>(177,986,923)</b>	<b>(164,905,510)</b>	<b>(59,343,352)</b>	<b>(54,995,704)</b>

### *Personnel expenses*

Personnel expenses for the periods ended as of September 30, 2013 and 2012 are detailed as follows:

Personnel expenses	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Wages and salaries	(29,718,290)	(26,216,703)	(10,157,265)	(8,101,237)
Other benefits	(12,726,597)	(9,090,776)	(3,890,161)	(3,148,032)
Expenses on social and collective benefits	(1,395,654)	(2,233,109)	(200,723)	(968,548)
Social security contribution	(1,174,910)	(1,135,911)	(379,936)	(374,423)
<b>Total</b>	<b>(45,015,451)</b>	<b>(38,676,499)</b>	<b>(14,628,085)</b>	<b>(12,592,240)</b>

### *Maintenance and operating expenses*

For the periods ended as of September 30, 2013 and 2012, the breakdown for this line item is detailed as follows:

Maintenance and operating expenses	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Maintenance of rolling stock, stations and others	(21,315,155)	(17,841,215)	(7,581,310)	(6,261,574)
Parts	(5,631,981)	(4,971,287)	(1,646,222)	(961,609)
Repairs, leases and others	(1,672,678)	(2,161,784)	(629,521)	(1,303,324)
<b>Total</b>	<b>(28,619,814)</b>	<b>(24,974,286)</b>	<b>(9,857,053)</b>	<b>(8,526,507)</b>

### Depreciation and amortization

For the periods ended as of September 30, 2013 and 2012, depreciation and amortization are detailed as follows:

Depreciation and Amortization	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Depreciation	(54,720,077)	(53,206,809)	(18,324,280)	(17,743,324)
Amortization	(346,470)	(296,950)	(117,179)	(110,123)
<b>Total</b>	<b>(55,066,547)</b>	<b>(53,503,759)</b>	<b>(18,441,459)</b>	<b>(17,853,447)</b>

### General and other expenses

For the periods ended as of September 30, 2013 and 2012, general and other expenses are detailed as follows:

General Expenses and Others	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
Service contracts	(9,902,607)	(8,233,537)	(3,448,502)	(2,884,918)
Complementary transportation expenses	(3,837,275)	(6,594,517)	659,837	(2,219,189)
Property taxes	(758,353)	(1,539,750)	(252,501)	(513,250)
Corporate image expenses	(754,920)	(667,245)	(241,185)	(298,347)
Sales channel operator expenses	(9,188,248)	(6,548,680)	(4,679,725)	(2,208,174)
Insurance, materials and others	(2,496,954)	(2,382,132)	(1,281,371)	(431,789)
<b>Total</b>	<b>(26,938,357)</b>	<b>(25,965,861)</b>	<b>(9,243,447)</b>	<b>(8,555,667)</b>

### Financial result and exchange differences

The Company's financial result and exchange differences for the periods ended as of September 30, 2013 and 2012, are detailed as follows:

Financial Result	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	07-01-2013 09-30-2013	07-01-2012 09-30-2012
	M\$	M\$	M\$	M\$
<b>Financial income</b>				
Interest on cash and other cash equivalent	3,865,329	3,462,915	1,401,029	1,373,657
Financial income from swaps	2,313,457	2,550,975	754,969	888,382
Other financial income	118,446	10,308	52,471	(113,903)
<b>Subtotal</b>	<b>6,297,232</b>	<b>6,024,198</b>	<b>2,208,469</b>	<b>2,148,136</b>
<b>Financial expenses</b>				
Interest and expenses on bank loans	(7,551,658)	(8,267,342)	(2,322,706)	(2,927,965)
Interest and expenses on bonds	(29,455,676)	(28,801,119)	(9,820,265)	(9,791,058)
Other financial expenses	(474,290)	(870,503)	(91,839)	(249,686)
<b>Subtotal</b>	<b>(37,481,624)</b>	<b>(37,938,964)</b>	<b>(12,234,810)</b>	<b>(12,968,709)</b>
<b>Profit (loss) Financial Result</b>	<b>(31,184,392)</b>	<b>(31,914,766)</b>	<b>(10,026,341)</b>	<b>(10,820,573)</b>

Exchange difference and indexation units	ACCUMULATED		QUARTER	
	01-01-2013 09-30-2013	01-01-2012 09-30-2012	01-07-2013 09-30-2013	01-07-2012 09-30-2012
	M\$	M\$	M\$	M\$
<b>Foreign currency translation</b>				
Profit (loss) on foreign currency translation (foreign loan and inv.)	(15,437,294)	35,866,499	1,699,445	21,018,757
Profit (loss) on indexation units (bonds)	(8,982,694)	(10,446,591)	(8,511,343)	1,349,123
<b>Profit (loss) on foreign currency translation and indexation units</b>	<b>(24,419,988)</b>	<b>25,419,908</b>	<b>(6,811,898)</b>	<b>22,367,880</b>

*Other profits (losses)*

Other profits (losses) of the Company for the periods ended as of September 30, 2013 and 2012 are detailed as follows:

Other profits (losses)	ACCUMULATED		QUARTER	
	01-01-2013	01-01-2012	07-01-2013	07-01-2012
	09-30-2013	09-30-2012	09-30-2013	09-30-2012
	M\$	M\$	M\$	M\$
Net present value swaps US\$	9,879,947	6,235,800	1,306,195	486,148
Net present value swaps UF	(8,431,354)	(14,369,998)	(2,854,075)	(4,843,390)
<b>Total</b>	<b>1,448,593</b>	<b>(8,134,198)</b>	<b>(1,547,880)</b>	<b>(4,357,242)</b>

*Other comprehensive income*

For the periods ended as of September 30, 2013 and 2012, other comprehensive income is detailed as follows:

Other comprehensive income	01-01-2013	01-01-2012	07-01-2013	07-01-2012
	09-30-2013	09-30-2012	09-30-2013	09-30-2012
	M\$	M\$	M\$	M\$
Actuarial profits (losses) on defined benefits plans	(271,017)	15,143	(156,452)	(3,212)
<b>Total</b>	<b>(271,017)</b>	<b>15,143</b>	<b>(156,452)</b>	<b>(3,212)</b>

As of July 1, 2013, the contract for complementary issuance and post-sales services of the *Tarjeta Bip!* and commercialization and recharge network for the *Tarjeta Bip!* to the public passenger transportation system of Santiago executed between the Company and the Ministry of Transportation and Telecommunications of Chile, dated December 14, 2012, came into effect and was reported as an essential event through letter GG No. 536 to the SVS dated December 14, 2012.

## 22. Guarantees received from third parties

Guarantees received as of period closing are detailed as follows:

Grantor	Guar. Amount M\$	Originating Operation	Relationship
Alstom Chile S.A.	145,810,351	Service contract	Supplier
Alstom Transport S.A.	43,881,954	Service contract	Supplier
Ascensores Otis Chile Ltda.	2,477,556	Service contract	Supplier
Acciona Infraestructura S.A.	923,641	Seriousness/offer	Supplier
Amec-Cade Ingen. y Des. de Proy.	904,069	Service contract	Supplier
Ansaldo STS	1,008,400	Seriousness/offer	Supplier
Balfour Beatty Chile S.A.	3,580,813	Works and services contract	Supplier
Bravo Energy Chile	1,522,021	Service contract	Supplier
Consortio CVC Comao	1,007,134	Service contract	Supplier
Consortio GSI SPA	923,641	Service contract	Supplier
Consortio Zafartu Geocontrol	1,269,878	Works contracts	Supplier
Consortio El-Ossa S.A.	20,083,655	Works contracts	Supplier
CAF Chile S.A.	97,139,752	Service contract	Supplier
Clas Ingeniería	1,269,101	Service contract	Supplier
Constructora Con Pax S.A.	923,641	Seriousness/offer	Supplier
Constructora Internacional S.A	923,641	Seriousness/offer	Supplier
Construcciones Especializadas	1,059,936	Seriousness/offer	Supplier
CVC Comao S.A.	1,248,258	Service contract	Supplier
Const. y Auxiliar de Ferrocarriles	49,501,380	Service contract	Supplier
ECM Ingeniería S.A.	961,491	Service contract	Supplier
Eme Serv. Generales LTDA.	1,178,566	Service contract	Supplier
Empresa Constructora Metro 6 L	11,850,175	Works contract	Supplier
Eulen Seguridad S.A.	1,347,324	Service contract	Supplier
Flesan S.A.	1,217,977	Seriousness/offer	Supplier
Ferrovial Agroman Chile S.A.	10,178,461	Seriousness/offer	Supplier
GPMG Ingeniería y Construcción	3,304,749	Works contract	Supplier
Ingeniería y Desarrollo Tecnológico	1,356,822	Service contract	Supplier
Ingeniería Siga- Poch Limitada	1,353,756	Service contract	Supplier
JC Decaux Chile S.A.	1,156,598	Service contract	Supplier
MEC SPA	1,964,709	Service contract	Supplier
Mitsubishi Chile Ltda.	1,008,400	Seriousness/offer	Supplier
Obrascon Huarte Lain S.A Agenc.	15,379,981	Works contract	Supplier
S.A.de Obras y Servicios Copasa A.G.	923,641	Seriousness/offer	Supplier
Systra	1,975,525	Service contract	Supplier
Systra Agencia En Chile	3,435,041	Seriousness/offer	Supplier
Sacyr Chile S.A	923,641	Seriousness/offer	Supplier
Salinis Spa Chile	88,503,412	Service contract	Supplier
Siemens S.A.	3,622,258	Service contract	Supplier
Soc. Mant. e Instalac. Técnica S.A.	1,946,359	Works contract	Supplier
Thales Communications & Security	889,177	Service contract	Supplier
Thales	23,319	Service contract	Supplier
Other	22,417,292	Works service contract	Supplier
<b>Total</b>	<b>552,377,496</b>		

## 23. Risk management policies

The Company is exposed to several risks which are inherent to the activities that are carried out in the public passenger transportation services, in addition to risks of an economic and financial nature associated to changes in market conditions or fortuitous or force majeure cases, among others.

### 23.1 Description of the market in which the company operates

The main market in which the Company participates is that of public transportation of passengers in the Metropolitan Region of Santiago and is composed of users seeking a quick and safe journey.

Secondary activities to the Company's main line of business include collection of transportation fees and sale of means of payment (*Tarjeta Bip!* and tickets), leasing of advertising spaces, and leasing of business premises at the network stations, among others.

#### ✓ Rates

On February 10, 2007, the Company became part of the Integrated Public Passenger Transportation System of Santiago, or Transantiago, and its fare revenues was originally based on the effectively confirmed number of passengers transported and the technical tariff established in Exhibit 1 of the Tender Documents for the Use of the Thoroughfares of the City of Santiago.

On December 14, 2012 a new transportation agreement was signed by the Company with the Ministry of Transportation and Telecommunications of Chile to replace the aforementioned Exhibit 1, which established a flat-rate technical tariff of Ch\$302.06 per confirmed transported passenger, taking September 2012 as a base, and which is updated monthly by the indexation polynomial, included in this new agreement, which takes into consideration the variation of the variables that compose the Company's long-term cost structure (CPI, US dollar, euro, price of power and electric energy). This allows for a natural match in case of cost variations, due to an increase in any of the variables that compose the polynomial.

The fare paid by the public is different than the one received by the Company per transported passenger. In September 2013, customers paid Ch\$670 at peak hours, Ch\$610 at valley hours and Ch\$ 560 at low hours, while, on average the Company received a technical tariff of Ch\$305.68 per passenger on that month.

#### ✓ Demand

Today the Company is the structuring pillar of the Integrated System of Public Passengers Transportation (Transantiago) and during the period from January to September 2013 reached a level of 2.22 million trips on a business day, which means that currently 61% of the trips made daily in Santiago are made on the Metro. This figure is extrapolated from the breakdown of all the trips made, where 31% are made by only Metro users, 30% by users of Metro and bus and 39% by only bus users.

The risk related to the demand of Metro passengers is mainly associated to the country's level of economic activity, level of employment and quality of the ground passenger transportation service (buses). In fact, the demand for passenger transportation is derived from the rest of the economic activities. During the period from January to September 2013, we noted an increase of 10.4 million trips, in comparison to the same date in 2012, explained mainly by an 11.2% increase in affluence during April and 7.6% in September of this year.

### **23.2 Financial risks**

The main risks to which the Santiago metro is exposed to and which arise from financial assets and liabilities are: market risk, liquidity risk and credit risk.

In loans with financial institutions, the nominal rate is similar to the effective rate since there are no additional transaction costs to be considered.

#### ✓ Market risk

The technical tariff received by the Company is updated monthly by the indexation polynomial which takes into consideration changes in the variables that compose the Company's long-term cost structure (CPI, US dollar, euro, price of power and electric energy). This allows for a natural hedge in case of cost variations due to an increase in certain variables that compose the polynomial.

To reduce the Company's exposure to financial debt denominated in US dollars and to interest rate changes, the Company has a financial risks economic hedge policy. In the framework of this policy, the Company performed derivative transactions (Cross Currency Swap ("CCS")) in the amount of MMUSD82 during September 2013 (balance of MMUSD198 as of September 30, 2012), which do not meet the hedge accounting criteria.

In May 2012, the Company placed bonds in the local financial market in the amount of UF1.5 million at a rate of 3.88%, the best rate obtained among the issuances by the Company without State guarantee carried out by the Company.

Particularly, the Company is exposed to two market risks, which are: interest rate risk and foreign currency translation risk.

#### ✓ Interest rate risk

Market risks include possible changes in the Libor rate, affecting foreign loans obtained by the Company at variable rates.

In order to mitigate the risks of interest rate fluctuation, the Company has entered into derivative transactions (cross currency swaps) and placed UF-denominated bonds in at a fixed rate.

As of September 2013, the share of the debt at a variable rate has not significantly changed in comparison to as of December 2012, as shown in the following table:

Debt Composition	09-30-2013	12-31-2012
	%	%
Fixed rate	84.1	83.4
Variable rate	15.9	16.6
Total	100.0	100.0

When we analyze the sensitivity as of September 30, 2013 on the net debt at a variable Libor rate, not hedged by current derivatives, which amounts to MMUSD 373, we note in the following table, the effect on income in a scenario where the Libor rate is increased by 100 base points, would be an annual increase in finance expenses in the amount of MMUSD 3.7.

Sensitivity analysis	Equivalent in MMUSD	Total %
Total debt (equivalent to MMUSD)	2,346	100%
Debt at LIBOR rate	467	
IRS	103	
CCS	(198)	
Total variable rate debt	373	16%
Total variable LIBOR rate debt	373	
Total fixed rate debt	1,973	84%

Variation in Financial Expenses	Equivalent in MMUSD
Impact on financial expenses of a variation of 100 base points in LIBOR	3.7

✓ Exchange Rate Risk

The following table shows the composition of the Company's debt, expressed in millions of U.S. dollars (considers current derivatives transactions):

Financial Debt Structure	09-30-2013	%	12-31-2012	%
	Eq, in MMUSD		Eq, in MMUSD	
Debt UF	1,839	78%	1,942	78%
Debt US\$ net Swap	507	22%	551	22%
<b>Total financial debt</b>	<b>2,346</b>	<b>100%</b>	<b>2,493</b>	<b>100%</b>

The structure of the financial debt as of September 30, 2013, is mainly denominated in UF (78%) and in US dollars (22%).

This is in line with the operating flows of Metro, given the adjustment formula, which updates the Company's technical tariff in case of changes in the US dollar and the Euro, in addition to other variables, which produces a natural hedge in long-term operating cash flows.

When we analyze the sensitivity of the comprehensive income statement as of September 30, 2013, in case of a possible 10% depreciation/appreciation of the Chilean peso in respect to the US dollar, leaving all the rest of the parameters constant, we estimate that a loss or profit of M\$ 22,229,630 would be generated.

<b>Sensibility Analysis</b>	<b>10% depreciation</b>	<b>10% appreciation</b>
<b>Effect on income as of September 2013</b>	<b>M\$</b>	<b>M\$</b>
Impact on income of a variation of 10% in the Ch\$/US\$ exchange rate	(22,229,630)	22,229,630

✓ Liquidity risk

Income from tariffs associated with Metro passenger transportation, based on the contracts signed with the Financial Administrator of Transantiago, are discounted daily from the funds collected by the Company's sales channel, generating the liquidity necessary to cover the Company's commitments. This income corresponds to 5% of total ordinary income.

Additionally, the Company has duly approved bank credit lines, which reduces liquidity risk.

The expiration of interest bearing debt, by terms, separated in principal and interest payable, is detailed as follows:

	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>
Capital	97,370,517	258,013,744	94,598,227	732,746,971	1,182,729,459
Interest	46,344,658	128,653,865	74,046,562	237,105,086	486,150,171
<b>Total</b>	<b>143,715,175</b>	<b>386,667,609</b>	<b>168,644,789</b>	<b>969,852,057</b>	<b>1,668,879,630</b>

✓ Financial liability structure

✓ The Company's financial debt classified by maturity is presented as follows:

<b>Financial Liabilities</b>	<b>09-30-2013</b>				
	<b>Up to 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>5 years &amp; over</b>	<b>Total</b>
	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>
Bank loans	87,902,423	200,594,040	39,474,573	28,907,125	356,878,161
Bonds	20,231,793	57,419,704	54,762,498	709,668,376	842,082,371
Hedge Operations	777,856	3,520,042	781,936	2,866,482	7,946,316
<b>Total</b>	<b>108,912,072</b>	<b>261,533,786</b>	<b>95,019,007</b>	<b>741,441,983</b>	<b>1,206,906,848</b>

<b>Financial Liabilities</b>	<b>12-31-2012</b>				
	<b>Up to 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>5 years &amp; over</b>	<b>Total</b>
	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>
Bank loans	50,143,308	178,879,720	107,089,622	36,093,337	372,205,987
Bonds	21,368,637	47,584,904	44,729,809	730,965,690	844,649,040
Hedge Operations	820,111	5,598,721	2,074,315	4,172,606	12,665,753
<b>Total</b>	<b>72,332,056</b>	<b>232,063,345</b>	<b>153,893,746</b>	<b>771,231,633</b>	<b>1,229,520,780</b>

In general, the Company's debt structure is composed mainly of long-term bank bonds and loans, focusing on ensuring financial stability and improving matching with the maturity period of the Company's assets.

The book and market value of the debt in loans and bonds of the Company as of September 30, 2013 is detailed as follows.

	<b>Book Value M\$</b>	<b>Market value M\$</b>
Loans	356,878,161	361,987,082
Bonds	842,082,371	910,146,702

✓ Credit risk

The Company's credit risk arises from its exposure to its counterpart in a certain contract or financial instrument might not fulfill its obligations. Thus, it considers both credit granted to customers and financial assets in portfolio.

- Accounts receivable

The risk of accounts receivable arising from commercial activities (passenger transportation) is limited, since 85% of the income received by the Company is received daily in cash, whereas the remaining 15% corresponds to income not related to the main business.

The maximum exposure to credit risk arises from commercial debtors.

<b>Commercial debtors and other accounts receivable</b>	<b>Balance as of</b>	
	<b>09-30-2013 M\$</b>	<b>12-31-2012 M\$</b>
Commercial debtors, Gross	8,965,265	5,252,253
Impairment of commercial debtors	(689,013)	(502,171)
<b>Commercial debtors, Net</b>	<b>8,276,252</b>	<b>4,750,082</b>
Other accounts receivable, Gross	1,282,672	782,912
Impairment of other accounts receivable	<b>1,282,672</b>	<b>782,912</b>
<b>Other accounts receivable, Net</b>	<b>9,558,924</b>	<b>5,532,994</b>

Accounts receivable correspond mainly to business premise leases, advertising and invoices receivable, with low default rates. In addition there are no customers with significant balances in relation to total accounts receivable.

Impairment of accounts receivable is determined using the legal reports issued by the Company's legal department, considering the level of default of the account and the judicial collection and non-judicial collection measures taken.

Analysis of accounts receivable based on age is detailed as follows:

Aging of commercial debtors, net	Balance as of	
	09-30-2013 M\$	12-31-2012 M\$
Less than 3 months	6,827,836	4,373,544
From 3 months to 1 year	1,248,469	375,838
More than 1 year	199,948	700
<b>Total</b>	<b>8,276,253</b>	<b>4,750,082</b>

Aging of other accounts receivable, net	Balance as of	
	09-30-2013 M\$	12-31-2012 M\$
Less than 3 months	323,982	183,056
From 3 months to 1 year	958,690	599,856
<b>Total</b>	<b>1,282,672</b>	<b>782,912</b>

- Financial assets

The level of exposure of financial assets to risk is established in the Company's financial investment policy.

As of closing September 30, 2013 and December 31, 2012, balances of the Company's financial assets are detailed as follows:

Financial Assets	09-30-2013			Total M\$
	Up to 1 year M\$	1 a 5 years M\$	5 years plus M\$	
<b>Cash and Cash Equivalents</b>				
Available	1,501,013			1,501,013
Fixed-term deposits	169,396,844			169,396,844
Repurchase agreements	26,552,635			26,552,635
<b>Subtotal</b>	<b>197,450,492</b>			<b>197,450,492</b>
<b>Other Financial Assets</b>				
Hedge Operations	223,598	4,655,175	1,396,553	6,275,326
Financial leases	19,773	183,642	1,306,585	1,510,000
Promissory notes receivable		352,070		352,070
<b>Subtotal</b>	<b>243,371</b>	<b>5,190,887</b>	<b>2,703,138</b>	<b>8,137,396</b>
<b>Total</b>	<b>197,693,863</b>	<b>5,190,887</b>	<b>2,703,138</b>	<b>205,587,888</b>

Financial Assets	12-31-2012			
	Up to 1 year M\$	1 a 5 years M\$	5 years plus M\$	Total M\$
<b>Cash and Cash Equivalents</b>				
Available	227,933			227,933
Fixed-term deposits	144,542,948			144,542,948
Repurchase agreements	17,746,824			17,746,824
<b>Subtotal</b>	<b>162,517,705</b>			<b>162,517,705</b>
<b>Other Financial Assets</b>				
Hedge Operations	887,788	5,082,077	3,049,246	9,019,111
Financial leases	22,567	151,552	1,270,231	1,444,350
Promissory notes receivable		339,016		339,016
<b>Subtotal</b>	<b>910,355</b>	<b>5,572,645</b>	<b>4,319,477</b>	<b>10,802,477</b>
<b>Total</b>	<b>163,428,060</b>	<b>5,572,645</b>	<b>4,319,477</b>	<b>173,320,182</b>

The average period to maturity of financial investments as of September 30, 2013 is less than 60 days and they are invested in banks. None of them is a significant percentage.

The above is due to the Company's financial investment policy, which focuses on reducing the risks through diversifying the portfolio, establishing maximum limits to be invested by each bank, together with considering minimum risk ratings by issuer.

### 23.3 Capital Risk Management

Pursuant to capital management, the Company seeks to maintain an optimal capital structure reducing its cost and ensure its long-term financial stability, together with ensuring compliance with its financial obligations and covenants established in the debt contracts.

Through the Extraordinary Shareholders' Meeting the Company year after year capitalizes Government contributions and capital associated to the financing of its expansion projects.

The Company follows up on the capital structure through debt and equity ratios, which are detailed below:

	09-30-2013	12-31-2012
Leverage	0.80	0.78
Equity (MM\$)	1,719,194	1,669,683

### 23.4 Commodities risk

- ✓ The Company's commodities risk factors include the supply of electric energy it requires for its operation and the need for continuity of service, in case of possible supply interruptions. In this respect, the Company has a supply system that allows it to decrease exposure in case of supply interruption by having two points of direct connection to the Central Interconnected System (SIC), which supply Lines 1, 2 and 5, as well as two points for supplying Line 4.
- ✓ In addition it should be noted that the electric energy supply systems are redundant and in the event either fails, there is always a back-up to ensure the Company maintains the energy supply for the operation of the network in a normal manner.

The operating control systems are designed with redundant criteria, i.e. they operate on stand-by, therefore in case of absence of one of the systems, the other begins operating immediately, maintaining the normal operation of the network.

- ✓ In the case of Lines 1, 2 and 5, if there is an interruption in the SIC, the distribution company has defined replacement of the supply that feeds the civic neighborhood of Santiago as a first priority, which allows the Metro network to have energy almost immediately, since Metro is supplied by the same sources.

Likewise it should be noted that in June 2004, the Company signed the Energy and Power Contract with distributor Chilectra S.A., which is in effect as of August 1, 2004 and allows the Company to ensure the current network's supply of electric energy for a period of 10 years.

### 23.5 Risk due to unforeseen events or *force majeure*

In addition to the above, the Company has risk management and control policies where the possible events related to the actions of nature or third parties which could affect the Company's operations are analyzed, for which there are emergency plans that are reviewed and updated periodically.

## 24. Environment

Disbursements related to improvements and/or investments that directly or indirectly affect protection of the environment, for the periods ended as of September 30, 2013 and 2012 are detailed as follows:

Item	Allocated to expenses		Quarterly variation	
	01-01-2013	01-01-2012	07-01-2013	07-01-2012
	09-30-2013	09-30-2012	09-30-2013	09-30-2012
	M\$	M\$	M\$	M\$
Noise and Vibrations	32,712	67,514	1,862	
Waste treatment	10,105	11,374	5,995	8,464
Run-off Water	76,635	73,075	25,669	48,784
Environmental Management	136,497	131,889	24,529	19,502
<b>Total</b>	<b>255,949</b>	<b>283,852</b>	<b>58,055</b>	<b>76,750</b>

Item	Allocated to Fixed Assets		Quarterly variation	
	01-01-2013	01-01-2012	01-07-2013	01-07-2012
	09-30-2013	09-30-2012	09-30-2013	09-30-2012
	M\$	M\$	M\$	M\$
Noise and Vibration	8,709		3,500	
<b>Total</b>	<b>8,709</b>		<b>3,500</b>	

M\$ 1,311,562 has been committed to these items in the future.

## 25. Sanctions

During 2013 and 2012, the Company has not been sanctioned by the SVS or any other supervising entity.

**26. Subsequent events**

The following event after the reporting period has occurred during the period from October 1 to November 11, 2013:

Letter 531 dated November 11 reports that by agreement of the Board of Directors adopted at meeting held today, the Directors decided to call an Extraordinary Shareholders' Meeting for December 23, 2013 at 11:00 hours, at the Company offices, in order to make a pronouncement on the capitalization of government contributions up to the sum of Ch\$ 125,753,136,000.



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## EMPRESA DE TRANSPORTE DE PASAJEROS METRO S.A. AND SUBSIDIARY

### CONSOLIDATED FINANCIAL STATEMENTS

As of and for the financial years ended  
December 31, 2012, 2011 and 2010

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#### Contents:

- ✓ Independent Auditors' Report
- ✓ Classified Consolidated Statements of Financial Position
- ✓ Consolidated Statements of Comprehensive Income by Function
- ✓ Consolidated Statements of Changes to Net Equity
- ✓ Consolidated Statements of Cash Flows
- ✓ Notes to the Consolidated Financial Statements

M\$ : Figures expressed in Thousands of Chilean Pesos

MUSD : Figures expressed in Thousands of United States Dollars

MMUSD : Figures expressed in Millions of United States Dollars

## Independent Auditor's Report

Shareholders and Directors  
Empresa de Transporte de Pasajeros Metro S.A.

We have audited the accompanying consolidated financial statements of Empresa de Transporte de Pasajeros Metro S.A. and subsidiary, which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management of Empresa de Transporte de Pasajeros Metro S.A. is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Instructions and Rules issued by the Chilean Superintendencia de Valores y Seguros as indicated in Note 2.1. to the financial statements. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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



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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empresa de Transporte de Pasajeros Metro S.A. and subsidiary as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years then ended, in accordance with Instructions and Rules issued by the Chilean Superintendencia de Valores y Seguros as indicated in Note 2.1. to the financial statements.

### ***Report of Other Auditors on December 31, 2010 Financial Statements***

The consolidated financial statements of Empresa de Transporte de Pasajeros Metro S.A. and subsidiary for the year ended December 31, 2010, were audited by other auditors who expressed an unmodified opinion on those statements on February 28, 2011.

*Ernst + Young Ltda.*

Ernst & Young Servicios Profesionales  
de Auditoría y Asesoría Ltda.

Santiago, Chile  
March 25, 2013

## Independent Auditor's Report

The President and Board of Directors  
Empresa de Transporte de Pasajeros Metro S.A.:

We have audited the accompanying consolidated statement of financial position of Empresa de Transporte de Pasajeros Metro S.A. and its subsidiary as of December 31, 2010, and the related consolidated statements of comprehensive income, changes in net equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Empresa de Transporte de Pasajeros Metro S.A and its subsidiary as of December 31, 2010, and the results of their operations and their cash flows for the year then ended in conformity with International Financial Reporting Standards.



KPMG Ltda.

Santiago, February 28, 2011

## Consolidated Financial Statements

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Classified Consolidated Statements of Financial Position  
December 31, 2012, 2011 and 2010  
(in thousands of Chilean pesos)

ASSETS	Note	December 31,2012 ThCh\$	December 31,2011 ThCh\$	December 31,2010 ThCh\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	(4)	162,517,705	118,151,489	88,589,147
Other current financial assets	(10)	910,355	961,375	462,765
Other current non-financial assets	(11)	2,584,244	2,414,820	2,568,817
Commercial debtors and other current accounts receivable	(5)	5,532,994	4,899,313	6,694,281
Inventories	(6)	7,346,285	6,433,557	11,573,407
Current tax assets		471,231	457,961	453,334
Total current assets		<u>179,362,814</u>	<u>133,318,515</u>	<u>110,341,751</u>
<b>NON-CURRENT ASSETS</b>				
Other non-current financial assets	(10)	9,892,122	11,365,886	12,727,830
Other non-current non-financial assets	(11)	86,962,252	24,104,995	26,605,061
Non - current rights receivable		1,490,664	1,587,425	-
Intangible assets other than goodwill	(7)	2,954,704	2,575,678	1,092,296
Properties, plant and equipment	(8)	2,683,391,400	2,645,362,290	2,652,326,257
Investment properties	(9)	13,496,309	12,806,451	7,365,503
Total non-current assets		<u>2,798,187,451</u>	<u>2,697,802,725</u>	<u>2,700,116,947</u>
<b>TOTAL ASSETS</b>		<u>2,977,550,265</u>	<u>2,831,121,240</u>	<u>2,810,458,698</u>

Classified Consolidated Statements of Financial Position  
December 31, 2012, 2011 and 2010  
(in thousands of Chilean pesos)

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>December 31,2012 ThCh\$</b>	<b>December 31,2011 ThCh\$</b>	<b>December 31,2010 ThCh\$</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Other current financial liabilities	(12)	72,332,056	77,411,237	73,213,021
Commercial accounts payable and other accounts payable	(15)	35,233,059	25,083,803	34,590,307
Other short-term provisions	(19)	1,095,003	1,162,247	2,050,961
Current provisions for employee benefits	(17)	7,540,583	10,043,110	7,975,899
Other current non-financial liabilities	(13)	11,598,967	13,810,939	12,388,695
Total current liabilities		<u>127,799,668</u>	<u>127,511,336</u>	<u>130,218,883</u>
<b>NON-CURRENT LIABILITIES</b>				
Other non-current financial liabilities	(12)	1,157,188,724	1,187,089,506	1,151,245,861
Accounts payable to related entities, non-current	(14)	7,653,136	11,260,969	10,663,691
Non-current provisions for employee benefits	(17)	12,044,195	12,441,579	14,732,596
Other non-current non-financial liabilities	(13)	3,182,039	2,987,114	3,074,467
Total non-current liabilities		<u>1,180,068,094</u>	<u>1,213,779,168</u>	<u>1,179,716,615</u>
Total liabilities		<u>1,307,867,762</u>	<u>1,341,290,504</u>	<u>1,309,935,498</u>
<b>EQUITY</b>				
Issued capital	(20)	1,776,047,711	1,571,086,742	1,484,403,651
Accumulated profits (losses)	(20)	(141,311,634)	(116,202,432)	(14,206,183)
Other reserves	(20)	34,957,071	34,957,071	30,336,377
Equity attributable to the owners of the parent		1,669,693,148	1,489,841,381	1,500,533,845
Non-controlling interests	(20)	(10,645)	(10,645)	(10,645)
Total equity		<u>1,669,682,503</u>	<u>1,489,830,736</u>	<u>1,500,523,200</u>
Total equity and liabilities		<u>2,977,550,265</u>	<u>2,831,121,240</u>	<u>2,810,458,698</u>

Consolidated Statements of Comprehensive Income by Function  
December 31, 2012, 2011 and 2010  
(in thousands of Chilean pesos)

INCOME STATEMENT	Note	ACCUMULATED		
		01.01.2012 12.31.2012	01.01.2011 12.31.2011	01.01.2010 12.31.2010
<b>PROFIT (LOSS)</b>				
Revenues	(21)	238,396,080	228,962,168	213,842,439
Cost of sales	(21)	(201,005,439)	(196,748,099)	(190,773,627)
Gross profit		37,390,641	32,214,069	23,068,812
Other income, by function	(21)	1,011,688	3,330,422	839,609
Administrative expenses	(21)	(25,880,405)	(20,037,590)	(13,562,813)
Other expenses, by function	(21)	(217,537)	(3,828,246)	(747,015)
Other profits (losses)	(21)	(7,157,823)	3,277,383	-
Financial income	(21)	8,470,231	8,157,813	18,021,989
Financial expense	(21)	(50,640,762)	(47,798,923)	(54,417,939)
Exchange differences	(21)	31,346,031	(43,822,638)	35,215,888
Income from indexation units	(21)	(19,431,166)	(29,220,435)	(20,406,909)
Profit (loss) before taxes		(25,109,202)	(97,728,145)	(11,988,378)
Income tax expenses		-	-	-
Profit (loss) from ongoing operations		(25,109,202)	(97,728,145)	(11,988,378)
Profit (loss)		(25,109,202)	(97,728,145)	(11,988,378)
<b>PROFIT (LOSS) ATTRIBUTABLE TO</b>				
Profit (loss) attributable to the owners of the parent		(25,109,202)	(97,728,145)	(11,988,378)
Profit (loss) attributable to non-controlling interests		-	-	-
Profit (loss)		<u>(25,109,202)</u>	<u>(97,728,145)</u>	<u>(11,988,378)</u>
<b>COMPREHENSIVE INCOME STATEMENT</b>				
Profit (loss)		(25,109,202)	(97,728,145)	(11,988,378)
Other comprehensive income		-	-	-
Total comprehensive income		<u>(25,109,202)</u>	<u>(97,728,145)</u>	<u>(11,988,378)</u>
Comprehensive income attributable to				
Comprehensive income attributable to the owners of the parent		(25,109,202)	(97,728,145)	(11,988,378)
Comprehensive income attributable to non-controlling interests		-	-	-
Total comprehensive income		<u>(25,109,202)</u>	<u>(97,728,145)</u>	<u>(11,988,378)</u>

Consolidated Statements of Changes to Net Equity  
December 31, 2012, 2011 and 2010  
(in thousands of Chilean pesos)

Items	Issued capital	Other Reserves		Accumulated Profits (losses)	Equity attributable to the owners of the parent	Non controlling interest
		Other various reserves	Revaluation surplus			
Opening Balance Current Period 01.01.2012	1,571,086,742	30,336,377	4,620,694	(116,202,432)	1,489,841,381	(1,000,000)
Profit (loss)	-	-	-	(25,109,202)	(25,109,202)	-
Issuance of shares	204,960,969	-	-	-	204,960,969	-
Final Balance Current Period 12.31.2012	1,776,047,711	30,336,377	4,620,694	(141,311,634)	1,669,693,148	(1,000,000)
Final Balance Previous Period 12.31.2010	1,484,403,651	30,336,377	-	(14,206,183)	1,500,533,845	(1,000,000)
Reclassifications	-	-	4,911,738	(4,911,738)	-	-
Opening Balance Previous Period 01.01.2011	1,484,403,651	30,336,377	4,911,738	(19,117,921)	1,500,533,845	(1,000,000)
Issuance of shares	86,683,091	-	-	-	86,683,091	-
Changes due to transfers and other changes	-	-	(291,044)	643,634	352,590	-
Profit (Loss)	-	-	-	(97,728,145)	(97,728,145)	-
Final balance Previous Period 12.31.2011	1,571,086,742	30,336,377	4,620,694	(116,202,432)	1,489,841,381	(1,000,000)
Initial Balance Previous period 01.01.2010	1,402,918,766	30,336,377	-	(2,217,805)	1,431,037,338	(1,000,000)
Issuance of shares	81,484,885	-	-	-	81,484,885	-
Profit (loss)	-	-	-	(11,988,378)	(11,988,378)	-
Final Balance Previous period 12.31.2010	1,484,403,651	30,336,377	-	(14,206,183)	1,500,533,845	(1,000,000)

Consolidated Statements of Cash Flows  
December 31, 2012, 2011 and 2010  
(in thousands of Chilean pesos)

<b>Statement of Cash Flows - Direct Method</b>	<b>01/01/2012</b>	<b>01/01/2011</b>	<b>01/01/2010</b>
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
<b>Statement of cash flows</b>			
<b>Cash flows from (used in) operating activities</b>			
Classes of cash receipts from operating activities			
Receipts from sales of goods and rendering of services	228,647,554	222,496,606	207,696,240
Receipts from royalties, fees, commissions and other income from ordinary activities	311,923	569,804	861,924
Other receipts from operating activities	3,540,505	5,237,142	10,573,033
Payments to suppliers for goods and services	(107,577,438)	(96,575,220)	(87,419,308)
Cash payments to and on behalf of employees	(55,134,452)	(48,232,786)	(48,536,069)
Other payments for operating activities	(5,473,961)	(3,978,077)	(8,713,273)
Net cash flows from (used in) operational activities	<b>64,314,131</b>	<b>79,517,469</b>	<b>74,462,547</b>
<b>Cash flows from (used in) investing activities</b>			
Cash from the sale of property, plant and equipment	-	1,746,387	-
Purchases of property, plant and equipment	(145,378,478)	(65,927,667)	(158,412,865)
Purchases of intangible assets	(277,142)	(1,916,445)	(40,154)
Other cash inflows (outflows)		(305,412)	(3,218,321)
Net cash flows from (used in) investing activities	<b>(145,655,620)</b>	<b>(66,403,137)</b>	<b>(161,671,340)</b>
<b>Cash flows from (used in) financing activities</b>			
Cash from shares issued	195,600,000	76,019,400	-
Cash from long-term loans	32,419,012	30,773,901	66,900,907
Loans from related entities	5,753,136	11,260,969	92,148,576
Loan payments	(85,325,708)	(168,388,313)	(39,532,454)
Interest paid	(49,940,472)	(44,981,760)	(41,170,217)
Other cash inflows (outflows)	30,313,130	106,693,639	(2,390,151)
Net cash flow from (used in) financing activities	<b>128,819,098</b>	<b>11,377,836</b>	<b>75,956,661</b>
Net increase (decrease) in cash and cash equivalents before accounting for exchange rate changes	47,477,609	24,492,168	(11,252,132)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(3,111,393)</b>	<b>5,070,174</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	44,366,216	29,562,342	(11,252,132)
Cash and cash equivalents at the beginning of the period	118,151,489	88,589,147	99,841,279
Cash and cash equivalents at the end of the period	<b>162,517,705</b>	<b>118,151,489</b>	<b>88,589,147</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

(In thousands of pesos)

### Note 1 - General Information

*Empresa de Transporte de Pasajeros Metro S.A.*, (hereinafter referred to as the Company) is a Chilean State-owned enterprise created by Law 18,722 on January 28, 1989 as the legal successor, in all the rights and obligations, to the *Dirección General de Metro*.

*Empresa de Transporte de Pasajeros Metro S.A.* is a stock corporation bound by the principles applicable to open stock corporations, and has its legal address at 1414 Avenida Libertador Bernardo O'Higgins, Santiago, Chile.

The Company is registered on the Register of Securities under file number 421 and is subject to the supervision by the Chilean Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros*, or SVS).

The purpose of the Company is to carry out all activities related to providing passenger transportation services on subways or other complementary electric modes of transportation and all associated services.

The consolidated financial statements of the Company for the period ended on December 31, 2010, were approved by its Board in a session held on February 28, 2011, and later presented on April 20, 2011 at the Ordinary Shareholders' Meeting, which also gave its approval

The Company's consolidated financial statements for the financial year ended December 31, 2011 were approved by the Board at its March 12, 2012 meeting and later presented to the Annual Shareholder's Meeting on April 26, 2012, which also approved these statements.

These Financial Statements were approved by the Board on March 25, 2013, authorizing Management to publish them.

These consolidated financial statements are presented in thousands of Chilean pesos (unless stated otherwise) as this is the functional currency of the main jurisdiction in which the Company operates.

### Note 2. - Summary of main accounting policies

The main accounting policies adopted in the preparation of these consolidated financial statements have been designed according to IFRS in effect as of December 31, 2012 and applied uniformly to all financial years presented in these financial statements as required by IAS 1.

#### 2.1. Preparation basis

These consolidated financial statements for the financial years ended December 31, 2012, 2011 and 2010, have been prepared under specific rules and regulations issued by the SVS, under Memo 6158, dated March 5, 2012, which are based on International Financial Accounting Standards ("IFRS") but allows the Company to apply International Public Sector Accounting Standard (IPSAS) No. 21, instead of IAS 36. Note 2.9 provides further information on this exception. The Company's financial statements have originally been issued in Spanish.

## Note 2 - Summary of main accounting policies (continued)

### 2.1. Preparation basis (continued)

The consolidated financial statements have been prepared using historical cost principles, although they were modified by the revaluation of certain financial asset and liability line items (including derivative financial instruments) at fair value with changes in income, as required.

The preparation of consolidated financial statements in accordance with Rules and Regulations issued by the SVS requires the use of certain critical accounting valuations necessary to quantify some assets, liabilities, income and expenditures.

It is also necessary for Management to use discretion in applying the Company's accounting policies. Areas involving a greater degree of discretion or complexity or in which assumptions or valuations significantly affect financial statements are described in Note 3 Management Valuation and Accounting Criteria.

### 2.2. Reclassifications

The Company has made certain reclassifications in the consolidated financial statements reported as of December 31, 2011 for comparative effects.

M\$ 8,077,460 was reclassified from the Inventory line item to Property, plant and equipment due to a change in the short- and long-term parts requirements plan.

Due to organizational restructuring, M\$ 1,272,976 Operating Costs, MM\$ 1,302,203 Administrative Expenses and M\$ 29,226 Other Expenses by Function were reclassified in the comprehensive income statement due to an analysis of line items. It should be noted that these changes compensate each other.

M\$ 3,277,383 was reclassified from the Financial Income line item to the new Other Profits (Losses) line item to reflect operations with swap derivatives.

### 2.3. Consolidation basis

The Company's subsidiary, Transub S.A., is considered to be consolidated from the date its control is transferred to the Company and ends when this control no longer exists. Consolidation is done by the global integration method and all the subsidiary's assets, liabilities, income, expenses and cash flows are integrated into the consolidated financial statements once adjustments and eliminations for intra-group operations are made.

The subsidiary's assets, liabilities and contingent liabilities are measured at their fair value on acquisition date for valuation purposes.

## Note 2 - Summary of main accounting policies (continued)

### 2.3. Consolidation basis (continued)

The value of the non-controlling share in the consolidated subsidiary company is presented in the Equity - Non-controlling Interests line item in the Consolidated Statement of Financial Position and in the Income (Loss) Attributable to Non-controlling Interests line item in the Consolidated Statement of Income, respectively.

The Suburban Passenger Transport Company (Transub S.A.) is in an organizational and commissioning stage and has not yet registered movements since its creation to the present date and was consolidated under the guidelines of SVS Memo 1819 of November 14, 2006.

Tax ID No	Company Name	Share Percentage		
		12.31.2012 - 12.31.2011	12.31.2011 - 12.31.2010	Total
		Direct	Indirect	
96.850.680-3	Transub S.A.	66.66	-	66.66

This share in the subsidiary is not subject to joint control

The Company has no shares in joint businesses or investments in associated businesses.

### 2.4. Foreign currency transactions

#### 2.4.1. Functional and presentation currency

The entries in the Consolidated Financial Statements are presented in the currency of the jurisdiction in which the Company operates (functional currency). The Company's functional currency is the Chilean Peso, and all information is presented in thousands of Chilean pesos rounded to the nearest unit (M\$).

#### 2.4.2. Transactions and balances

Foreign currency transactions are converted to the functional currency using the exchange rates in effect on transaction dates. Losses and gains in foreign currency arising from settling these transactions and from converting monetary assets and liabilities denominated in foreign currency to closing exchange rates are recognized in the Comprehensive Income Statement, except when their deferral to net equity is appropriate, as in the case of cash flow hedges, if any.

Exchange rate differences affecting financial assets classified at fair value with changes in income are included in gains or losses.

## Note 2 - Summary of main accounting policies (continued)

### 2.4. Foreign currency transactions (continued)

#### 2.4.3. Exchange rates

Assets and liabilities denominated in a foreign currency and those negotiated in *unidades de fomento* (indexation units, or UF) are presented at the following exchange rates and closing values respectively:

Date	CLP/USD	CLP/EUR	CLP/UF
12/31/2012	479.96	634.45	22,840.75
12/31/2011	519.20	672.97	22,294.03
12/31/2010	468.01	621.53	21,455.55

CLP = Chilean pesos

USD = US dollar

EUR = Euro

UF = *Unidad de Fomento*

### 2.5. Property, plant and equipment

Property, plant and equipment entries are initially valued at their purchase price plus all costs directly attributable to ensuring the asset is in operational condition for its intended use.

Subsequent measurement shall be made using the cost model discounting the item's corresponding accumulated depreciation and any impairment losses, which are recorded in the comprehensive income statement.

Due to the adoption of IFRS in 2010, the Company's main assets have been recorded at their purchase cost, which according to its own studies do not exceed their depreciated replacement value.

The concept of cost includes the acquisition cost and each and every concept defined in IAS 16, where applicable.

Work in progress is reclassified as final fixed operational assets in the Property, plant and equipment line item once their trial period is over and they are available for use, from which moment their depreciation begins.

Expansion, modernization, or improvement costs that lead to increased productivity, capacity or efficiency of assets or that extend their useful life are capitalized as a higher cost for said goods.

Substitutions or renewals of goods that increase their useful life or economic capacity are recorded as a higher value for the respective goods, with the subsequent asset retirement of said substituted or renewed goods.

Regular maintenance, conversion and repair expenses are directly recorded in the income statement as expenses of the period in which they incurred.

## Note 2 - Summary of main accounting policies (continued)

### 2.5. Properties, plant and equipment (continued)

Costs for major maintenance of rolling stock, including part and piece replacement among others, are capitalized as assets independent of the main good, as long as they meet the conditions for their recognition in IAS 16, and therefore said costs shall be derecognized from the value of the main good.

Fixed asset depreciation is calculated using the straight-line method to assign their costs over their estimated useful economic life, except in the case of certain technical rolling stock components that are depreciated on the basis of cycles and kilometers traveled.

Depreciation of property, plant and equipment under IAS 16 shall be recorded separately for each significant part of the final fixed asset. In the case of rolling stock the Company depreciates significant parts of a fixed asset that have different useful lives separately from the rest of the items that are part of that asset.

Residual values, where appropriate, and the useful lives of assets are reviewed and adjusted prospectively at each balance sheet date, so that the remaining useful life is consistent with its current use of the service and the effective use of the good.

Losses and profits from the sale of fixed assets are calculated by comparing the income received with the book value and are included in the comprehensive income statement.

The Company assesses possible value impairment in Property, Plant, and Equipment assets according to IPSAS 21 at least once a year as outlined in Note 2.9.

The effects of impairment analysis are recorded directly in the income statement.

### 2.6. Investment properties

These entries refer to properties (land and buildings) that are held by the Company in order to obtain leasing profits or to capital appreciation.

The Company rents commercial premises, land, and buildings as operational leases.

Land and buildings owned as investment properties are appraised using the cost model.

The estimated useful life of investment properties are the following:

Useful life

Useful life of commercial premises : 77 years on average.

Useful life of other buildings : 88 years on average.

### 2.7. Intangible assets

#### 2.7.1. Easements

Easement rights are presented at historical cost. If these easements have an indefinite useful life they are not subject to amortization. However, this indefinite useful life is reviewed each year it is reported to determine whether the categorization of undefined useful life is still applicable. These assets are subject to regular value impairment tests.

**Note 2 - Summary of main accounting policies (continued)**

## 2.7. Intangible assets

## 2.7.2. Software

Software licenses are capitalized at the cost of purchasing them and preparing them to be used with a specific program. These costs are amortized over the estimated useful life of the software.

Expenses related to internal development unable to be capitalized or software maintenance are recognized as expenses when incurred.

## 2.8. Interest costs

Interest costs incurred in the construction of any asset classified under Properties, Plant and Equipment are capitalized over the period of time necessary to build the asset and prepare it for its intended use. Other interest costs are recorded as expenses in the Comprehensive Income Statement.

## 2.9. Loss due to impairment of non-financial assets

As a State-owned company, *Empresa de Transporte de Pasajeros Metro S.A.* has a business model oriented to the public service that emphasizes social benefit. Therefore, its operational, services and infrastructure usage model means that its fixed income obtained from the technical fare that is determined by the government is insufficient to recover its assets.

This business model that has been defined by the Company's shareholders, namely Ministry of Finance (*Ministerio de Hacienda*) and the the Corporación de Fomento de la Producción, or CORFO, is in direct opposition to the concept of asset profitability outlined in IAS 36, in which the value of use is the present value of estimated future cash flows expected to arise from operating the assets.

Therefore, Metro S.A. has formally requested authorization from the Superintendency of Securities and Insurance to replace IAS 36 with IPSAS 21, a specific standard for State owned entities with assets that do not generate cash flow. Under Memo 6158, 05/03/2012, the Superintendence of Securities and Insurance authorized Metro S.A. to apply IPSAS 21 to determine asset impairment.

The application of this standard allows Metro S.A.'s Financial Statements to accurately reflect the Company's economic and financial reality by allowing comparison of book value with replacement cost.

This standard defines the value of use of an asset that does not generate cash flow as its present value, maintaining its service potential. Depreciated replacement cost or the cost recovery methods determine the present value of an asset maintaining its service potential.

However, under specific circumstances in which certain assets lose their service potential, the loss of value is recognized directly in income.

## Note 2 - Summary of main accounting policies (continued)

### 2.10. Financial assets

The Company classifies its financial assets into the following categories: financial assets at fair value with changes in income, loans and accounts receivable, financial assets held-to-maturity and assets available for sale. Classification depends on the purpose for which the financial assets were purchased. Management decides the classification of its financial assets upon initial recognition.

According to IFRS 7 Financial Instruments: Disclosures, we consider the book values of assets valued at amortized cost to be a reasonable approximation of fair value, for which reason, as stated in IFRS 7, it is unnecessary to disclose their fair value of each of them.

#### 2.10.1. Financial assets at fair value with changes in income

These are financial assets held for trading. A financial asset is classified in this category if it is acquired mainly for sale in the short term. Derivatives are also classified as acquired for negotiation unless they have been designated as hedges. Assets in this category are classified as current.

#### 2.10.2. Loans and accounts receivable

These are non-derivative financial assets, with fixed or determinable payments that are not listed on the local stock market. They are presented as current assets, except those with maturities more than 12 months after the balance sheet date, which are classified as non-current assets. Loans and accounts receivables include commercial debtors and other receivables. These entries are initially recorded at fair value plus any directly attributable transaction cost. They are then valued at depreciated cost, using the effective interest method minus impairment losses.

#### 2.10.3. Financial assets held to maturity

These are non-derivative financial assets, with fixed or determinable payments and fixed maturity held by the Company and which it intends and is able to keep until maturity. Their valuation is at amortized cost.

If the Company sold a not insignificant amount of financial assets held to maturity, the whole category would be reclassified as available for sale. These financial assets available for sale are listed as non-current assets, except those with maturity less than 12 months after the balance sheet date, classified as current assets.

#### 2.10.4. Financial assets available-for-sale

These are non-derivative financial assets listed in this category or not classified in any of the other categories. They are included under non-current assets unless Management intends to dispose of the investment within 12 months of the balance sheet date.

## Note 2 - Summary of main accounting policies (continued)

### 2.10. Financial assets (continued)

#### 2.10.5. Recognition and measurement of financial assets

Financial assets and liabilities are initially recognized at fair value. In the case of assets and liabilities that are not recorded at fair value with changes in income, the fair value will be adjusted for transaction costs directly attributable to purchase or issuance.

Subsequent valuation shall depend on the category in which they have been classified.

Available-for-sale financial assets and financial assets at fair value with changes in income are later recorded at fair value (along with their respective counterparts in equity and income). Loans and accounts receivable and financial assets held to maturity are recorded at their amortized cost using the effective interest rate method.

Derivative financial instruments are initially recognized at fair value, and hierarchically classified at level 2 as outlined in IAS 39, and transactions costs attributable to said instruments are recognized in income when incurred.

When a derivative financial instrument is not intended for hedging, all changes in fair value are immediately recognized in income.

Gains & losses arising from changes in the fair value of financial assets at fair value with changes in income are included in the Income Statement under the Other Operational Income- Other Sundry Operational Expenses line item, in the period in which said changes to fair value occur.

Investments are derecognized when rights to receive cash flow from them have matured or have been transferred and the Company has substantially transferred all the risks and benefits arising from their ownership.

The Company assesses whether there is objective evidence that a financial asset or group of financial assets may have suffered impairment losses on the date of each balance sheet.

### 2.11. Inventories

Inventories are initially valued at their purchase cost. In subsequent years, they are valued at the lesser of cost value or net realizable value. Cost is determined using the weighted average price method.

Inventories of in-house products are valued at their cost or at their net realizable value, if lower.

The net realizable value is the estimated sale price in the normal course of business, less applicable sales costs.

Parts classified as inventory are adjusted to their net realizable value recognizing their technological obsolescence with a direct charge to income.

**Note 2 - Summary of main accounting policies (continued)****2.12. Commercial debtors and other accounts receivable**

Commercial accounts receivable are initially recognized at their fair value (nominal value including implicit interest) and thereafter at their amortized cost using the effective interest rate method, minus the provision for loss due to value impairment. There is a provision for losses due to impairment of trade receivables when there is objective evidence that the Company will not be able to collect all its debts according to the original terms of the accounts receivable. This provision is the difference between the book value of the asset and the current value of estimated future cash flows, discounted at the effective interest rate.

Commercial debtors are reduced by means of the provision account for bad debts and the losses are recognized in the consolidated income statement.

**2.13. Cash and cash equivalents**

Cash and cash equivalents include petty cash, balances in current bank balances, term deposits, and other highly liquid short-term investments with an original maturity date of three months or less.

**2.14. Share Capital**

Share capital is comprised of ordinary series A and series B shares.

**2.15. Commercial creditors and other accounts payable**

Suppliers and other accounts payable are initially recognized at the net fair value of directly attributable costs. They are subsequently valued at their amortized cost.

**2.16. Loans and other financial liabilities**

Loans, bonds and other financial liabilities of a similar nature are initially recognized at their fair value net of costs incurred during the transaction. They are subsequently valued at their amortized cost and any difference between the funds obtained (net of costs necessary to obtain them) and the reimbursement value is recognized in the Consolidated Statement of Income according to the effective interest rate method considering the maturity date.

Financial obligations are classified as current liabilities and non-current liabilities according to the contractual expiry of the nominal capital.

For loans with financial institutions, the nominal rate is similar to the effective rate, as there are no additional transaction costs to consider.

According to IFRS 7 Financial Instruments: Disclosure, we consider that the book values of the Company's financial liabilities valued at their amortized cost are a reasonable approximation to fair value, for which reason, as stated in IFRS 7, it is unnecessary to disclose the fair value of each of them, except in the case of bonds and external loans whose comparison method is described in the note on risk management policies.

**Note 2 - Summary of main accounting policies (continued)****2.17. Income tax and deferred taxes**

The income tax provision is determined by applying the type of tax (rate) that corresponds to the period's gross taxable income, once admissible tax deductions have been applied, plus variations in assets and liabilities due to deferred taxes and tax credits.

The differences between the book value of assets and liabilities and their tax bases create the balances of deferred taxes on assets or liabilities, which are calculated using the tax rates expected to be in effect when the assets and liabilities are realized.

Deferred tax assets are reviewed on each balance sheet date and are reduced when it is unlikely that the profits for the related taxes will be realized.

**2.18. Employee benefits****2.18.1. Personnel vacations**

The Company recognizes the expense of personnel vacations using the accrual method. This benefit is recorded at fair value.

**2.18.2. Provision for severance payment**

The Company has created liabilities for its obligations to pay severance payments to all workers whose contracts and collective agreements state that they are entitled to this benefit in all cases.

The recognized liability is the present value of this obligation plus/minus adjustments for actuarial profits or losses and discounted debt services. The current value of the obligation is calculated by discounting estimated outgoing cash flows at a market interest rate for long-term debt instruments with terms similar to those of the severance payment obligation until maturity. Changes in this provision are recognized in the income statement of the period in which they incurred.

**2.18.3. Incentive bonuses**

The Company offers its employees an annual incentive bonus plan for achieving their goals, in accordance with the individual conditions of each employment contract. These incentives consist of a set amount of monthly remunerations and are provided for based on the estimated payable amount.

## Note 2 - Summary of main accounting policies (continued)

### 2.19. Provisions

The Company recognizes provisions when:

- ✓ It has a current obligation, whether legal or implicit, due to past events;
- ✓ Outgoing resources will probably be required to pay the obligation; and
- ✓ The amount has been reliably estimated.

Provisions are valued at the present value of the disbursements expected to be necessary to settle the obligation using the Company's best valuation. The discount rate used to determine the current value reflects current market assessments of the temporary value of money on the date of the Statement of Financial Position as well as the specific risk related to each liability in particular. The increase in provision over time is recognized in net income under financial costs.

### 2.20. Classification of balances (current and non-current)

Balances are classified in the Consolidated Statement of Financial Position by maturity: those that mature up to twelve months from the cut-off date of the consolidated financial statements are classified as current, and those that mature after this period classified as non-current.

### 2.21. Revenue recognition

Ordinary revenue is recognized when it is likely that the economic benefit associated with a service received or to be received will reach the Company and when its amount may be reliably measured. The Company recognizes it at its fair value, net of value added taxes, reimbursements, reductions and discounts.

- a) Revenue from passenger transport is recognized when the service has been provided.
- b) Revenue from operating leases is recognized on an accrual basis.
- c) Revenue from the sale of goods is recognized when the good has been delivered to the customer and there is no pending obligation that may affect the customer's acceptance of the good.
- d) Revenue from interest is recognized using the effective interest rate method.
- e) Other revenue is recognized when services have been rendered.

### 2.22. Lease contracts

The Company maintains financial leasing contracts which have been recorded according to the provisions of IAS 17 - Leases. When assets are rented under financial lease, the value of lease payments is recognized in accounts receivable. The difference between gross accounts receivable and the current value of the receipt is recognized as financial capital yield.

Leasing revenue is recognized over the leasing period according to the net investment method, reflecting a constant periodic yield.

Contracts that do not have financial leasing characteristics are classified as operating leases.

Operational leases take place when the lessor retains a significant part of the risks and advantages derived from the ownership of the goods leased.

## Note 2 - Summary of main accounting policies (continued)

### 2.23. New standards and interpretations issued but not yet effective

- a) Standards adopted previously by the Company.

No standards have been adopted or applied before official publication.

- b) Standards, modifications and interpretations to existing standards that are currently not in effect and that the Company has not previously adopted.

<b>New IFRS</b>	<b>Mandatory Application</b>
IFRS 9 Financial instruments - Classification and measurement	January 01, 2015
IFRS 10 Consolidated Financial Statements	January 01, 2013
IFRS 11: Joint Arrangements	January 01, 2013
IFRS 12: Disclosure of interests in other entities	January 01, 2013
IFRS 13: Fair Value Measurement	January 01, 2013
<b>Amended IFRS</b>	<b>Mandatory Application</b>
IAS 1: Presentation of Financial Statements	January 01, 2013
IAS 16: Property, Plant and Equipment	January 01, 2013
IAS 19: Employee Benefits	January 01, 2013
IAS 27: Separate Financial Statements	January 01, 2013
	January 01, 2014
IAS 28: Investments in Associates and Joint Ventures	January 01, 2013
IAS 32 Financial Instruments: Presentation	January 01, 2013
	January 01, 2014
IAS 34: Interim Financial Reporting	January 01, 2013
IFRS 7: Financial Instruments: Disclosure	January 01, 2013
IFRS 10 Consolidated Financial Statements	January 01, 2013
	January 01, 2014
IFRS 11: Joint Arrangements	January 01, 2013
IFRS 12: Disclosure of Interests in Other Entities	January 01, 2013
	January 01, 2014

### **Note 3 - Management valuation and accounting criteria**

Valuations and accounting criteria used by Management are continually assessed and are based on historical experience and other factors, including reasonable expectation of future events considering specific circumstances.

The most important management valuation criteria are detailed below:

#### **3.1. Obligations for severance payments**

The Company recognizes liabilities for the provision of agreed severance payments using an actuarial method that takes into account factors such as the discount rate, effective rotation, and other factors specific to the Company. Any change in these factors and their assumptions will have an impact on the obligation's book value.

The Company determines the discount rate at the end of each year by considering the most appropriate one according to market conditions on the valuation date. This interest rate is the one that is used to determine the present value of estimated future cash outflows that are predicted to be required to pay the obligation. When determining the interest rate, the Company takes into account rates of financial instruments, that are representative, denominated in the currency in which the obligation is expressed, which have maturities close to the payment deadlines of the obligation.

#### **3.2. Useful lives of Property, Plant and Equipment**

Fixed and intangible assets with a finite useful life are depreciated using the straight-line method on the basis of an estimated useful life. This estimated useful life takes into account the technical aspects, nature, and usage conditions of the said goods. This estimate may vary significantly as a consequence of technological innovations or other variables, which imply adjusting the remaining useful lives, recognizing higher or lower depreciation as appropriate. Likewise, the residual values are determined on the basis of technical aspects that may vary according to the specific conditions of each asset.

#### **3.3. Litigation and other contingencies**

The Company is involved in lawsuits of different types for which it is not possible to determine exactly what economic effects they may have on the financial statements. When Management and the Company's lawyers are of the opinion that the cases will be resolved favorably or with uncertain results no provisions have been made. Conversely, in the cases that Management and lawyers expect an unfavorable result, provisions have been made for expenses based on estimated maximum payable amounts.

#### **3.4. Change of Accounting Criteria for Land Valuation**

During the IFRS convergence process, the Company adopted as accounting policy for the valuation of its land, the use of the attributed cost determined as of the transition date, with subsequent measurements to be carried out using the revaluation model and/or their fair value.

In general terms, the revaluation model states that the land must be revalued on the basis of an independent expert's assessments when fair values undergo significant changes.

### Note 3 - Management valuation and accounting criteria (continued)

#### 3.4. Change of Accounting Criteria for Land Valuation

In the 2012 Financial Statements close process, the company adopted a voluntary change in accounting policies on land valuation after recognition, and moved from the revaluation model to the cost model. This change of accounting criteria is basically aimed preventing significant and sudden changes in the fair value of these items.

This change in accounting policy has no retroactive accounting effects as Metro's lands have remained at the same value since 2010 when the company issued its first financial statements under the International Financial Reporting Standards (IFRS).

### Note 4 - Cash and cash equivalents

The balances of cash and cash equivalents are the following:

Items	Currency	Balance as of		
		12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
<b>Available</b>				
Cash	CLP	25,021	7,819	14,150
	USD	627	519	1,404
	EUR	3,060	673	622
Banks	CLP	174,865	405,385	20,313
	USD	24,360	32,655	172,375
<b>Total available</b>		<b>227,933</b>	<b>447,051</b>	<b>208,864</b>
<b>Term deposits</b>				
	CLP	116,633,862	52,080,754	21,306,465
	USD	27,909,086	27,990,898	27,909,392
<b>Total Term Deposit</b>		<b>144,542,948</b>	<b>80,071,652</b>	<b>49,215,857</b>
<b>Repurchase agreements</b>				
	CLP	16,135,074	36,293,926	31,426,090
	USD	960,000	519,201	6,830,968
	EUR	651,750	819,659	907,368
<b>Total Repurchase Agreements</b>		<b>17,746,824</b>	<b>37,632,786</b>	<b>39,164,426</b>
<b>Total cash and cash equivalents</b>		<b>162,517,705</b>	<b>118,151,489</b>	<b>88,589,147</b>
Subtotal by currency	CLP	132,968,822	88,787,884	52,767,018
	USD	28,894,073	28,543,273	34,914,139
	EUR	654,810	820,332	907,990

#### Note 4 - Cash and cash equivalents (continued)

Cash equivalents: These are highly liquid short term investments, such as term deposits and fixed income investments –repurchase agreements- that are easily convertible into determined amounts of cash, and subject to an insignificant risk of value changes, which are held to meet short term payment commitments. The details for the 2012, 2011 and 2010 financial year are the following:

##### Term Deposits

Investment Type	Currency	Capital in Currency of origin	Average annual rate	Average days to maturity	Capital in local currency	Accrued Interest Local Currency	Book value 12/31/2012
		M\$ -MUSD			M\$	M\$	M\$
Term deposit	CLP	116,258,788	5.62%	59	116,258,788	375,074	116,633,862
Term deposit	USD	58,129	0.88%	13	27,899,618	9,468	27,909,086
<b>Total</b>					<b>144,158,406</b>	<b>384,542</b>	<b>144,542,948</b>

Investment Type	Currency	Capital in Currency of origin	Average annual rate	Average days to maturity	Capital in local currency	Accrued Interest Local Currency	Book value 12/31/2011
		M\$ -MUSD			M\$	M\$	M\$
Term deposit	CLP	51,951,510	6.28%	15	51,951,510	129,244	52,080,754
Term deposit	USD	53,884	1.43%	24	27,976,522	14,376	27,990,898
<b>Total</b>					<b>79,928,032</b>	<b>143,620</b>	<b>80,071,652</b>

Type of Investment	Currency	Capital in original currency	Average annual rate	Average days until expiration	Capital in local currency	Accrued interests in local currency	Accounting Value 12/31/2010
		M\$ - MUSD			M\$	M\$	M\$
Term deposit	CLP	21,293,376	0.29%	9	21,293,376	13,089	21,306,465
Term deposit	USD	59,616	0.81%	27	27,900,813	8,579	27,909,392
<b>Total</b>					<b>49,194,189</b>	<b>21,668</b>	<b>49,215,857</b>

**Note 4 - Cash and cash equivalents (continued)**

## Repurchase agreements

Code	Dates		Counterpart	Origin Currency	Subscription Value	Annual Rate	Final Value	Instrum Identifica
	Beginning	End						
					M\$	%	M\$	
CRV	12/20/2012	01/02/2013	Banco Estado Corredores de bolsa	CLP	4,300,000	5.64	4,308,758	PROM. N
CRV	12/27/2012	01/02/2013	Banco del Estado de Chile	CLP	4,400,000	4.08	4,402,992	FTD
CRV	12/24/2012	01/03/2013	Banco Estado Corredores de bolsa	CLP	1,400,000	5.64	1,402,193	PROM. N
CRV	12/26/2012	01/07/2013	Banco Estado Corredores de bolsa	CLP	1,000,000	5.76	1,001,920	PROM. N
CRV	11/26/2012	01/25/2013	Banco del Estado de Chile	CLP	5,000,000	4.80	5,040,000	FTD
CRV	12/21/2012	02/21/2013	Banco del Estado de Chile	USD	950,040	0.30	959,816	FTD
CRV	12/27/2012	01/03/2013	Banco del Estado de Chile	EURO	121,151	0.00	121,371	FTD
CRV	12/27/2012	01/03/2013	Banco del Estado de Chile	EURO	529,417	0.00	530,421	DPF
<b>Total</b>					<b>17,700,608</b>		<b>17,767,471</b>	

**Note 4 - Cash and cash equivalents (continued)**

Code	Dates		Counterpart	Origin Currency	Subscription Value	Annual Rate	Final Value	Instrum Identifica
	Beginning	End						
					M\$	%	M\$	
CRV	12/30/2011	01/02/2012	Banco del Estado de Chile	CLP	1,000,000	5.04	1,000,420	FTD
CRV	12/28/2011	01/02/2012	Banco Estado Corredores de bolsa	CLP	2,600,000	5.40	2,601,950	PROM. N
CRV	12/28/2011	01/02/2012	Banco del Estado de Chile	CLP	5,850,000	5.04	5,854,095	FTD
CRV	12/28/2011	01/03/2012	Banco del Estado de Chile	CLP	2,000,000	5.04	2,001,680	FTD
CRV	12/29/2011	01/03/2012	Banco del Estado de Chile	CLP	973,000	5.04	973,681	FTD
CRV	12/30/2011	01/03/2012	Banco del Estado de Chile	CLP	1,000,000	5.04	1,000,560	FTD
CRV	12/29/2011	01/03/2012	Banco del Estado de Chile	CLP	6,303,568	5.04	6,307,981	FTD
CRV	12/30/2011	01/04/2012	Banco del Estado de Chile	CLP	1,000,000	5.04	1,000,700	FTD
CRV	12/30/2011	01/04/2012	Banco Estado Corredores de bolsa	CLP	4,200,000	5.40	4,203,150	PROM. N
CRV	12/30/2011	01/04/2012	Banco del Estado de Chile	CLP	5,420,000	5.04	5,423,794	FTD
CRV	12/09/2011	01/09/2012	Banco del Estado de Chile	CLP	1,300,000	5.88	1,306,582	FTD
CRV	12/09/2011	01/09/2012	Banco del Estado de Chile	CLP	4,617,781	5.88	4,641,162	FTD
CRV	12/30/2011	01/05/2012	Banco del Estado de Chile	USD	521,460	0.05	519,204	FTD
CRV	12/28/2011	01/05/2012	Banco del Estado de Chile	EURO	6,255	0.01	6,171	FTD
CRV	12/29/2011	01/05/2012	Banco del Estado de Chile	EURO	815,990	0.01	813,490	FTD
<b>Total</b>					<b>37,608,054</b>		<b>37,654,620</b>	

**Note 4 - Cash and cash equivalents (continued)**

Code	Dates		Counterpart	Original currency	Value of subscription	Annual rate	Final Value	Identific of instrum
	Initial	Final						
					M\$	%	M\$	
CRV	12/28/10	01/03/11	Banco del Estado Corredores de Bolsa	CLP	3,914,443	0.27	3,916,557	Promissor Note
CRV	12/29/10	01/05/11	Banco del Estado Corredores de Bolsa	CLP	3,000,000	0.28	3,001,960	Promissor Note
CRV	12/29/10	01/03/11	Banco del Estado de Chile	CLP	4,143,465	0.27	4,145,329	Fixed-Term Deposit
CRV	12/29/10	01/06/11	Banco del Estado de Chile	CLP	1,100,000	0.28	1,100,821	Fixed-Term Deposit
CRV	12/29/10	01/06/11	Banco del Estado de Chile	CLP	540,312	0.28	540,716	Fixed-Term Deposit
CRV	12/29/10	01/06/11	Banco del Estado de Chile	CLP	2,859,688	0.28	2,861,823	Fixed-Term Deposit
CRV	12/29/10	01/13/11	Banco del Estado de Chile	CLP	4,666,355	0.29	4,673,121	Fixed-Term Deposit
CRV	12/30/10	01/03/11	Banco del Estado de Chile	CLP	2,000,000	0.26	2,000,693	Fixed-Term Deposit
CRV	12/30/10	01/10/11	Banco del Estado de Chile	CLP	3,000,000	0.29	3,003,190	Fixed-Term Deposit
CRV	12/30/10	01/11/11	Banco del Estado de Chile	CLP	397,589	0.29	398,051	Fixed-Term Deposit
CRV	12/30/10	01/11/11	Banco del Estado de Chile	CLP	1,202,411	0.29	1,203,805	Fixed-Term Deposit
CRV	12/30/10	01/20/11	Banco del Estado de Chile	CLP	4,593,691	0.30	4,603,338	Fixed-Term Deposit

**Note 4 - Cash and cash equivalents (continued)**

Code	Dates		Counterpart	Original currency	Value of subscription	Annual rate	Final Value	Identific of instrum
	Initial	Final						
					M\$	%	M\$	
CRV	11/25/10	01/06/11	Banco del Estado de Chile	USD	1,446,120	0.26	1,404,456	CERO/PL
CRV	12/22/10	01/06/11	Banco del Estado de Chile	USD	417,146	0.63	416,650	Fixed-Term Deposit
CRV	12/22/10	01/06/11	Banco del Estado de Chile	USD	468,702	0.63	468,145	Fixed-Term Deposit
CRV	12/23/10	01/06/11	Banco del Estado de Chile	EURO	307,315	0.14	234,018	Fixed-Term Deposit
CRV	12/29/10	01/13/11	Banco del Estado de Chile	USD	413,283	0.70	411,969	Fixed-Term Deposit
CRV	12/29/10	01/24/11	Banco del Estado de Chile	USD	2,735,195	0.70	2,727,080	Fixed-Term Deposit
CRV	12/29/10	01/27/11	Banco del Estado de Chile	USD	939,280	0.70	936,548	Fixed-Term Deposit
CRV	12/29/10	01/27/11	Banco del Estado de Chile	USD	469,640	0.70	468,274	Fixed-Term Deposit
CRV	12/29/10	01/06/11	Banco del Estado de Chile	EURO	590,893	0.15	449,241	Fixed-Term Deposit
<b>Total</b>					<b>39,205,528</b>		<b>38,965,786</b>	

### Note 5 - Commercial debtors and other current accounts receivable

The breakdown of this line item as of December 31, 2012, 2011 and 2010 is as follows:

Commercial debtors and other accounts receivable, Gross	Balance as of		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
<b>Commercial debtors and other accounts receivable. Gross</b>	<b>6,035,165</b>	<b>5,565,523</b>	<b>7,062,440</b>
Commercial debtors, Gross	5,252,253	4,140,893	5,388,923
Other accounts receivable, Gross	782,912	1,424,630	1,673,517

Commercial debtors and other accounts receivable, Net	Balance as of		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
<b>Commercial debtors and other accounts receivable, Net</b>	<b>5,532,994</b>	<b>4,899,313</b>	<b>6,694,281</b>
Commercial debtors, Net	4,750,082	3,766,831	5,029,145
Other accounts receivable, Net	782,912	1,132,482	1,665,136

No individual customers have significant balances in terms of the Company's total sales or accounts receivable.

Commercial debtors and other net accounts receivable may be broken down by age as of December 31, 2012, 2011 and 2010 as follows:

Commercial debtors, Net	Balance as of		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
Up to 3 months	4,373,544	3,570,943	3,316,637
Between 3 months to 1 year	375,838	162,852	79,509
More than 1 year	700	33,036	1,632,999
<b>Total</b>	<b>4,750,082</b>	<b>3,766,831</b>	<b>5,029,145</b>

Other accounts receivable, Net	Balance as of		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
Maturity up to 3 months	183,056	352,672	39,175
Maturity from 3 months to 1 year	599,856	765,869	712,549
Maturity of more than a year	-	13,941	913,412
<b>Total</b>	<b>782,912</b>	<b>1,132,482</b>	<b>1,665,136</b>

The variations in the provision for debtor impairment and penalties were as follows:

<b>Expired and unpaid commercial debtors with impairment</b>	<b>M\$</b>
<b>Balance as of December 31.2010</b>	<b>368,159</b>
Increase (decrease) during the year	298,051
<b>Balance as of December 31.2011</b>	<b>666,210</b>
Increase (reduction) in the financial year	(164,039)
<b>Balance as of December 31, 2012</b>	<b>502,171</b>

#### Note 5 - Commercial debtors and other current accounts receivable (continued)

The Company records a provision with evidence of impairment of commercial debtors.

Once all legal collection procedures are complete, the assets are written off against the provision set aside for this purpose. The Company only uses the provision method and no direct write-offs.

#### Note 6 - Inventories

The breakdown of inventory balances is as follows:

Inventory types	12/31/2012	12/31/2011	12/31/2010
	M\$	M\$	M\$
Inventory and inputs	879,473	815,837	613,329
Maintenance parts and accessories	6,239,117	5,577,764	10,911,523
Imports in transit and others	227,695	39,956	48,555
<b>Total</b>	<b>7,346,285</b>	<b>6,433,557</b>	<b>11,573,407</b>

As of December 2012, 2011 and 2010, inventory consumption was included in net income, as part of the Cost of sales line item of the Statement of Comprehensive Income, for values of M\$ 7,242,869, M\$ 7,137,602 and M\$ 9,237,132 respectively.

The write-offs for inventories recognized in expenses as of December 31, 2012 were M\$ 1,261, while in 2011 and 2010 it was M\$ 20,835 and M\$ 5,680, respectively.

No inventories have been pledged or guaranteed in this period

#### Note 7 - Intangible assets other than goodwill

These include software and easements. They are initially recognized at their acquisition cost and are later valued at the net cost of their corresponding accumulated amortization plus any impairment losses experienced, if required.

Licenses and software are amortized using the straight-line method over the applicable useful lives, generally estimated at four years. For easements – as contracts are *ad infinitum* – are considered to have an indefinite useful life, and are therefore not amortized.

At balance sheet date, the Company has not found objective evidence of impairment for this type of asset, according to the provisions of Note 2.9.

### Note 7 - Intangible assets other than goodwill (continued)

The entries in the Comprehensive Income Statement that include amortization of intangible assets with finite useful lives are shown under the Cost of sales and Administration expenditure line items.

There are no intangible assets whose ownership is subject to restrictions, or that are used as collateral for liabilities.

All contractual commitments for the purchase of intangible assets are paid as of December 31, 2012.

- a) The breakdown of intangible assets other than goodwill for the 2012, 2011 and 2010 financial years is as follows:

Item	12/31/2012			12/31/2011			12/31/2010		
	Gross intangible M\$	Accumulated amortization M\$	Net Intangible M\$	Gross Intangible M\$	Accumulated amortization M\$	Net Intangible M\$	Gross Intangible M\$	Accumulated amortization M\$	Net Intangible M\$
Licenses and Software	4,055,888	(1,682,186)	2,373,702	3,264,153	(1,269,477)	1,994,676	1,347,752	(836,458)	511,294
Easements	581,002	-	581,002	581,002	-	581,002	581,002	-	581,002
<b>Total</b>	<b>4,636,890</b>	<b>(1,682,186)</b>	<b>2,954,704</b>	<b>3,845,155</b>	<b>(1,269,477)</b>	<b>2,575,678</b>	<b>1,928,754</b>	<b>(836,458)</b>	<b>1,092,296</b>

- b) Movements in intangible assets other than goodwill in 2012 were as follows:

Movements	Licenses and Software M\$	Easements M\$	Net total intangibles M\$
Opening balance 01/01/2012	1,994,676	581,002	2,575,678
Additions	791,735	-	791,735
Depreciation	(412,709)	-	(412,709)
Closing balance 12/31/2012	2,373,702	581,002	2,954,704
Remaining useful life	4 years	Perpetual	

- c) Movements of intangible assets other than goodwill in 2011 were as follows:

Movements	Licenses and Software M\$	Easements M\$	Net total intangibles M\$
Opening balance 01/01/2011	511,294	581,002	1,092,296
Additions	1,916,401	-	1,916,401
Depreciation	(433,063)	-	(433,063)
Impairment	44	-	44
Closing balance 12/31/2011	1,994,676	581,002	2,575,678
Remaining useful life	4 years	Perpetual	

### Note 7 - Intangible assets other than goodwill (continued)

d) Movements of intangible assets other than goodwill in 2010 were as follows:

<b>Movements</b>	<b>Licenses and Software M\$</b>	<b>Easements M\$</b>	<b>Total intangibles M\$</b>
Initial balance 01/01/2010	443,757	547,202	990,959
Additions	398,238	33,800	432,038
Amortization	(330,701)	-	(330,701)
Revaluation	-	-	-
Impairment	-	-	-
Final balance 12/31/2010	511,294	581,002	1,092,296
Remaining useful life	2 years	Perpetual	

### Note 8 - Properties, Plant, and Equipment

a) The breakdown of this line item is as follows:

<b>Properties, Plant and Equipment, by type</b>	<b>12/31/2012 M\$</b>	<b>12/31/2011 M\$</b>	<b>12/31/2010 M\$</b>
Net properties, Plant and Equipment, by type			
Net properties, Plant and Equipment	2,683,391,400	2,645,362,290	2,652,326,257
Net Work in Progress	78,814,062	38,057,681	326,943,514
Net Land	57,386,998	56,965,858	57,833,496
Net Civil Works	1,448,580,862	1,463,876,383	1,237,534,970
Net Buildings	74,884,040	76,168,250	64,392,894
Net Rolling Stock	697,915,106	666,024,366	667,584,532
Net Electrical Equipment	293,575,353	311,795,233	274,702,304
Net Machinery and Equipment	14,275,255	14,779,689	11,503,168
Net Others	17,959,724	17,694,830	11,831,379
Gross Properties, Plant and Equipment, by type			
Gross Properties, Plant and Equipment	2,941,716,360	2,835,571,972	2,774,924,939
Gross Works in Progress	78,814,062	38,057,681	326,943,514
Gross Land	57,386,998	56,965,858	57,833,496
Gross Civil Works	1,516,901,916	1,514,140,958	1,270,243,895
Gross Buildings	82,185,626	81,538,579	67,997,776
Gross Rolling Stock	795,874,598	739,563,916	715,913,155
Gross Electrical Equipment	370,749,113	367,047,191	308,623,896
Gross Machinery and Equipment	21,844,323	20,562,959	15,537,828
Gross Others	17,959,724	17,694,830	11,831,379
Accum. Dep and Value Impairment Property, Plant and Equipment by type			
Total Accum. Dep and Value Impairment Properties, Plant and Equipment	258,324,960	190,209,682	122,598,682
Accum. Depreciation Civil Works	68,321,054	50,264,575	32,708,925
Accum. Depreciation Buildings	7,301,586	5,370,329	3,604,882
Accum. Depreciation Rolling Stock	97,959,492	73,539,550	48,328,623
Accum. Depreciation Electrical Equipment	77,173,760	55,251,958	33,921,592
Accum. Depreciation Machinery and Equipment	7,569,068	5,783,270	4,034,660

**Note 8 - Properties, Plant, and Equipment (continued)**

b) Movements of Properties, Plant and Equipment in 2012, 2011 and 2010 were as follows:

Movement in 2012		Works in Progress	Land	Civil Works	Buildings	Rolling Stock	Electrical Equipment	Machinery and Equipment
Opening balance January 1, 2012		38,057,681	56,965,858	1,463,876,383	76,168,250	666,024,366	311,795,233	14,811,106
movements	Additions	58,993,227	421,140	131,223		50,076,300	548,821	
	Transfers	(18,236,846)	-	2,629,844	647,046	10,123,783	3,274,356	
	Disposals/Sales	-	-	-	-	(1,091,127)	(105,704)	
	Depreciation expense	-	-	(18,056,588)	(1,931,256)	(27,218,216)	(21,937,353)	(1,811,106)
	Total movements	40,756,381	421,140	(15,295,521)	(1,284,210)	31,890,740	(18,219,880)	(5,811,106)
Closing balance December 31, 2012		78,814,062	57,386,998	1,448,580,862	74,884,040	697,915,106	293,575,353	14,811,106

Movement in 2011		Works in Progress	Land	Civil Works	Buildings	Rolling Stock	Electrical Equipment	Machinery and Equipment
Closing balance December 31, 2010		326,943,514	57,833,496	1,237,534,970	64,392,894	667,584,532	274,702,304	11,811,106
Reclassifications		-	-	-	(1,142,861)	-	-	
Opening balance January 1, 2011		326,943,515	57,833,496	1,237,534,970	63,250,033	667,584,532	274,702,304	11,811,106
movements	Additions	24,408,625	763,372	15,340,439	-	8,495,529	16,643,783	
	Transfers	(313,292,225)	-	228,556,624	14,794,470	19,683,672	41,995,294	4,811,106
	Disposals/Sales	(2,234)	(1,631,010)	-	-	(2,549,659)	(147,433)	
	Depreciation expense			(17,555,650)	(1,876,253)	(27,189,708)	(21,398,715)	(1,811,106)
	Total movements	(288,885,834)	(867,638)	226,341,413	12,918,217	(1,560,166)	37,092,929	3,000,000
Closing balance December 31, 2011		38,057,681	56,965,858	1,463,876,383	76,168,250	666,024,366	311,795,233	14,811,106

**Note 8 - Properties, Plant, and Equipment (continued)**

Movement in 2010		Works in Course	Land	Civil Works	Buildings	Rolling Stock	Electrical Equipment	Mach and Equip
Opening balance January 1, 2010		504,534,369	56,242,196	1,067,506,379	63,543,704	547,275,441	248,631,353	5,
movements	Additions	185,826,495	1,727,369	-	120,186	2,391,991	11,712,210	
	Transfers	(363,417,350)	-	185,383,901	2,355,143	143,595,975	32,394,317	7,
	Disposals/Sales	-	(136,069)	-	-	-	(6,613)	
	Depreciation expense	-	-	(15,355,310)	(1,626,139)	(25,678,875)	(18,028,963)	(2,0
	Total movements	(177,590,855)	1,591,300	170,028,591	849,190	120,309,091	26,070,951	5,
Closing balance December 31, 2010		326,943,514	57,833,496	1,237,534,970	64,392,894	667,584,532	274,702,304	11,

**Note 8 - Properties, Plant, and Equipment (continued)**

c) Useful lives of the main assets in Properties, Plant and Equipment

The useful lives in financial years used for depreciating the following assets are as follows:

Items	Estimated useful life in years
Railway network	60
Stations	100
Tunnels	100
Rolling stock	40

d) Impairment

As of the balance sheet date the Company had not found evidence of impairment in Properties, Plant and Equipment assets in accordance with Note 2.9.

e) Collateral contract and insurance agreement on rolling stock

In order to secure the obligations under the loan dated as of January 23, 2004 and granted by a bank syndicate, for which BNP Paribas was the bank agent, the Company entered into a pledge agreement for the benefit of the lenders with respect to 32 train cars (model NS93). Fire insurance for these goods was obtained with the insurance company *Mapfre Seguros Generales*, in accordance with Policy No. 101-12-00120563, brokered by *Orbital JLT Insurance Brokers*.

f) Investment Projects

The estimated balance for implementing authorized projects from the Company's expansion plan as of December 31, 2012 was approximately MM\$ 1,557,009, comprising by investment type: MM\$ 896,737 of civil construction, MM\$ 339,882 of systems and equipment and MM\$ 320,390 of rolling stock, which expansion plan is expected to be completed in 2018.

g) Parts and accessories

As of December 31, 2012, parts, accessories and maintenance material were valued at M\$ 17,434,027, M\$ 20,235,890 as of December 31, 2011 and M\$16,491,325 as of December 31, 2010, including parts non-transferrable for more than four years, on the basis of which obsolescence provisions for M\$ 2,263,990 as of December 31, 2012, M\$ 2,574,294 as of December 31 2011 and M\$4,172,800 as of December 31, 2010, respectively, were established.

h) Disclosures of revalued assets (first-time adoption of IFRS1)

1. TINSAs Consultants were hired as independent experts on land valuation during the convergence process.
2. The comparison method was used (regarding commercial market value).
3. Fair value was directly determined based on prices observable in an active market.
4. Reserve funds were created for the revaluation of Lands held in equity.

### Note 8 - Properties, Plant, and Equipment (continued)

i) Other disclosures

1. There are no fixed assets that are temporarily out of service.
2. The gross book amount of totally depreciated fixed assets and currently in use is M\$ 7,960,193 as of December 31, 2012.
3. There are no withdrawn and unclassified fixed assets held for sale according to IFRS 5.
4. There are no useful life revaluations.

j) Financing Costs

In the financial year ended December 2012 there were no interest costs capitalized from property, plant and equipment, while as of the same period the previous year this item was M\$ 305,412 and M\$ 3,218,321 in the year 2010.

### Note 9 - Investment properties

Investment properties correspond mainly to the lease of commercial stores and lands and buildings held for use under operating leases agreements.

Investment properties corresponding to land and buildings are valued under the cost model.

The total for investment properties as of December 31, 2012 was M\$ 13,496,309, M\$ 12,806,451 as of December 31, 2011 and M\$ 8,508,364 as of December 31, 2010:

Investment properties	Commercial	Land	Buildings	Totals
Balance 01/01/2012	3,981,872	607,816	8,216,763	12,806,451
Additions	-	-	897,569	897,569
Disposals	-	-	-	-
Closing Balance	3,981,872	607,816	9,114,332	13,704,020
Annual depreciation	(114,901)	-	(92,810)	(207,711)
Loss due to impairment	-	-	-	-
<b>Balance 12/31/2012</b>	<b>3,866,971</b>	<b>607,816</b>	<b>9,021,522</b>	<b>13,496,309</b>

**Note 9 - Investment properties (continued)**

Investment properties	Commercial Stores	Land	Buildings	Totals
Balance 01/01/2011	-	-	-	7,365,503
Reclassifications	-	-	-	1,142,861
Balance 01/01/2011	4,096,772	607,816	3,803,776	8,508,364
Additions	-	-	4,493,045	4,493,045
Disposals	-	-	-	-
Closing Balance	4,096,772	607,816	8,296,821	13,001,409
Annual depreciation	(114,900)	-	(80,058)	(194,958)
Loss due to impairment	-	-	-	-
<b>Balance 12/31/2011</b>	<b>3,981,872</b>	<b>607,816</b>	<b>8,216,763</b>	<b>12,806,451</b>

Investment properties	Totals
Balance 01/01/2010	7,466,444
Additions	180,809
Disposals	-
Closing Balance	7,647,253
Annual depreciation	(281,750)
Loss due to impairment	-
<b>Balance 12/31/2010</b>	<b>7,365,503</b>

Operational Income from and Expenditure on Investment Properties as of December 2012, 2011 and 2010 were as follows:

Revenues and expenses of investment property	Accumulated		
	12/31/2012	12/31/2011	12/31/2010
Commercial premises	3,776,898	3,873,527	2,955,479
Land	1,586,888	1,345,458	479,670
Buildings	299,706	252,300	
<b>Total revenue from leases</b>	<b>5,663,492</b>	<b>5,471,285</b>	<b>3,435,149</b>
Commercial premises	(103,610)	(66,796)	(144,564)
Land	(16,313)	(16,123)	(51,604)
Buildings	(84,990)	(83,990)	
<b>Total expenses related to leases</b>	<b>(204,913)</b>	<b>(166,909)</b>	<b>(196,168)</b>

The Company has not noted evidence of impairment in investment properties.

The Company does not hold investment properties as collateral (mortgages or other types of guarantees).

Lease contracts generally establish the obligation to maintain and repair properties, therefore expenses are attributed to lessees, except expenses for municipal rates, which are charged to the lessor.

### Note 9 - Investment properties (continued)

In accordance with the provisions of IAS 40 an estimate must be made of the fair value of investment properties valued under the Cost Model, for which purposes we have determined their calculation by internal valuations based on discounted projected future cash flows. The estimated fair value as of December 31, 2012 is M\$ 69,288,790 (M\$ 68,176,663 as of December 31, 2011 and M\$ 40,003,211 as of December 31, 2010).

### Note 10 - Other financial assets, current and non-current

The composition of the Other financial assets, current and non-current line item is the following:

Item	12/31/2012		12/31/2011		12/31/2010	
	Current M\$	Non-current M\$	Current M\$	Non-current M\$	Current M\$	Non-current M\$
Hedge operations	887,788	8,131,323	939,183	9,501,075	462,765	11,077,183
Financial lease	22,567	1,421,783	22,192	1,562,435	-	1,315,072
Others	-	-	-	-	-	56,342
Promissory notes receivable	-	339,016	-	302,376	-	279,233
<b>Total</b>	<b>910,355</b>	<b>9,892,122</b>	<b>961,375</b>	<b>11,365,886</b>	<b>462,765</b>	<b>12,727,830</b>



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## Note 10 - Other financial assets, current and non-current (continued)

Hedge operations

Financial assets as of 12/31/2012

	Tax ID Nro.	Name	Country	Tax ID Nro	Name	Country	Currency	Nominal Rate	Type of amortization	Current		Total current 12/31/2012
										Maturity		
										Up to 90 days	90 days to 1 year	
1	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.82040	biannual		5,085	5,085
2	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040	biannual		417	417
3	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.84065	biannual		1,858	1,858
4	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72700	biannual		553	553
5	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.84065	biannual		588	588
6	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.73800	biannual		6,747	6,747
7	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82590	biannual		12,354	12,354
8	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040	biannual		17,367	17,367
9	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040	biannual		2,722	2,722
10	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72800	biannual		349	349
11	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72650	biannual		395	395
12	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.82040	biannual		1,120	1,120
13	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.72300	biannual		264	264
14	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.84065	biannual		9,185	9,185
15	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.80390	biannual		3,206	3,206
16	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72300	biannual		161	161
17	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.82040	biannual		1,353	1,353
18	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.89470	biannual	1,823		1,823
19	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.72700	biannual		635	635
20	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.92370	biannual	25,323		25,323
21	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	US\$	0.72700	biannual		3,397	3,397
22	61.219.000-4	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	US\$	0.91815	maturity	70,337		70,337
23	61.219.000-4	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US\$	0.91815	maturity	25,143		25,143
24	61.219.000-4	Metro S.A.	Chile	97.032.000-8	Bilbao Vizcaya Argentaria	Chile	US\$	0.92370	biannual	24,980		24,980
25	61.219.000-5	Metro S.A.	Chile	97.951.000-4	HSBC Bank Chile	Chile	US\$	0.92700	biannual		1,462	1,462
26	61.219.000-6	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	US\$	0.82004	biannual		38,226	38,226
27	61.219.000-3	Metro S.A.	Chile	59.946.320-5	BNP Paribas	Francia	US\$	4.19000	biannual		632,738	632,738
Total										147,606	740,182	887,788



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**Note 10 - Other financial assets, current and non-current (continued)**

Financial assets as of 12/31/2011

	Tax ID Nro.	Name	Country	Tax ID Nro	Name	Country	Currency	Nominal Rate	Type of amortization	Current		Total current 12/31/2011
										Maturity		
										Up to 90 days	90 days to 1 year	
1	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.78060%	biannual	6,567		6,567
2	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.78060%	biannual	539		539
3	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.75780%	biannual	2,278		2,278
4	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.94583%	biannual	1,042		1,042
5	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.74840%	biannual	763		763
6	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.82690%	biannual	9,463		9,463
7	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.76140%	biannual	14,784		14,784
8	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.77800%	biannual	22,355		22,355
9	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.78060%	biannual	3,516		3,516
10	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.93970%	biannual	610		610
11	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.85860%	biannual	650		650
12	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.78060%	biannual	1,447		1,447
13	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.86970%	biannual	479		479
14	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.75390%	biannual	11,329		11,329
15	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.79170%	biannual	4,213		4,213
16	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.86970%	biannual	293		293
17	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.78060%	biannual	1,747		1,747
18	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.70410%	biannual	1,977		1,977
19	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.94583%	biannual	1,198		1,198
20	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.64060%	biannual		22,797	22,797
21	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	USD	0.89860%	biannual	5,826		5,826
22	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.66710%	maturity		55,283	55,283
23	61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP PAribas	Francia	USD	4.19000%	biannual	770,027		770,027
Total										861,103	78,080	939,183

**Note 10 - Other financial assets, current and non-current (continued)**

Financial assets as of 12/31/2010

	RUT	Name	Country	RUT	Name	Country	Currency	Nominal Rate	Type of Amortization	Current		Total current 12/31/2010 M\$
										Maturity		
										Up to 90 days M\$	90 days to 1 year M\$	
1	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.65438%	biannual	6,359		6,359
2	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.65438%	biannual	521		521
3	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.65563%	biannual		2,244	2,244
4	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.64438%	biannual	785		785
5	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.64188%	biannual		761	761
6	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.69000%	biannual	8,042		8,042
7	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.95850%	biannual	13,540		13,540
8	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.95850%	biannual	21,720		21,720
9	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.89563%	biannual	3,405		3,405
10	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.65438%	biannual	463		463
11	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.65438%	biannual	536		536
12	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.95850%	biannual	1,401		1,401
13	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.82263%	biannual	399		399
14	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.82263%	biannual	10,845		10,845
15	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.66250%	biannual	3,870		3,870
16	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.82263%	biannual	244		244
17	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.65438%	biannual	1,692		1,692
18	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.64438%	biannual		2,115	2,115
19	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.73063%	biannual	903		903
20	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.83890%	biannual		31,396	31,396
21	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	USD	0.65438%	biannual	4,504		4,504
22	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	USD	0.73375%	expiration		54,811	54,811
23	61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Chile	USD	4.19000%	biannual	292,209		292,209
<b>Total</b>										<b>371,438</b>	<b>91,327</b>	<b>462,765</b>

## Note 10 - Other financial assets, current and non-current (continued)

### Financial Leasing

The Company has entered into a financial lease with Chilectra S.A. pursuant to which it has agreed to lease each and every component of the SEAT Rectification Substations, Vicente Valdés, and the 20 KW networks running up to the verifying stations during a term of 30 years (from August 1, 2004 to July 31, 2034). The useful life of the goods has the same duration as this leasing agreement, therefore and in compliance with IAS 17 it is considered a financial lease. For this reason the fixed assets - machinery and equipment- were derecognized as fixed assets and subsequently recognized in accounts receivable upon the adoption of IFRS.

Additionally, the present value of the lease payments receivable from 2009 to 2034 was then calculated with a discount rate of 10% expressed in the respective lease agreement, with a positive effect on Company equity.

The Company issues an annual invoice to Chilectra S.A. within the first 15 days of July to be paid 30 days after receipt of the invoice. Payments made by the lessee are divided into two parts, one representing the finance cost and another to pay off existing debt. The total financial cost is distributed over all the financial years of the lease term.

There are no unguaranteed accrued residual values in favor of the lessor.

There is no accumulated provision for minimum payments of uncollectible leases.

There are no contingent leases recognized as revenue for this period.

Unpaid future minimum lease payments	12/31/2012			12/31/2011			12/31/2010		
	Gross Amount M\$	Interest M\$	Current Value M\$	Gross Amount M\$	Interest M\$	Current Value M\$	Gross Amount M\$	Interest M\$	Current Value M\$
Up to 1 year	151,820	129,253	22,567	164,233	142,041	22,192	148,040	131,507	16,533
More than 1 year but less than 5 years	759,100	607,548	151,552	821,162	672,123	149,039	740,200	629,172	111,028
More than 5 years	2,277,300	1,007,069	1,270,231	2,627,717	1,214,321	1,413,396	2,516,680	1,329,169	1,187,511
<b>Total</b>	<b>3,188,220</b>	<b>1,743,870</b>	<b>1,444,350</b>	<b>3,613,112</b>	<b>2,028,485</b>	<b>1,584,627</b>	<b>3,404,920</b>	<b>2,089,848</b>	<b>1,315,072</b>

### Note 11 - Other non-financial assets, current and non-current

The breakdown of Other non-financial assets current and non-current is as follows:

<b>Other current non-financial assets</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
Prepaid expenses	33,504	159,032	124,916
Advances to suppliers and employees	2,550,740	2,255,788	2,443,901
<b>Total</b>	<b>2,594,244</b>	<b>2,414,820</b>	<b>2,568,817</b>

<b>Other non-current non-financial assets</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
Funds allocated to pay for expropriations for new lines	65,019,448	2,591,886	3,607,953
VAT tax credit (*)	21,143,333	21,029,438	20,716,320
Advance payment	799,471	483,671	2,280,788
<b>Total</b>	<b>86,962,252</b>	<b>24,104,995</b>	<b>26,605,061</b>

(\*) The calculation of VAT tax credit proportionality was challenged by an Administrative Resolution issued by the Chilean Internal Revenue Service and an appeal by Metro S.A. is currently pending against the first ruling by the Santiago Central Regional Director of the Chilean Tax Service on May 31, 2012 that rejected the Company's position. In our legal advisors' opinion, there is a moderate possibility that the disputed issues will be resolved in our favor, and that an obligation may arise from the lawsuit that may not require disbursement by the Company.

### Note 12 - Other financial liabilities, current and non-current

The breakdown of this line item in M\$ is as follows:

<b>Item</b>	<b>12/31/2012</b>		<b>12/31/2011</b>		<b>12/31/2010</b>	
	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>
	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>
Loans with accrued interest	50,143,308	322,062,679	58,935,221	400,835,404	61,084,633	488,596,568
Bonds	21,368,637	823,280,403	17,811,965	778,469,099	11,415,824	646,649,586
Hedge operations	820,111	11,845,642	664,051	7,785,003	712,564	13,670,870
Payables foreign suppliers	-	-	-	-	-	2,328,837
<b>Total</b>	<b>72,332,056</b>	<b>1,157,188,724</b>	<b>77,411,237</b>	<b>1,187,089,506</b>	<b>73,213,021</b>	<b>1,151,245,861</b>

### Note 12 - Other financial liabilities, current and non-current (continued)

Loans with accrued interest

Biannual and equivalent loans accruing interest as of 12/31/2012

RUT	Name	Country	Tax I.D. No.	Name	Country	Currency	Effective Rate	Current			
								Maturity		Total Current 12/31/2012	1 to 3 years
								Up to 90 days	90 days to 1 year		
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	Dollars	1.77%	7,837,800	39,890,926	47,728,726	158,226,621
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	Dollars	0.72%	453,376	1,601,410	2,054,786	6,104,591
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	Euros	2.00%	7,008	43,588	50,596	149,701
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Société Générale	France	Dollars	2.10%	112,176	-	112,176	14,398,801
61.219.000-3	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	Dollars	2.28%	157,913	39,111	197,024	
<b>Total</b>								<b>8,568,273</b>	<b>41,575,035</b>	<b>50,143,308</b>	<b>178,879,721</b>

Biannual and equivalent loans accruing interest as of 12/31/2011

RUT	Name	Country	Tax I.D. No.	Name	Country	Currency	Effective Rate rate	Current			
								Maturity		Total Current 12/31/2011	1 to 3 years
								Up to 90 days	90 days to 1 year		
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	Dollars	1.89%	10,406,380	46,145,673	56,552,053	215,735,211
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	Dollars	0.72%	388,429	1,832,742	2,221,171	6,600,411
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	Euros	2.00%	6,799	46,937	53,736	158,701
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Société Générale	France	Dollars	1.87%	108,261	-	108,261	
<b>Total</b>								<b>10,909,869</b>	<b>48,025,352</b>	<b>58,935,221</b>	<b>222,494,411</b>

**Note 12 - Other financial liabilities, current and non-current (continued)**

Biannual and equivalent loans accruing interest as of 12/31/2010

RUT	Name	Country	Tax I.D. No.	Name	Country	Currency	Effective rate	Current			1 to 3 years
								Expiration		Total Current 12/31/2010	
								Up to 90 days M\$	90 days to 1 year M\$		
61.219.000-3	Metro S.A.	Chile	59.046.320-5	BNP Paribas	France	USD	1.80%	9,511,000	40,896,628	50,407,628	102,231,8
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	USD	0.72%	429,530	1,564,481	1,994,011	3,959,5
61.219.000-3	Metro S.A.	Chile	O-E	Natixis Banques	France	EUR	2.00%	6,587	43,128	49,715	97,7
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander-Chile	Chile	UF	4.06%		8,633,279	8,633,279	29,751,6
<b>Total</b>								<b>9,947,117</b>	<b>51,137,516</b>	<b>61,084,633</b>	<b>136,040,8</b>

**Note 12 - Other financial liabilities, current and non-current (continued)**

Restrictions on Loans with accrued interest:

- ✓ Financial Credit Agreement to finance part of the Line 4 Project and the Line 2 Northern Extension Project through *Recoleta* with a syndicate of banks led by BNP Paribas for USD 200,000,000, with NS93-model trains as a guarantee. This loan has been completely used as of December 31, 2012.

The agreement establishes that during 2012 the maximum debt – equity ratio must not exceed 2.0. It should be noted that as of December 31, 2012 this debt – equity ratio is 0.78.

- ✓ Financial Credit Agreement for the of Line 5 Maipú Extension and the Line 1 Los Dominicos Extension Projects, with a syndicate of international banks headed by BNP Paribas for USD 130,000,000, without guarantees. This loan has been fully used as of December 31, 2012.

The said agreement establishes that as of December 31 2012, there must be a maximum debt – equity ratio equal to or less than 1.70, a minimum equity of M\$ 700 million, EBITDA/Operating income equal to or greater than 32% and a minimum interest hedge ratio of 1.1. It should be noted that as of December 31, 2012 the debt – equity ratio is 0.78, equity is M\$ 1.670 million, EBITDA/operating income is 36.19% and the interest hedge ratio is 1.99, calculated as outlined in the agreement for the said credit.

- ✓ Credit Agreement for Debt Restructuring with BNP Paribas for USD 90,000,000, with guarantees equivalent to USD 60,000,000. This loan has been fully used as of December 31, 2012.

The said agreement establishes that as of December 31, 2012, there must be a maximum debt – equity ratio equal to or less than 1.70, a minimum equity of M\$ 700 million, EBITDA/Operating Income equal to or greater than 32% and a minimum interest hedge ratio of 1.1. It should be noted that as of December 31, 2012 the debt – equity ratio is 0.78, equity is M\$ 1.670 million, EBITDA/Operating income is 36.19% and the interest hedge ratio is 1.99, calculated as outlined in the agreement for the said credit.

- ✓ Credit Agreement for Debt Restructuring with *Société Générale*, for USD 30,000,000, without guarantees. This loan has been fully used as of December 31, 2012.

The said agreement establishes that as of December 31 every year, there must be a maximum debt – equity ratio equal to or less than 1.70, a minimum equity of \$M 700 million, EBITDA/Operating Income equal to or greater than 32% and a minimum interest hedge ratio of 1.1. It should be noted that as of December 31, 2012 the debt – equity ratio is 0.78, equity is M\$ 1.670 million, EBITDA/Operating income is 36.19% and the interest hedge ratio is 1.99, calculated as outlined in the agreement for the said credit.

- ✓ Credit Agreement Debt Restructuring, with *Banco Bilbao Viscaya Argentaria* for USD 60.000.000, without guarantees. This loan has been fully used as of December 31, 2012.

The said agreement establishes that as of December 31 every year there must be a maximum debt – equity ratio equal to or less than 1.70, a minimum equity of M\$ 700 million, EBITDA/Operating Income equal to or greater than 32% and a minimum interest hedge ratio of 1.1. It should be noted that as of December 31, 2012, the debt – equity ratio is 0.78, equity is M\$ 1.670 million, EBITDA/Operating income is 36.19% and the interest hedge ratio is 1.99, calculated as outlined in the agreement for the said credit.



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## Note 12 - Other financial liabilities, current and non-current (continued)

### Bonds

The breakdown of this line item in M\$ is as follows:

The Company's biannual liabilities in Chile as of 12/31/2012 were as follows:

RUT Tax I.D.	Name	Debtor Country	Bank Tax I.D.	RTB Bank and Payer	Country	Currency	Nominal Rate	Effective Rate	Type of Amortization	Current			1 to
										Maturity		Total Current	
										Up to 90 days M\$	90 days to 1 year M\$	12/31/2012 M\$	
61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	Chile	UF	5.6%	6.27%	Biannual	3,960,820	1,598,853	5,559,673	9
61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	Chile	UF	5.6%	5.95%	Biannual	799,426	1,226,287	2,025,713	4
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	5.14%	Biannual	2,286,055		2,286,055	9
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.93%	Biannual		443,440	443,440	5
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.5%	4.93%	Biannual	1,085,876		1,085,876	2
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.5%	3.14%	Biannual	838,068		838,068	2
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco	Chile	UF	4.3%	4.45%	Biannual	448,115		448,115	4
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco	Chile	UF	4.7%	4.78%	Biannual	1,394,580		1,394,580	
61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco	Chile	UF	4.5%	4.54%	Biannual		485,663	485,663	
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.8%	4.00%	Biannual	1,299,367		1,299,367	
61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.9%	3.88%	Biannual		170,598	170,598	
									<b>Total</b>	<b>15,921,079</b>	<b>5,447,558</b>	<b>21,368,637</b>	<b>47</b>

**Note 12 - Other financial liabilities, current and non-current (continued)**

The Company's biannual liabilities in Chile as of 12/31/2011 were as follows:

Series	RUT Tax I.D.	Name	Debtor Country	Bank Tax I.D.	RTB Bank and Payer	Country	Currency	Nominal Rate	Effective Rate	Type of Amortization	Current			1 to
											Maturity		Total Current 12/31/2011	
											Up to 90 days M\$	90 days to 1 year M\$	M\$	
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	Chile	UF	5.60%	6.27%	Biannual	3,945,511	1,560,583	5,506,094	9,
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	Chile	UF	5.60%	5.95%	Biannual	780,291	1,211,303	1,991,594	4,
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	Chile	UF	5.50%	5.53%	Biannual	2,231,335		2,231,335	8,
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.50%	5.14%	Biannual	2,231,335		2,231,335	5,
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.50%	4.93%	Biannual		432,825	432,825	3,
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	5.50%	4.93%	Biannual	1,059,884		1,059,884	1,
G	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	4.50%	3.14%	Biannual	818,007		818,007	
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.30%	4.45%	Biannual	437,388		437,388	
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.70%	4.78%	Biannual	1,361,199		1,361,199	
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	Chile	UF	4.50%	4.54%	Biannual		474,038	474,038	
K	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	3.75%	4.00%	Biannual	1,268,266		1,268,266	
										<b>Total</b>	<b>14,133,216</b>	<b>3,678,749</b>	<b>17,811,965</b>	<b>33,</b>

**Note 12 - Other financial liabilities, current and non-current (continued)**

The Company's biannual liabilities in Chile as of 12/31/2010 were as follows:

Series	RUT Tax I.D.	Name	Debtor Country	Bank Tax I.D.	RTB Bank and Payer	Currency	Nominal Rate	Effective Rate	Type of Amortization	Current			
										Maturity		Total Current 12/31/2010	1 to 3 years
										Up to 90 days	90 days to 1 year		
A	61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	UF	5.6%	6.3%	biannual	2,295,231		2,295,231	9,011,333
B	61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	UF	5.6%	5.9%	biannual		414,801	414,801	4,505,666
C	61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	UF	5.5%	5.5%	biannual	2,147,415		2,147,415	5,721,481
D	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	UF	5.5%	5.1%	biannual	2,147,415		2,147,415	2,860,741
E	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	UF	5.5%	4.9%	biannual		416,547	416,547	1,001,259
F	61.219.000-3	Metro S.A.	Chile	97.004.000-5	Banco de Chile	UF	5.5%	5.0%	biannual	1,020,022		1,020,022	
G	61.219.000-3	Metro S.A.	Chile	97.080.000-K	BancoBice	UF	4.5%	3.1%	biannual	787,242		787,242	
H	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	UF	4.3%	4.5%	biannual	420,938		420,938	
I	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	UF	4.7%	4.8%	biannual	1,310,004		1,310,004	
J	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Banco Santander	UF	4.5%	4.5%	biannual		456,209	456,209	
									<b>Total</b>	<b>10,128,267</b>	<b>1,287,557</b>	<b>11,415,824</b>	<b>23,100,480</b>

**Note 12 - Other financial liabilities, current and non-current (continued)**

On July 31, 2001, December 5, 2001, August 9, 2002, 3 September, 2003, June 23, 2004 and September 14, 2005, the Company placed A to G series bonds on the Chilean stock market, all calculated on the basis of 360 day years, with a 25-year term and 10-year grace period for capital payment, with six-monthly interest payments and without early redemption. Par Value is expressed in M\$.

On September 3, 2008, the Company placed H and I series bonds on the Chilean stock market, calculated on the basis of 360 day years, with a 12-year term and 7-year grace period for the H series, and a 21-year term and 10 year grace period for the I series, with six-monthly interest payments and early redemption. Par Value is expressed in M\$.

On 18 November, 2009, the Company placed J series bonds on the Chilean stock market, calculated on the basis of 360 day years, with a 25-year term and 10-year grace period for capital payment with six-monthly interest payments and without early redemption. Par value is expressed in M\$

On 6 October 2011, the Company placed K series bonds on the Chilean stock market, calculated on the basis of 360 day years, with a 21-year term and 16-year grace period for capital payment, with six-monthly interest payments and early redemption. Par Value is expressed in M\$.

On 24 May, 2012, the Company placed L series bonds on the Chilean stock market, calculated on the basis of 360 day years, with a 21-year term and 21-year grace period for capital payment, with six-monthly interest payments and early redemption. Par Value is expressed in M\$.

Series A and B are guaranteed by the State, in accordance with the provisions of DL No. 1,263 and laws 18,196, 18,382 and 19,702, in Exempt Decree No. 117, of the Ministries of Finance and Economy, Economic Development and Reconstruction and Supreme Decree No. 389 of the Ministry of Finance, both dated April 20, 2001.

Series C is guaranteed by the State, in accordance with the provisions of DL No. 1,263 and laws 18,196, 18,382 and 19,774, in Exempt Decree No. 274 of the Ministries of Finance and Economy, Economic Development and Reconstruction and Supreme Decree No. 363 of the Ministry of Finance, both dated May 13, 2002.

Series D and E are guaranteed by the State, in accordance with the provisions of DL No. 1,263 and laws 18,196 and 19,847, in Exempt Decree No. 222 dated April 29, 2003 of the Ministries of Finance and Economy, Economic Development and Reconstruction and Supreme Decree No. 356 of the Ministry of Finance, dated May 7, 2003.

Series F is guaranteed by the State in accordance with the provisions of DL No. 1,263 and laws 18,196 and 19,847. By means of Supreme Decree No. 1,024 of the Ministry of Finance and Economy, Economic Development and Reconstruction dated November 11, 2003 a guarantee is authorized and granted to issue bonds on the Chilean market.

**Note 12 - Other financial liabilities, current and non-current (continued)**

Series G is guaranteed by the State, in accordance with the provisions of DL No. 1,263 and laws 18,196 and 19,847. By means of Supreme Decree No. 592 of the Ministry of Finance and Economy, Economic Development and Reconstruction dated May 11, 2005; a guarantee is authorized and granted to issue bonds on the Chilean market.

Series H, I, J, K, L are not guaranteed, notwithstanding the general right of pledge given to creditors by the law.

The Company is not subject to restrictions regarding Series A to G bond issuances. Series H, I, J, K and L bonds must maintain a debt-equity ratio of less than 1.7, equity greater than M\$ 700 million pesos and an interest hedging ratio greater than 1.0 for every calendar year. Said restrictions will be calculated and determined using the Financial Statements prepared as of December 31 of each calendar year and presented to the Superintendency of Securities and Insurance.

It should be noted that as of December 31, 2012 the debt – equity ratio is 0.78, equity is M\$ 1.670 million, EBITDA/Operating income is 36.19% and the interest hedging ratio is 1.99, calculated as established in the agreement for the said bond issuances.

### Note 12 - Other financial liabilities, current and non-current (continued)

#### Hedge Operations

The breakdown of this line item is as follows:

Financial liabilities as of 12/31/2012

	Tax I.D. No.	Name	Country	Tax I.D. No.	Name	Country	Currency	Nominal Rate	Type of Amortization	Current		Total Current 12/31/2012	1 to 3 years
										Maturity			
										Up to 90 days	90 days to 1 year		
										M\$	M\$	M\$	M\$
1	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Santander Chile	Chile	UF	1.97%	Biannual		13,878	13,878	289,787
2	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	Biannual		1,451	1,451	35,336
3	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.35%	Biannual		5,954	5,954	107,117
4	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.39%	Biannual		2,145	2,145	132,973
5	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.30%	Biannual		1,912	1,912	50,662
6	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.63%	Biannual		27,940	27,940	613,219
7	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.59%	Biannual		45,627	45,627	697,040
8	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.63%	Biannual		63,692	63,692	1,155,489
9	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.41%	Biannual		9,188	9,188	181,051
10	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.46%	Biannual		1,409	1,409	81,541
11	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.46%	Biannual		1,596	1,596	70,157
12	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	Biannual		3,873	3,873	91,098
13	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.40%	Biannual		1,043	1,043	59,011
14	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.09%	Biannual		26,093	26,093	502,575
15	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.08%	Biannual		9,477	9,477	191,696
16	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.32%	Biannual		615	615	35,198
17	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.42%	Biannual		4,717	4,717	108,323
18	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.38%	Biannual	5,558		5,558	81,171
19	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.39%	Biannual		2,466	2,466	152,858
20	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.75%	Biannual	86,684		86,684	659,155
21	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.27%	Biannual		12,480	12,480	579,090
22	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	3.10%	Maturity	270,483		270,483	
23	61.219.000-4	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	UF	1.91%	Maturity	52,266		52,266	
24	61.219.000-4	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	UF	1.97%	Biannual	53,237		53,237	(36,785)
25	61.219.000-4	Metro S.A.	Chile	97.951.000-4	HSBC Bank Chile	Chile	UF	2.39%	Biannual		3,761	3,761	(19,217)
26	61.219.000-4	Metro S.A.	Chile	97.004.000-5	Banco de Chile	Chile	UF	1.93%	Biannual		89,741	89,741	(219,824)
27	61.219.000-4	Metro S.A.	Chile	59.046.320-5	BNP Paribas	Francia	US\$	0.15%	Biannual	22,825		22,825	
									<b>Total</b>	<b>491,053</b>	<b>329,058</b>	<b>820,111</b>	<b>5,598,721</b>

**Note 12 - Other financial liabilities, current and non-current (continued)**

Financial liabilities as of 12/31/2011

	Tax I.D. No.	Name	Debtor Country	Tax I.D. No.	Name	Country	Currency	Nominal Rate	Type of Amortization	Current			1 to 3 years M\$
										Maturity		Total Current 12/31/2011 M\$	
										Up to 90 days M\$	90 days to 1 year M\$		
1	61.219.000-3	Metro S.A.	Chile	97.080.000-K	Santander Chile	Chile	UF	1.9700%	Biannual	16,996		16,996	96,378
2	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.4000%	Biannual	1,777		1,777	19,780
3	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.3500%	Biannual	7,308		7,308	45,526
4	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.3900%	Biannual	2,804		2,804	70,060
5	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.3000%	Biannual	2,516		2,516	27,466
6	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.6300%	Biannual	31,557		31,557	335,694
7	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.5900%	Biannual	53,442		53,442	401,657
8	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.6300%	Biannual	78,003		78,003	515,877
9	61.219.000-3	Metro S.A.	Chile	93.929.050-2	Deutsche Bank	Chile	UF	2.4100%	Biannual	11,253		11,253	80,121
10	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.4600%	Biannual	1,718		1,718	47,750
11	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.4600%	Biannual	2,003		2,003	40,467
12	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.4000%	Biannual	4,743		4,743	49,354
13	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.4000%	Biannual	1,422		1,422	33,286
14	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.0900%	Biannual	32,382		32,382	189,972
15	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.0800%	Biannual	11,411		11,411	74,652
16	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.3200%	Biannual	838		838	19,394
17	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.4200%	Biannual	5,777		5,777	59,925
18	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.3800%	Biannual	6,912		6,912	34,545
19	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.3900%	Biannual	3,224		3,224	80,537
20	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.7500%	Biannual		101,531	101,531	337,684
21	61.219.000-3	Metro S.A.	Chile	97.036.000-k	Santander Chile	Chile	UF	2.2700%	Biannual	15,627		15,627	308,162
22	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	3.1000%	Maturity		264,008	264,008	
23	61.219.000-4	Metro S.A.	Chile	97.032.000-8	Banco Bilbao Vizcaya Argentaria	Chile	US\$	0.0370%	Biannual	6,799		6,799	
								<b>Total</b>		<b>298,512</b>	<b>365,539</b>	<b>664,051</b>	<b>2,868,287</b>

### Note 12 - Other financial liabilities, current and non-current (continued)

Financial liabilities as of 12/31/2010

	RUT	Name	Country	RUT	Name	Country	Currency	Nominal Rate	Type of Amortization	Current				
										Expiration		Total Current		
										Up to 90 days M\$	90 days to 1 year M\$	12/31/2010 M\$	1 to 3 years M\$	
1	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	1.9700%	biannual	20,732		20,732	237,025	
2	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.4100%	biannual	2,168		2,168	31,155	
3	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.0800%	biannual		8,789	8,789	92,437	
4	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.0900%	biannual	3,239		3,239	115,757	
5	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.3500%	biannual		3,027	3,027	56,360	
6	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.3800%	biannual	36,744		36,744	523,649	
7	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.3900%	biannual	60,004		60,004	600,669	
8	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.3900%	biannual	95,150		95,150	1,020,986	
9	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.2700%	biannual	13,726		13,726	157,451	
10	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.4200%	biannual	1,985		1,985	71,804	
11	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.4000%	biannual	2,356		2,356	62,637	
12	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.4600%	biannual	5,786		5,786	80,717	
13	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.4600%	biannual	1,711		1,711	53,038	
14	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.4000%	biannual	37,661		37,661	420,209	
15	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.3000%	biannual	13,530		13,530	157,237	
16	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.3200%	biannual	1,008		1,008	31,412	
17	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.4000%	biannual	7,047		7,047	95,799	
18	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.5900%	biannual		8,056	8,056	70,200	
19	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.6300%	biannual	3,723		3,723	133,068	
20	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	2.7500%	biannual		113,997	113,997	564,957	
21	61.219.000-3	Metro S.A.	Chile	97.036.000-K	Santander Chile	Chile	UF	2.6300%	biannual	18,047		18,047	498,322	
22	61.219.000-3	Metro S.A.	Chile	96.929.050-2	Deutsche Bank	Chile	UF	3.1000%	expiration		254,078	254,078		
										<b>Total</b>	<b>324,617</b>	<b>387,947</b>	<b>712,564</b>	<b>5,074,888</b>

### Note 13 - Other non-financial liabilities, current and non-current

The breakdown of other current and non-current non-financial liabilities is as follows:

<b>Current</b>	<b>12/31/2012 M\$</b>	<b>12/31/2011 M\$</b>	<b>12/31/2010 M\$</b>
Real estate taxes	11,032,722	13,409,344	11,977,685
Deferred income	382,337	190,839	219,828
Guarantees received	183,908	210,756	190,990
Other liabilities	-	-	192
<b>Total</b>	<b>11,598,967</b>	<b>13,810,939</b>	<b>12,388,695</b>

<b>Non-current</b>	<b>12/31/2012 M\$</b>	<b>12/31/2011 M\$</b>	<b>12/31/2010 M\$</b>
Deferred income (*)	3,182,039	2,987,114	3,074,467
<b>Total</b>	<b>3,182,039</b>	<b>2,987,114</b>	<b>3,074,467</b>

(\*) Corresponds to long-term operational leases.

### Note 14 - Balances and transactions with related entities

Documents and accounts receivable:

As of December 31, 2012, December 2011 and December 2010 the controlling Company has no balances receivable from related entities.

Documents and accounts payable:

These are contributions received from the Chilean State for network expansion projects. As of December 31, 2012, balances to be capitalized were M\$ 7,653,136, as of December 31, 2011 they were M\$ 11,260,969 and as of December 31, 2010 they were M\$ 10,663,691.

Transactions:

During 2012 the Company received contributions from the Ministry of Public Works of M\$ 201,353,136 in 2012 and capitalized M\$ 204,960,969 and during 2011 it received M\$ 87,280,369 and capitalized M \$ 86,683,091.

Key management personnel

The key management personnel in Metro S.A. are those who have the authority and responsibility to plan, direct and control the Company's activities. The Company has decided that the key management personnel are the Board Directors, General Manager and the Managers of Company departments.

#### Note 14 - Balances and transactions with related entities (continued)

Expenses for remunerations received by key management personnel are as follows:

Directors' incomes are as follows:

Directors' Incomes	Accumulated		
	12/31/2012	12/31/2011	12/31/2010
	M\$	M\$	M\$
Travel and Per diems	4,218	4,631	3,397
Fixed income	106,152	104,759	102,384
Fees	29,522	29,663	30,780
Other Fees	22,907	22,450	22,713
<b>Total</b>	<b>162,799</b>	<b>161,503</b>	<b>159,274</b>

#### Board Expenditure

The company paid travel expenses of M\$ 3,638 in 2012, 3,179 in 2011 M\$ 1,468 in 2010.

The company paid per diems of M\$ 580 in 2012, M\$ 1,452 in 2011 and M\$ 1,929 in 2010.

Payments to the General Manager and Other Managers:

The General Manager received remunerations of M\$ 183,062 in 2012 (M\$ 161,945 in 2011 and M\$ 181,540 in 2010) and the Other Managers received remunerations of M\$ 1,379,767 (M\$ 1,050,267 in 2011 and M\$ 1,067,701 in 2010).

#### Note 15 - Commercial creditors and other accounts payable

The breakdown of this line item is as follows:

Item	12/31/2012	12/31/2011	12/31/2010
	M\$	M\$	M\$
Debts from purchases and services received, suppliers of assets and projects	28,621,321	18,542,945	26,731,079
Accounts payable – Transantiago system	4,770,491	4,931,290	6,007,141
Retentions	1,581,271	1,397,482	1,620,273
Other accounts payable	259,976	212,086	231,814
<b>Total</b>	<b>35,233,059</b>	<b>25,083,803</b>	<b>34,590,307</b>

#### Note 16 - Information by segments

The Company reports information by segments in compliance with IFRS 8: Operating segments, which states that entities whose capital or debt securities are publicly listed or entities in the process of issuing securities to be listed on public markets, must report information by segments.

Metro S.A. is a stock company that must abide by the rules of open stock corporations, and its objective is to carry out all activities related to providing transportation services on underground railways or other complementary electric modes of transportation and services associated with the said objective. Its main income is from providing passenger transportation.

### Note 16 - Information by segments (continued)

The processes associated to the rendering of these services are based on a common technological and administrative infrastructure, and its operating activities are oriented to providing services in the domestic market, and therefore have a common economic and political context.

The Company has just one operating segment: Passenger transportation in the city of Santiago, Chile.

### Note 17 - Provisions for employee benefits

Current

Item	12/31/2012	12/31/2011	12/31/2010
	M\$	M\$	M\$
Obligations vacations	2,683,304	2,910,368	2,996,288
Obligations personnel benefits	1,674,180	3,960,102	2,193,678
Obligations productivity bonus	3,183,099	3,172,640	2,785,933
<b>Total</b>	<b>7,540,583</b>	<b>10,043,110</b>	<b>7,975,899</b>

Non-current

Item	12/31/2012	12/31/2011	12/31/2010
	M\$	M\$	M\$
Provision for dismissal	13,133,525	13,454,473	14,133,770
Provision for mortality	378,204	439,919	434,604
Provision for resignations	86,528	97,759	164,222
Advance payments	(1,554,062)	(1,550,572)	-
<b>Total</b>	<b>12,044,195</b>	<b>12,441,579</b>	<b>14,732,596</b>

Item	M\$
<b>Liability as of 01/01/2012</b>	12,441,579
Service interest and actuarial calculation	1,153,928
Benefits paid	(1,547,822)
Advance payment	(3,490)
<b>Liability as of 12/31/2012</b>	<b>12,044,195</b>

The Company has agreements to provide benefits to active employees that require actuarial valuation and has signed collective bargaining agreements that include benefits for dismissal, voluntary retirement and worker mortality. In agreements with its unions, the Company has defined accrued employee benefits at different dates.

## Note 17 - Provisions for employee benefits (continued)

### Frozen indemnity

These are benefits established in the Company's respective collective agreements paid as compensation for the different causes that may lead to the termination of the employment contract, such as resignation or death

The freezing dates established in the agreements depend on the union and the reason for termination, and are set at: May 31, 2002, August 31, 2003 and November 30, 2003.

### Legal indemnity

The Company does not establish liabilities for this item, as it is classified as a termination benefit under IAS 19 and because the liability is uncertain.

## Actuarial Assumptions

These assumptions are long-term and if there is sufficient and substantial evidence, they must be updated

### 1. Mortality

The RV-2009 mortality tables for men and women prepared by the Chilean Superintendency of Securities and Insurance were used to calculate severance payments.

### 2. Workforce Rotation

The rotation tables were drafted using information available in the Company, and constant ratios may be observed in the following table:

Reason	Rate %		
	2012	2011	2010
Dismissal	1.26	1.26	2,37
Resignation	0.10	0.10	0.20
Mortality	0.07	0.07	0.06
Other Reasons	0.12	0.12	0.13

### 3. Discount Rate

The real annual discount rates used for each period are as follows:

Period	Rate %
12/31/2009	3.4000
12/31/2010	3.4105
12/31/2011	2.7400
12/31/2012	2.7400

### 4. Termination

The estimated maximum average termination ages are:

Gender	Age in years
Women	62
Men	68

### Note 18 - Income Taxes

According to the relevant legal provisions the Company has a negative first-category tax base of M\$ 411,232,209 as of December 2012, of M\$ 375,323,451 as of December 2011 and of M\$ 293,656,884 as of December 2010, for which reason it has not recognized a provision for income tax for those dates.

Bearing in mind the aforementioned tax loss condition that has existed since the 1996 tax year, the Company believes that it is unlikely that there will be sufficient tax income in the future to allow the reversal of deferred tax assets, for which reason said assets have been recognized up to the amount of the deferred tax liabilities.

Temporary Difference	Tax Assets			Tax Liabilities		
	12/31/2012	12/31/2011	12/31/2010	12/31/2012	12/31/2011	12/31/2010
	M\$	M\$	M\$	M\$	M\$	M\$
Provision for bad debts	95,263	51,562	48,459			
Deferred income	712,873	540,252	347,974			
Provision for vacations	450,362	389,613	410,204			
Severance payments	898,881	531,150	705,305			7,776,121
Provision for lawsuits	219,001	197,582	348,663			
Provision for maintenance	242,291	107,100	309,640			
Provision for employee benefits	334,836	405,643	295,672			
Provision for replacements	452,798	437,630	709,376			
Irrecoverable VAT on loan for extensions				54,283,909	43,724,782	41,356,942
Capitalized expenses				13,817,065	10,838,954	10,108,900
Fixed asset	42,079,280	28,631,213	12,637,459			
Tax loss	82,246,441	63,804,987	42,705,953			
Other events	380,087	731,434	723,258			
<b>Subtotal</b>	<b>128,112,113</b>	<b>95,828,166</b>	<b>59,241,963</b>	<b>68,100,974</b>	<b>54,563,736</b>	<b>59,241,963</b>
net deferred tax asset	60,011,139	41,264,430	(59,241,963)			
Valuation provision	(60,111,139)	(41,264,430)				
<b>Net deferred tax</b>						

### Note 19 - Provisions, contingencies and bonds

As of December 31, 2012 the Company is involved in lawsuits and legal proceedings, in either civil or employment cases, including subsidiary lawsuits that have not been provided for due to the application of IAS 37, as the possibility of an unfavorable outcome is almost non-existent.

## Note 19 - Provisions, contingencies and bonds (continued)

The following are the current cases included in the provisions for lawsuits:

Type of Case	File Name	Matter	Court	Case Number	Current Status
CIP	Almazán Sepúlveda Manuel	Indemnity for damages	8th Civil Court, Santiago	46954-2007	1
CIP	Almuna Guzmán, Ester	Indemnity for damages	21st Civil Court, Santiago	15048-2005	12
CIP	Cabezas Alarcón, Sandro	Indemnity for damages	15th Civil Court, Santiago	5206-2011	2
CIP	Carrasco Jacque, Jaeannette	Indemnity for damages	8th Civil Court, Santiago	24.360-2011	1
CIP	Castillo Calderon Jorge	Indemnity for damages	20th Civil Court, Santiago	6866-2011	1
CIP	Plaza Santa Ana Body Corporate	Indemnity for damages and Property claim	17th Civil Court, Santiago	2121-2012	1
OTS	Corema (Regional Environment Aut.)	Requirement of Fine Payment	16th Civil Court, Santiago	5288-1998	12
CIP	Donoso Bravo, Patricio	Indemnity for damages	18th Civil Court, Santiago	21783-2012	1
CIP	Elizondo Uribe, Ángel .	Indemnity for damages	2nd Civil Court, Santiago	1998-2011	1
OTS	Erices Fuentealba, Rina	Infraction complaint and civil lawsuit	1st Local Police Court, La Florida	16608-2011	2
L	Fonseca Neira, José	Unjustified dismissal and unpaid wages	2nd Employment Court, Santiago	O-4327-2012	1
CO	González Barrera, Wilson and others with National Environmental Comm., Municipality of Puente Alto	Public Law Annulment	18th Civil Court, Santiago	14201-2005	5
CIP	González Gaete, Luisa	Indemnity for damages	11th Civil Court, Santiago	2731-2011	1
OTS	González Tobar, Francesca	Infraction complaint and civil lawsuit	1st Local Police Court, Providencia	3839-3-2011	5
CIP	Gutiérrez Urrutia, Claudia and Delgado Sánchez, Luis; OHL S.A.	Indemnity for damages	5th Civil Court, Santiago	16182-2005	1
CIP	Hernández Cerda Jorge and others	Indemnity for damages	1st Civil Court, Santiago	23-510-2007	12
CIP	Herrera Herrera, Máximo Arturo	Indemnity for damages	12th Civil Court, Santiago	32443-2011	1
OTS	Hidalgo Fernández, Noemí Estela	Infraction complaint and civil lawsuit	3rd Local Police Court, La Florida	66.681-10-2011	2
CIP	Lagunas Morales, Julio	Indemnity for damages	22nd Civil Court, Santiago	19550-2010	1
CIP	Madrid Jaña, Corina with Huarte Andina Construction and Metro S.A.	Indemnity for damages	29th Civil Court, Santiago	15856-2009	1
CIP	Melendez Salas, María	Indemnity for damages	14th Civil Court, Santiago	3342-2011	1
CIP	Méndez Vargas, Yolanda	Indemnity for damages	13th Civil Court, Santiago	10867-2012	1
CIP	Molina Cabrera, Felicia	Indemnity for damages	11th Civil Court, Santiago	17.771-2011	1
L	Morales Muñoz, Mónica with Wackenhut-VALCORP Servicios S.A.	Enforced Collection of an Employment Ruling	Employment and Social Security Claims Court	10-2007	1
CIP	Ramos	Indemnity for damages	26th Civil Court, Santiago	22647-2012	1
CIP	Ramos Urbina, Guillermo	Indemnity for damages	15th Civil Court, Santiago	28472-2011	1
CIP	Riffo Padilla, Uberlinda	Indemnity for damages	23rd Civil Court, Santiago	8093-2010	1
CIP	Rodríguez Duarte, Alioska with Balfour Beatty Chile S.A.,	Indemnity for damages	5th Civil Court, Santiago	10.191-2009	2
L	Saez Contreras, Ximena	Protection of fundamental rights	1st Employment Court, Santiago	T-562-2012	1
OTS	Sandoval Vidal, Ximena	Infraction complaint and civil lawsuit	2nd Local Police Court, Lo Prado	9510-2012	2
L	Santander Toloza, Nelson	Protection of fundamental rights	1st Employment Court, Santiago	T-636-2012	1
CIP	Sepúlveda Aro, Moisés	Indemnity for damages	7th Civil Court, Santiago	6480-2007	1
L	Serey Figueroa Jorge	Unjustified dismissal and unpaid wages	2nd Employment Court, Santiago	O-4059-2012	12
CIP	Sociedad Comercial Atalaya and other	Indemnity for damages	26th Civil Court, Santiago	1368-2005	12
CIP	Soto Valencia, Agustina	Indemnity for damages	27th Civil Court, Santiago	25700-2011	1

### Type of lawsuit

L Employment  
CIP Civil - Indem for Damages  
CO Civil - Others  
OTS Others

### Current Status

1 First hearing, discussion and evidence  
2 First hearing, awaiting ruling  
3 First hearing with a favorable ruling  
4 First hearing with an unfavorable ruling  
5 Second hearing, preliminary viewing of the case  
6 Second hearing with an agreement  
7 Second hearing, with a favorable ruling  
8 Second hearing, with an unfavorable ruling  
9 Appeal reviewing case background  
10 Appeal with favorable ruling  
11 Appeal with unfavorable ruling  
12 Incidental compliance

### Note 19 - Provisions, contingencies and bonds (continued)

The Company has been sued in lawsuits that are recorded as provision under current liabilities as follows:

Other short term provisions	12/31/2012	12/31/2011	12/31/2010
	M\$	M\$	M\$
Lawsuit provision	1,095,003	1,162,247	2,050,961
<b>Total</b>	<b>1,095,003</b>	<b>1,162,247</b>	<b>2,050,961</b>

A provision is a liability of uncertain amount or maturity.

A liability is an entity's present obligation arising from past events whose settlement requires that the entity disposes of resources that would otherwise bring economic benefits.

The information recorded in this note deals with the provision for lawsuits of uncertain amount to be paid in the short term for lawsuits brought against the Company by suppliers, workers and private parties subject to contract periods or who have already rendered services, and payment will depend on the result of the legal proceedings. The movements in this line item are as follows:

Item	Amount M\$
Opening balance 01/01/2010	1,942,581
Accrued provisions	404,409
Provision reversals	(296,029)
<b>Balance 12/31/2010</b>	<b>2,050,961</b>
Accrued provisions	543,598
Provision reversals	(1,432,312)
<b>Balance 12/31/2011</b>	<b>1,162,247</b>
Accrued provisions	1,171,651
Provision reversals	(1,238,895)
<b>Balance 12/31/2012</b>	<b>1,095,003</b>

#### Direct Guarantees

The Company's guarantees are in UF (indexation units), expressed in thousands of pesos as of December 31, 2012.

Guarantees Creditor	Debtor		Type of Guarantees	Assets Committed		Release of guarantees	
				Type	Book value	Date	Assets
Adm. Financiero de Transantiago S.A.	Metro S.A.	Unrelated	Real			2013	

Upon closure of the financial statements, there were no pending balances, since these are Guarantees of Faithful Compliance of Contract. No assets are committed for the UF 15,000 guarantee with Transantiago S.A. Financial Administrator, as it was paid for with a bank loan.

**Note 20 - Changes to net equity**

## Increase in Capital 2012

On December 27, 2012 there was an Extraordinary General Meeting in which it was agreed to;

- ✓ Increase issued and subscribed capital, capitalizing state contributions for a nominal value of M\$ 109,360,969 by issuing 2,932,715,714 paid A series shares to be subscribed and paid by the State and CORFO on a pro rata basis of their interests and share in the Company.

On November 26, 2012, CORFO paid the state contributions subscribed on September 11, 2012.

On September 11, 2012, an Extraordinary General Meeting was held, in which it was agreed to:

- ✓ Increase issued and subscribed capital, capitalizing state contributions for a nominal value of M\$ 95,600,000 by issuing 2,531,779,661 paid a series shares to be subscribed and paid by CORFO on the thirty first of December, 2012 at the latest.

## Increase in Capital 2011

On December 27, 2011 an Extraordinary General Meeting was held, in which it was agreed to:

- ✓ Increase issued and subscribed capital, capitalizing state contributions for a nominal value of M\$ 86,683,091 by issuing 2,275,744,065 paid A series shares to be subscribed and paid by the State and CORFO on a pro rate basis of their interests and share in the Company.

## Increase in Capital 2010

On December 28, 2010, an Extraordinary Shareholders Meeting was held, agreeing to:

- ✓ Increase the capital subscribed and paid, capitalizing fiscal contributions for the sum of M\$ 56,065,285, by issuing 1,385,011,982 shares of the A-series subscribed and paid for by the State and Corfo at *pro rata* interests and social participation.
- ✓ Once again increase the capital from the aforementioned increase, for M\$ 25,419,600, by issuing 627,954,545 shares of the A-series, subscribed and paid for by the Chilean State

- a. Paid capital – As of December 31, 2012 paid capital comprised 25,644,932,209 and 19,163,677,063 nominative shares without nominal value, from series A and B respectively, with 26,598,112,371 shares belonging to the Chilean Economic Development Agency (CORFO) and 18,210,496,901 shares belonging to the Chilean State.

Paid capital – As of December 31, 2011 paid capital comprised 20,180,436,834 and 19,163,677,063 nominative shares without nominal value, from Series A and B respectively, with 22,325,472,662 shares belonging to the Chilean Economic Development Agency and 17,018,641,235 shares belonging to the Chilean state.

As of December 31, 2010, the capital paid was represented by 17,904,692,769 and 19,163,677,063 nominal shares without nominal value –A and B series, respectively– equal to 21,034,215,480 shares owned by Corfo and 16,034,154,352 shares owned by the Chilean State.

## Note 20 - Changes to net equity (continued)

A shares represent initial capital and increases in subscribed and paid for by the Chilean State and the Chilean Economic Development Agency and may not be sold. B shares represent capital increases that may allow the incorporation of other shareholders.

Ownership of the Company's shares is set forth in the following table:

Shareholder	12/31/2012		12/31/2011		12/31/2010	
	Number of shares and percentages					
	Subscribed and paid-up shares	%Ownership	Subscribed and paid-up shares	%Ownership	Subscribed and paid-up shares	%Ownership
Chilean Economic Development Agency	26,598,112,371	59.36%	22,325,472,662	56.74%	21,034,215,480	56.74%
Chilean State – Ministry of Finance	18,210,496,901	40.64%	17,018,641,235	43.26%	16,034,154,352	43.26%
<b>Total</b>	<b>44,808,609,272</b>		<b>39,344,113,897</b>		<b>37,068,369,832</b>	
Chilean Economic Development Agency						
Series A	14,494,641,065		10,222,001,356		8,930,744,174	
Series B	12,103,471,306		12,103,471,306		12,103,471,306	
<b>Total</b>	<b>26,598,112,371</b>		<b>22,325,472,662</b>		<b>21,034,215,480</b>	
Chilean State – Ministry of Finance						
Series A	11,150,291,144		9,958,435,478		8,973,948,595	
Series B	7,060,205,757		7,060,205,757		7,060,205,757	
<b>Total</b>	<b>18,210,496,901</b>		<b>17,018,641,235</b>		<b>16,034,154,352</b>	

b. Distribution of profits and dividends

The Company's dividend policy complies with current legislation as it ensures that at least 30% of the annual net profit is destined to the distribution of cash dividends, unless otherwise agreed at the Annual General Meeting by unanimous vote of issued shares.

In the Annual General Meeting on April 26, 2012, it was agreed not to distribute profits and dividends.

c. Non-Controlling Interests

This line item recognizes the subsidiary's share of equity and income not directly or indirectly attributable to the controlling company. The breakdown of this item for the financial years ended December 31 2012, 2011 and 2010 is as follows:

Subsidiary	Percentage Non-controlling interest			Equity Non-controlling interest			Share of income (loss)		
	2012 %	2011 %	2010 %	2012 M\$	2011 M\$	2010 %	2012 M\$	2011 M\$	2010 %
Suburban Passenger Transport Company S.A. (Transub S.A.)	33.33	33.33	33.33	(10,645)	(10,645)	(10,645)			

#### Note 20 - Changes to net equity (continued)

d. Other reserves

Other reserves correspond to the revaluation of capital due to the transition to IFRS and the land revaluation surplus adjustment arising from first-time adoption of accounting standards in accordance with Memo 456 of the Superintendency of Securities and Insurance.

<b>Other reserves</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>
Inflation adjustment paid-up capital	30,336,377	30,336,377	30,336,377
Revaluation surplus	4,620,694	4,620,694	-
<b>Total</b>	<b>34,957,071</b>	<b>34,957,071</b>	<b>30,336,377</b>

Additional and complementary information is presented in the Consolidated Statement of Changes to Net Equity.

#### Note 21 - Income and expenses

Revenue

Revenue for the financial years ended December 31, 2012, 2011 and 2010 is as follows:

<b>Revenue</b>	<b>ACCUMULATED</b>		
	<b>01/01/2012</b>	<b>01/01/2011</b>	<b>01/01/2010</b>
	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
	<b>M\$</b>	<b>M\$</b>	<b>M\$</b>
Revenue from passenger transportation service	204,431,311	198,466,973	188,462,226
Sales channel revenue	15,811,305	14,574,347	13,224,308
Leasing of shops, commercial spaces and advertisements	11,790,594	10,467,777	8,075,958
Leasing at intermodal terminals	1,462,369	1,266,428	1,270,335
Other income	4,900,501	4,186,643	2,809,612
<b>Total</b>	<b>238,396,080</b>	<b>228,962,168</b>	<b>213,842,439</b>

### Note 21 - Income and expenses (continued)

Other income other than revenue

Other income for the financial years ended December 31, 2012, 2011 and 2010 is as follows:

Other Income	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Sale of Fixed Assets		1,905,735	60,213
Revenue from fines and indemnities	453,422	824,749	163,405
Welfare Revenue	272,052	259,216	274,567
Sale of proposals	90,693	27,873	16,694
Sale of services			167,603
Other income	195,521	312,849	157,127
<b>Total</b>	<b>1,011,688</b>	<b>3,330,422</b>	<b>839,609</b>

Expenses by nature

Costs of sales, administrative expenses and other expenses by function for the financial years ended December 31 2012, 2011 and 2010 are as follows:

Expenses by Nature	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Energy purchases	29,256,281	29,657,659	27,523,635
Personnel expenses	54,750,859	50,303,349	48,559,274
Maintenance and operating expenses	36,055,728	32,042,704	60,545,390
Depreciation and amortization	71,561,903	70,261,193	63,239,034
General expenses and others	35,478,610	38,349,030	5,216,122
<b>Total</b>	<b>227,103,381</b>	<b>220,613,935</b>	<b>205,083,455</b>

Personnel expenses

The breakdown of this line item for the financial years ended December 31, 2012, 2011 and 2010 is as follows:

Personnel expenses	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Wages and salaries	35,663,037	33,544,886	39,598,164
Other Benefits	14,954,155	11,609,083	6,129,261
Expenses on social and collective benefits	2,574,153	3,681,495	1,471,363
Social Security Contribution	1,559,514	1,467,885	1,360,486
<b>Total</b>	<b>54,750,859</b>	<b>50,303,349</b>	<b>48,559,274</b>

## Note 21 - Income and expenses (continued)

### Maintenance and operating expenses

The breakdown for this line item for the financial years ended December 31, 2012, 2011 and 2010 is as follows:

Maintenance and Operating Expenses	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Maintenance of rolling stock, stations and others	24,087,934	23,709,564	29,094,582
General operating expenses	-	-	31,450,808
Parts	7,530,102	6,686,803	-
Repairs, leases and others	4,437,692	1,646,337	-
<b>Total</b>	<b>36,055,728</b>	<b>32,042,704</b>	<b>60,545,390</b>

### Depreciation and amortization

The breakdown of this line item for the financial years ended December 31, 2012, 2011 and 2010 is as follows:

Depreciation, Amortization	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Depreciation	71,149,194	69,828,130	62,908,333
Amortization	412,709	433,063	330,701
<b>Total</b>	<b>71,561,903</b>	<b>70,261,193</b>	<b>63,239,034</b>

### General and other expenses

The breakdown for this line item for the financial years ended December 31, 2012, 2011 and 2010 is as follows:

General Expenses and Others	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Service contracts	12,366,740	11,243,718	-
Complementary transportation expenses	8,831,382	8,346,692	-
Property taxes	957,025	4,083,917	-
Corporate image expenses	1,518,698	715,448	-
Sales channel operator expenses	8,685,525	8,680,583	-
Insurance materials and others	3,119,240	5,278,672	5,216,122
<b>Total</b>	<b>35,478,610</b>	<b>38,349,030</b>	<b>5,216,122</b>

## Note 21 - Income and expenses (continued)

### Financial result and exchange difference

The Company's financial result and exchange difference for the financial years ended December 31, 2012, 2011 and 2010 are as follows:

Financial Result	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Financial Income			
Cash interest and other equivalent means	4,843,936	4,136,221	1,374,214
Present value swap	3,401,732	3,717,522	16,107,844
Other financial income	224,563	304,070	539,931
Subtotal	<b>8,470,231</b>	<b>8,157,813</b>	<b>18,021,989</b>
Financial expenses			
Interest and expenses on bank loans	(10,949,066)	(12,748,651)	(24,381,313)
Interest and expenses on bonds	(38,664,595)	(33,814,224)	(29,196,822)
Other financial expenses	(1,027,101)	(1,236,048)	(839,804)
Subtotal	<b>(50,640,762)</b>	<b>(47,798,923)</b>	<b>(54,417,939)</b>
<b>Net financial income (expense)</b>	<b>(42,170,531)</b>	<b>(39,641,110)</b>	<b>(36,395,950)</b>

Exchange Difference and Indexation Units	ACCUMULATED		
	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Exchange difference			
Positive	37,266,172	9,313,582	43,175,065
Negative	(5,920,141)	(53,136,220)	(7,959,177)
Profit (loss) from exchange difference	31,346,031	(43,822,638)	35,215,888
Profit (loss) from indexation units	(19,431,166)	(29,220,435)	(20,406,909)
<b>Net income (expense) exchange difference and indexation units</b>	<b>11,914,865</b>	<b>(73,043,073)</b>	<b>14,808,979</b>

### Other Profit (Losses)

The Company's other profit (losses) for the financial years ended December 31, 2012, 2011 and 2010 are as follows:

Other Profit (Losses)	01/01/2012 12/31/2012 M\$	01/01/2011 12/31/2011 M\$	01/01/2010 12/31/2010 M\$
Present net USD value swap	14,661,907	11,022,244	-
Present net UF value swap	(21,819,830)	(7,744,861)	-
<b>Total</b>	<b>(7,157,923)</b>	<b>3,277,383</b>	<b>-</b>

## Note 22 - Guarantees received from third parties

The breakdown of guarantees received at the end of the financial year is as follows:

Grantor	Guarantee Amount M\$	Originating Operation	Relationship
Alstom Chile S.A.	108,964,847	Services contract	Supplier
Alstom Transort S.A.	91,952,136	Services contract	Supplier
Alstom Brasil	51,344	Services contract	Supplier
Adm. Financiero Transantiago	1,301,923	Services contract	Supplier
Ascensores Otis Chile Ltda.	2,168,153	Services contract	Supplier
Ara Worleyparsons	998,194	Services contract	Supplier
Arcadis Geo Consultor	870,286	Services contract	Supplier
Balfour Beatty Chile S.A.	35,794,156	Works and Services Contract	Supplier
SGS Chile Ltda. Soc. de C.	2,880,905	Services contract	Supplier
Bravo Energy Chile	1,449,199	Services contract	Supplier
CAF Chile S.A.	193,119,705	Services contract	Supplier
MEC SPA	1,969,357	Services contract	Supplier
Santo Domingo Obras Civiles	4,181,205	Works Contract	Supplier
Soc. Constructora Jorge Orellana	2,309,322	Works Contract	Supplier
Empresa Constructora Desco	5,367,514	Works Contract	Supplier
GMPG Ingeniería y Construcción	3,109,702	Works Contract	Supplier
Systra	3,116,075	Services contract	Supplier
Interxport Telecomunicaciones	767,173	Services contract	Supplier
Indra Sistem. Chile	21,342,573	Services contract	Supplier
Ingeniería y Desarrollo Tecnológico	1,568,819	Services contract	Supplier
Bitelco Diebold Chile Ltda.	3,653,502	Services contract	Supplier
JC Decaux Chile	1,143,941	Services contract	Supplier
CVC Comao S.A.	1,979,032	Services contract	Supplier
Const. Auxiliar de Ferrocarriles	65,300,360	Services contract	Supplier
Soc. Mant. e Instal. Técnica S.A.	20,436,561	Works Contract	Supplier
Siemens S.A.	1,628,528	Services contract	Supplier
Thales Communications & Security	1,246,612	Services contract	Supplier
Thales	88,631	Services contract	Supplier
Thales Rail Signalling Solution	664,396	Services contract	Supplier
Thales Transportation Systems	296,673	Services contract	Supplier
Otros	16,744,169	Works and Services Contract	Supplier
<b>Total</b>	<b>596,464,993</b>		

## Note 23 - Risk management policies

The Company is exposed to a wide range of risks, which are inherent to providing public passenger transportation services, as well as risks associated with economic or financial changes in the market, unforeseen events or *force majeure*, among others.

### 23.1 Description of market in which the company operates

The main operating market in which the company operates is public passenger transportation in the Metropolitan Region and consists of users who seek a fast and safe trip.

The Company's secondary activities are collecting transportation fares, selling payment media (Bip cards and tickets), and leasing advertising space, and commercial premises and spaces in stations on the network, among other activities.

#### ✓ Fares

On February 10, 2007, the Company became part of the Transantiago Integrated Public Passenger Transport System and its fare revenue is proportional to the number of effectively confirmed passengers transported and the technical fare established in Annex 1 of the Terms and Conditions set forth in the Tender Using Public Transport Routes in Santiago.

The Company's fare structure has three segments, which each have a differentiated technical fare. The first segment applies when Metro carries up to 583 million passengers per year, the second is from 583 to 717 million passengers per year, and the third is 717 million passengers and above. The technical fare for each fare segment is updated on a monthly basis using the adjustment formula included in the aforementioned Annex 1 that takes into account variations in the variables that influence the Company's long term cost structure (CPI, U.S. dollar, euro, imported products index, and the price of power and electrical energy). The aforementioned means that cost variations caused by a rise in any of the variables that comprise the adjustment formula will be seamlessly reflected in the fare structure.

The fare paid by the public is different from the fare received by the Company per passenger transported. While in December 2012 customers paid \$670 for peak time fares, \$610 for normal fares and \$ 560 for off-peak fares, in the same month the Company received a technical fare of around \$ 302.6 on average per passenger.

#### ✓ Demand

The Company is now the main pillar of the Integrated Passenger Transportation System (Transantiago) and between January and December 2012 2.16 million trips were made on Metro on business days, meaning that today 61% of all public transport trips made every day in Santiago are made on the Metro. This figure comes from the breakdown of all public transport trips in Santiago, which showed that 29% took place solely on the Metro, 32% on both the Metro and Bus and 39% on Bus only.

**Note 23 - Risk management policies (continued)****23.1 Description of market in which the company operates (continued)**

It should be mentioned that the risk related to passenger demand for the Metro is mainly associated with the country's economic situation, employment levels and surface passenger transport (bus) service quality. Effectively, passenger transport demand is derived from other economic activities. Therefore, there was an increase of 8.8 million trips between January and December 2012 in comparison with the same period in 2011, which is mainly due to an increase in economic activity and the start-up of the Line 5 extension to Maipú (7 new stations) in February 2011. During the period from January to December 2011, there was an increase of 19.2 million trips compared to the same date in 2010. This may be explained primarily by the beginning of operations on the Line 5 extension to Maipú in February 2011 (7 new stations), the recovery of the lower affluence after the February 2010 earthquake, and a resurgence of economic activity in comparison to the same date the previous year.

**23.2 Financial risks**

The main risks to which the Company is exposed arising from financial assets and liabilities are: market risk, liquidity risk and credit risk.

In loans with financial institutions the nominal rate is similar to the effective rate as there are no additional transaction costs to consider.

✓ **Market risk**

Metro S.A.'s technical fare of for each fare segment is updated on a monthly basis by the adjustment formula that takes into account variations in the variables that impact the Company's long term cost structure (CPI, dollar, euro, imported product index, and the price of power and electric energy). The aforementioned creates a natural hedge against cost variations due to a rise in any of the variables that compose the adjustment formula.

To reduce exposure to the U.S. dollar and variations in the financial debt interest rate, the Company has a Financial Risk Hedging Policy. In the framework of this policy, the Company carried out derivative operations (Cross Currency Swap CCS) for MMUSD 82 during September 2012 (with a balance of MMUSD 222 as of December 31, 2012), which do not fulfil the criteria for hedge accounting.

In May 2012, Metro S.A. placed bonds on the local financial market for 1.5 million UF at a rate of 3.88%, the highest rate for an issue made by the company without State guarantee.

The Company is especially exposed to two market risks, namely interest rate risk and exchange rate risk

✓ **Interest rate risk**

Among the market risks worth mentioning are possible variations in the Libor rate for external variable rate loans obtained by the Company.

In order to mitigate interest rate fluctuation risks, the Company has purchased derivatives (cross currency swap) and placed fixed-rate UF-denominated bonds.

## Note 23 - Risk management policies (continued)

### 23.2 Financial risks (continued)

As of December 31, 2012, the variable rate debt was less than in the corresponding periods in 2011 and 2010 as shown by the following table:

Debt Composition	12/31/2012 %	12/31/2011 %	12/31/2010 %
Fixed rate	83.4	76.3	66.7
Variable rate	16.6	23.7	33.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

A sensitivity analysis of the net debt of MMUSD 415 at a variable Libor rate without current derivative hedging on December 31, 2012 showed that if Libor increased by 100 base points, the effect on income would be an annual increase in financial costs by MMUSD 4.1 as shown in the following table

Sensitivity analysis	Equivalent in MMUSD	Total %
Total Debt	<b>2,493</b>	<b>100%</b>
Debt at LIBOR rate	519	
IRS	118	
CCS	(223)	
Total Variable Rate Debt	<b>415</b>	<b>17%</b>
Total Variable Libor Rate Debt	415	
Total Fixed Rate Debt	<b>2,078</b>	<b>83%</b>

Variation in Financial Expenses	Equivalent in MMUSD
Impact on Financial Expenses of a Variation of 100 base pts in LIBOR	4.1

#### ✓ Exchange Rate Risk

The following table shows the Company's debt composition in millions of dollars (taking current derivative operations into account):

Financial Debt Structure (Equivalent in USD)	12/31/2012 Eq. in MMUSD	%	12/31/2011 Eq. in MMUSD	%	12/31/2010 Eq. in MMUSD	%
Debt UF	1,942	78%	1,670	70%	1,797	71
Debt US\$	551	22%	709	30%	730	29
<b>Total Financial Debt</b>	<b>2,493</b>	<b>100%</b>	<b>2,379</b>	<b>100%</b>	<b>2,527</b>	<b>100</b>

The financial debt structure as of December 31, 2012 is 78% UF-denominated and the remaining 22% is denominated in U.S. dollars.

## Note 23 - Risk management policies (continued)

### 23.2 Financial risks (continued)

The aforementioned is in line with Metro's operating cash flows given the adjustment formula that updates the Company's technical fare in response to variations in the Dollar and Euro, as well as other variables, creating a natural hedge for long term operating cash flows.

A sensitivity analysis of the Statement of Comprehensive Income on December 31, 2012 estimated that a possible depreciation/appreciation of 10% in the Chilean peso against the US dollar (if all other parameters remained constant) would result in a loss or profit of M\$ 22,886,924.

Sensitivity analysis Effect on Income as of December 2012	Depreciation 10% MMUSD	Appreciation 10% M\$
Impact on income of a variation of 10% in the CLP/USD exchange rate	(22,886,924)	22,886,924

#### ✓ Liquidity risk

The fare income associated with the transportation of passengers on Metro is discounted from the funds collected through the Company's sales channel on a daily basis in accordance with the contracts signed with the Transantiago Financial Administrator, thereby creating the liquidity necessary to cover the Company's commitments. This income represents 86% of revenue.

The Company also has duly approved bank credit lines that reduce liquidity risk.

The maturities of debt that accrue interest owed by the Company is as follows, presented by term and separating capital and interest payable:

	Up to 1 year	1 to 3 years	3 to 5 years	5 years plus	Total
<b>Capital</b>	57,938,370	226,293,352	151,531,507	760,775,014	1,196,538,243
<b>Interest</b>	48,624,829	130,340,528	75,808,659	264,070,415	518,844,431
<b>Total</b>	<b>106,563,199</b>	<b>356,633,879</b>	<b>227,340,166</b>	<b>1,024,845,429</b>	<b>1,715,382,673</b>

## Note 23 - Risk management policies (continued)

### 23.2 Financial risks (continued)

✓ Financial liability structure

The Company's financial debt classified by maturity is presented as follows.

Financial Liabilities	12/31/2012				
	Up to 1 yr	1 to 3 yrs	3 to 5 yrs	5 yrs plus	Total
Bank Loans	50,143,308	178,879,720	107,089,622	36,093,337	372,205,987
Bonds	21,368,637	47,584,904	44,729,809	730,965,690	844,649,040
Hedge Operations	820,111	5,598,721	2,074,315	4,172,606	12,665,753
<b>Total</b>	<b>72,332,056</b>	<b>232,063,345</b>	<b>153,893,746</b>	<b>771,231,633</b>	<b>1,229,520,780</b>

Financial Liabilities	12/31/2011				
	Up to 1 yr	1 to 3 yrs	3 to 5 yrs	5 yrs plus	Total
Bank Loans	58,935,221	222,494,484	115,361,608	62,979,312	459,770,625
Bonds	17,811,965	33,441,053	41,318,275	703,709,771	796,281,064
Hedge Operations	664,051	2,868,287	1,696,818	3,219,898	8,449,054
<b>Total</b>	<b>77,411,237</b>	<b>258,803,824</b>	<b>158,376,701</b>	<b>769,908,981</b>	<b>1,264,500,743</b>

Financial Liabilities	12/31/2010				
	Up to 1 yr	1 to 3 yrs	3 to 5 yrs	5 yrs plus	Total
Bank Loans	61,084,633	136,040,854	173,350,717	179,204,997	549,681,201
Bonds	11,415,824	23,100,480	33,470,664	590,078,442	658,065,410
Hedge Operations	712,564	5,074,888	3,364,473	5,231,508	14,383,433
Payables foreign suppliers	-	2,328,837	-	-	2,328,837
<b>Total</b>	<b>73,213,021</b>	<b>166,545,059</b>	<b>210,185,853</b>	<b>774,514,947</b>	<b>1,224,458,882</b>

The Company's debt structure generally consists of bonds and long-term bank loans oriented to ensure financial stability and achieving the best match with the maturity dates of the Company's assets.

The book and market value of the Company's debt in loans and bonds as of December 31, 2012 is as follows:

Debt Composition	Book Value M\$	Market Value M\$
Loans	372,205,961	379,476,158
Bonds	844,649,040	900,174,625

✓ Credit risk

The Company's credit risk is derived from its exposure to non-fulfilment of obligations by a counterpart in a determined contract or financial instrument. Both loans made to customers and financial assets in the Company's portfolio are included.

- Accounts receivable

The accounts receivable risk from commercial activity (passenger transportation) is limited, as 86% of the Company's revenue is received daily in cash, while the remaining 14% is income that is unrelated to the main business.

## Note 23 - Risk management policies (continued)

### 23.2 Financial risks (continued)

The maximum exposure to credit risk arises from commercial receivables.

Commercial debtors and other accounts receivable	Balance as of		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
Commercial debtors, Gross	5,252,253	4,140,893	5,388,923
Impairment of commercial debtors	(502,171)	(374,062)	(359,778)
<b>Commercial debtors, Net</b>	<b>4,750,082</b>	<b>3,766,831</b>	<b>5,029,145</b>
Other accounts receivable, Gross	782,912	1,424,630	1,673,517
Impairment of other accounts receivable		(292,148)	(8,381)
<b>Other accounts receivable, Net</b>	<b>782,912</b>	<b>1,132,482</b>	<b>1,665,136</b>
<b>Total accounts receivable</b>	<b>5,532,994</b>	<b>4,899,313</b>	<b>6,694,281</b>

Debtors are mainly lessees of commercial premises, publicity and invoices payable, and have low arrears. Furthermore, there are no individual customers who comprise a significant part of accounts receivable.

Impairment of accounts receivable is determined by the aging reports issued by Company's legal department, taking into account the arrears of the account, as well as procedures for court and out-of-court collections.

Regarding guarantees associated to passenger transportation revenue, the Company has a guarantee of UF 15,000 that covers compensation procedure payments to the Transantiago S.A. Financial Administrator (AFT).

The analysis of accounts receivable, by age, is as follows:

Aging of commercial debtors, net	Balance as of		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
Less than 3 months	4,373,544	3,570,943	3,316,637
From 3 months to 1 year	375,838	162,852	79,509
More than 1 year	700	33,036	1,632,999
<b>Total</b>	<b>4,750,082</b>	<b>3,766,831</b>	<b>5,029,145</b>

Aging of other accounts receivable, net	Balance as of		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
Less than 3 months	183,056	352,672	39,175
From 3 months to 1 year	599,856	765,869	712,549
More than 1 year		13,941	913,412
<b>Total</b>	<b>782,912</b>	<b>1,132,482</b>	<b>1,665,136</b>

## Note 23 - Risk management policies (continued)

### 23.2 Financial risks (continued)

- Financial assets

The level of exposure to risk of financial assets is established in the Company's financial investment policy.

As of December 31, 2012, 2011 and 2010, the balances of the Company's financial assets are as follows:

Financial Assets	12/31/2012			
	Up to 1 yr	1 to 5 yrs	5 yrs plus	Total
<b>Cash and Cash Equivalents</b>				
Available cash	227,933			227,933
Term deposits	144,542,948			144,542,948
Buyback agreements	17,746,824			17,746,824
<b>Subtotal</b>	<b>162,517,705</b>	-	-	<b>162,517,705</b>
<b>Other Financial Assets</b>				
Hedge Operations	887,788	5,082,077	3,049,246	9,019,111
Financial Leases	22,567	151,552	1,270,231	1,444,350
Promissory notes receivable	-	339,016	-	339,016
<b>Subtotal</b>	<b>910,355</b>	<b>5,572,645</b>	<b>4,319,477</b>	<b>10,802,477</b>
<b>Total</b>	<b>163,428,060</b>	<b>5,572,645</b>	<b>4,319,477</b>	<b>173,320,182</b>

Financial Assets	12/31/2011			
	Up to 1 yr	1 to 5 yrs	5 yrs plus	Total
<b>Cash and Cash Equivalents</b>				
Available cash	447,051			447,051
Term deposits	80,071,652			80,071,652
Buyback agreements	37,632,786			37,632,786
<b>Subtotal</b>	<b>118,151,489</b>	-	-	<b>118,151,489</b>
<b>Other Financial Assets</b>				
Hedge Operations	939,183	5,278,375	4,222,700	10,440,258
Financial Leases	22,192	149,040	1,413,395	1,584,627
Promissory notes receivable	-	302,376	-	302,376
<b>Subtotal</b>	<b>961,375</b>	<b>5,729,791</b>	<b>5,636,095</b>	<b>12,327,261</b>
<b>Total</b>	<b>119,112,864</b>	<b>5,729,791</b>	<b>5,636,095</b>	<b>130,478,750</b>

## Note 23 - Risk management policies (continued)

### 23.2 Financial risks (continued)

Financial Assets	12/31/2010			
	Up to 1 yr	1 to 5 yrs	5 yrs plus	Total
<b>Cash and Cash Equivalents</b>				
Available cash	208,864			208,864
Term deposits	49,215,857			49,215,857
Buyback agreements	39,164,426			39,164,426
<b>Subtotal</b>	<b>88,589,147</b>			<b>88,589,147</b>
<b>Other Financial Assets</b>				
Hedge Operations	462,765	5,538,592	5,538,591	11,539,948
Financial Leases		127,561	1,187,511	1,315,072
Loan to employees		56,342		56,342
Promissory notes receivable		279,233		279,233
<b>Subtotal</b>	<b>462,765</b>	<b>6,001,728</b>	<b>6,726,102</b>	<b>13,190,595</b>
<b>Total</b>	<b>89,051,912</b>	<b>6,001,728</b>	<b>6,726,102</b>	<b>101,779,742</b>

As of December 31, 2012, the average maturity term for financial investments is less than 30 days. Said investments are made in banks, and none of them represents a significant percentage of the total individually.

The aforementioned is part of the Company's financial investment policy, which aims to reduce risks by diversifying its portfolio, establishing maximum investment limits per bank, as well as including minimum risk qualifications per issuer.

### 23.3 Capital Risk Management

In terms of capital management, the Company seeks to maintain an optimal capital structure by reducing its costs and ensuring long-term financial stability by supervising the fulfilment of its obligations and financial agreements established in debt contracts.

On the other hand, every year at the Extraordinary General Meeting the company capitalizes the contributions of the State and its Capital partners to finance expansion projects.

The company has maintained the debt and minimum equity ratios that are shown as follows:

	12/31/2012	12/31/2011	12/31/2010
Leverage	0.78	0.90	0.87
Equity (MM\$)	1,669,683	1,489,831	1,501,871

## Note 23 - Risk management policies (continued)

### 23.4 Commodities risk

- ✓ The Company's commodity risk factors include the supply of electric energy required for operations and the need for service continuity in the case of possible supply interruptions. To ensure this, the company has a supply system that allows it to reduce exposure to blackouts as it is directly connected to the Central Interconnected System (SIC, in Spanish) in two places that supply energy to Lines 1, 2 and 5, and in two other places that supply energy to Line 4.
- ✓ Furthermore, its electric energy supply systems have backups so that if one of them fails, there is always another one in reserve to ensure the energy supply that is required for normal network operations.

The operating control systems are designed to be redundant, that is, they function on stand-by mode, so that if either fails, the other comes online immediately, ensuring ongoing normal network operations.

- ✓ In the case of Lines 1, 2 and 5, if there is a blackout on the Central Interconnected System, the distribution company has made returning electricity to downtown Santiago its top priority, meaning the Metro network would have electricity almost instantly, as its energy is supplied from there.

It should also be mentioned that the Company signed an Energy and Power Supply contract with Chilectra S.A. in June 2004, that comes into effect as of August 1, 2004 ensuring supply of electric power to the current network for a period of 10 years.

### 23.5 Risk due to unforeseen events or force majeure

As well as the aforementioned systems, the Company's risk management and control personnel constantly analyze all possible natural events or third party actions that may affect operations, and regularly review and update emergency plans and makes them available.

#### Note 24 - Environment

The following environmental expenses and/or investments directly or indirectly related to protecting the environment were incurred in the financial years ended December 31, 2012, 2011 and 2010:

Item	Allocated to Expenses		
	12/31/2012 M\$	12/31/2011 M\$	12/31/2010 M\$
Noise and vibrations	82,914	77,449	93,105
Waste Treatment	19,611	32,844	25,828
Run-off Water	97,969	214,486	208,545
Environment Management	250,976	789,118	414,105
Carbon Bonds created by CBTC Project	-	2,551	9,391
Monitoring of pollution parameters	-	852	20,257
<b>Total</b>	<b>451,470</b>	<b>1,117,300</b>	<b>771,231</b>

Item	Allocated to Expenses	
	12/31/2012 M\$	12/31/2011 M\$
Noise and Vibrations	109,548	49,542
Waste Treatment	-	23,510
<b>Total</b>	<b>109,548</b>	<b>73,052</b>

M\$ 2,260,303 has been committed to these items in the future.

#### Note 25 - Sanctions

The Company was not subject to any sanctions by the Superintendency of Securities and Insurance or any other supervisory body in 2012, 2011 and 2010.

#### Note 26 - Subsequent events

Between January 1 and March 25, 2013, management is not aware of any subsequent events which would require disclosure.

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