Company Presentation

2Q 2011

Agenda

Company Overview

Chilean Electricity Sector

Business Strategy

Financial Profile

Colbún

Colbún at a glance

Business	Power Generation & Trade
Size	2nd largest generator in Chile's Central Grid (SIC), with 22% market share (MW). The SIC covers 90% of the population
Capacity	2,620 MW 52% thermal and 48% hydraulic
Generation	9,402 GWh in 2010 41% thermal and 59% hydraulic
Assets	15 hydro plants in 4 different basins 6 thermal plants in 4 different regions
People	900 employees as of June'11
Results	EBITDA of USD 331.1 million in 2010 Revenues of USD 1.0 billion in 2010

Market Share (as a % of Gross Generation) - SIC

Source: CNE – December 2010

Generation (GWh) and Installed Capacity (MW)

Source: Colbún 2010 Generation and Capacity

A diversified asset base

6 Thermal Power Plants

Nehuenco Complex: 874 MW
DIESEL/GAS

Nehuenco I
Capacity: 368 MW

Nehuenco II
Capacity: 398 MW

Nehuenco III
Capacity: 108 MW

Candelaria Power Plant: 270 MW
DIESEL/GAS

Candelaria
Capacity Unit I : 133 MW
Capacity Unit II : 137 MW

Los Pinos Power Plant: 100 MW
DIESEL

Los Pinos
Capacity: 100 MW

Antilhue Power Plant: 103 MW
DIESEL

Antilhue
Capacity Unit I : 51 MW
Capacity Unit II : 52 MW

Transmission Lines

758 KM
Additional Transmission System

66 KM
Sub Transmission System

Combined Cycle
Open Cycle
Run of the River
Reservoir

15 Hydro Power Plants

Aconcagua Basin: 213 MW

Chacabuquito
Capacity: 29 MW

Blanco
Capacity: 60 MW

Los Quilos
Capacity: 39 MW

Juncal
Capacity: 29 MW

Hornitos
Capacity: 55 MW

Juncalito
Capacity: 1 MW

Carena Power Plant: 9 MW

Carena
Capacity: 9 MW

Maule Basin: 630 MW

Colbún
Capacity: 474 MW

Machicura
Capacity: 95 MW

San Ignacio
Capacity: 37 MW

Chiburgo
Capacity: 19 MW

San Clemente
Capacity: 5 MW

Laja Basin: 249 MW

Rucúe
Capacity: 178 MW

Quilleco
Capacity: 71 MW

Chapo Lake: 172 MW

Canutillar
Capacity: 172 MW

A diversified customer base

Regulated Customers

CHILECTRA
(2011- 2021/23/25)

CONAFE
(Until 2020)

CGE-Río Maipo
(2010- 2021)

CGE-Distribución
(2010- 2024)

SAESA
(2010- 2019)

Un-Regulated Customers

CODELCO
Salvador

CODELCO
Ventanas

ANGLOAMERICAN
Los Bronces

CODELCO
Andina

METRO
AGUAS ANDINAS
La Farfana

CMPC
Puente Alto

CODELCO
Teniente

CMPC
Procart

Colbún

Colbún has grown steadily over the past decade

Capacity (MW)

Total Operating Revenues (MMUSD)

Market Cap (MMUSD)

3-year Moving Average EBITDA (MMUSD)

Colbún

Solid and reliable controlling group with a strategic and long term vision

Control

Controlled by the Matte Group (49%), one of the leading economic groups in Chile, with stakes in various sectors (forestry, financial, telecommunications, among others).

Large Stakeholder

The second important stakeholder, the Angelini Group, is also a leading Chilean economic group and owns 9.6% of Colbún.

Float

41% free float, with relevant local institutional investor presence.

Governance

4 out of 9 are independent directors.

Accounting Standards

Disclosure under IFRS standards
Functional currency: US dollar

Ownership Structure

Source: Colbún, December 2010

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Sector Segmentation

3 SUB-SECTORS

GENERATION

TRANSMISSION

DISTRIBUTION

Regulated sectors (concessions)

RELEVANT INSTITUTIONS

Ministry of **Energy**

Regulator: **CNE**

Supervisor: **SEC**

Coordinator: **CDEC**

4 SEPARATE GRIDS

Source: CNE, December 2010

Market Structure

Electricity Market Structure

Main Players in the Generation Sector-SIC

New Capacity
2011-2014

Colbún	**47%**
Endesa	20%
Gener	14%
Other players	19%

Source: *"Capacidad Empresas Generadoras* CDEC, 2010.

"Informe Técnico Preliminar Fijación Precio Nudo SIC", CNE, Abril2011

Evolution of Power Generation and Demand in the SIC

Annual Power Generation-SIC (TWh)

Source: *"Generación Bruta en el SIC"*, CNE/Colbún, 2011.

Annual Electricity Demand-SIC (TWh)

Source: *"Producción Real por Sistema"*, CNE/Colbún, 2010.
"Informe Tecnico Definitivo SIC", CNE, October 2010.
"Informe Systep", Systep, 2011

Dispatch and pricing model: a technical guide

Dispatch Model

OBJECTIVE → Meet demand at the **lowest cost** possible

INSTITUTION → Independent load dispatch center (**CDEC**) coordinates the efficient dispatch of electricity producers

MODEL → CDEC dispatches plants in **ascending order of variable production cost**

Pricing Model

Prices **vary** according to the **type of customer:**

REGULATED CUSTOMERS

1) Node Price: calculated by the CNE every 6 months

2) Auction Price: auctioned under the supervision of the Regulator for bilateral LT contracts

UNREGULATED CUSTOMERS

3) Market Price: free price settled by both parties for bilateral contracts

OTHER GENERATORS

4) Spot Market Price: the variable cost of the most expensive dispatched plant at each moment of the day

All facilities are also paid a capacity charge for being available

Dispatch Scheme

Evolution of electricity prices

Source: "*Costos reales marginales mensuales Alto Jahuel*", CDEC/ Colbún; "*Historia precios nudos*", CNE; "*Informes Mensuales Systep*", *www.systep.cl*
Note (*): The market Price is calculated by the Regulator upon information provided by all generation companies. This average price does not includes the capacity charge component.

Demand and Supply: what to expect in the coming years

Electricity Demand - SIC (TWh)

Source: *"Informe Técnico Definitivo Fijación Precio Nudo SIC"* ,CNE/Colbún, Abril 2011

Available Power by type - SIC (MW)

Source: *"Informe Técnico Definitivo Fijación Precio Nudo SIC"* ,CNE/Colbún, Abril 2011
(*) Real gas output depends on fuel availability

Agenda

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Our expansion plan

Other Growth Opportunities

Santa María II (350 MW)
Environmental approval for the construction of a second unit

Hydraulic
Various water rights in different basins

Geothermal
Two concessions awarded for exploration, others under process

Wind
Two wind measurement towers located in Maule Region

Our projects under construction

SANTA MARIA I COAL POWER PLANT: 342 MW

Coronel, Biobío Region

TOTAL INVESTIMENT:	719 MMUSD
SPENT AS OF JUNE 2011:	660 MMUSD
ADVANCE JUNE 2011:	99%
ESTIMATE START OF OPERATION:	4Q2011

ANGOSTURA HYDRO POWER PLANT: 316 MW

Santa Barbara and Quilaco, Biobío Region

TOTAL INVESTIMENT:	658 MMUSD
SPENT AS OF JUNE 2011:	183 MMUSD
ADVANCE JUNE 2011:	35%
ESTIMATE START OF OPERATION:	2013

TOTAL INVESTMENT:
1,824 MMUSD

SPENT AS OF JUNE 2011:
955 MMUSD

SAN PEDRO HYDRO POWER PLANT: 150 MW

Riñihue Lake, Los Ríos Region

TOTAL INVESTIMENT:	447 MMUSD
SPENT AS OF JUNE 2011:	112 MMUSD
ESTIMATE START OF OPERATION:	Under revision

Colbún

Drivers of Colbún's commercial policy

DRIVER 1
CONTRACT LEVEL

Define optimal Contract Level

Hydro capacity
(Output of a medium-dry year)
+
Efficient thermal capacity
(Output of coal-fueled plant)

DRIVER 2
SALE PRICE INDEXATION

Incorporate indexation formulas of sale prices

that reflect our cost structure
(CPI, Coal, Diesel, Spot Price)

DRIVER 3
HEDGE PROGRAM

Structure tailor-made hedge programs

to protect from more adverse

1) Hydrologic conditions
2) Fuel prices

Supply secure and competitive energy to our customers

Maximize Returns from our current and future assets

Manage Volatility given large renewable component

COMMERCIAL GOALS

Colbún

Evolution of Colbún's Business Model

1: Commitments represent Colbún's committed sales (through contracts) excluding commitments which price is indexed to the spot price

2: Base Generation represents Colbún's electricity production @ low variable cost (hydro generation + gas generation during Phase I and coal generation in Phase III)

The transition to stable cash flows… for any level of WTI

PRE-TRANSITION

EBITDA range 2009

DRIVERS OF TRANSITION

- Lower level of **commitments**
- **Indexation** of sales prices (risk sharing mechanisms)
- Incorporation of **new base capacity** (coal and hydro)
- **System** back to **equilibrium** (lower and less volatile spot prices)
- **New equilibrium** with **higher** power prices

POST-TRANSITION

Average EBITDA range 2010-2012

Disclaimer: these graphs are just provided for illustrative purposes. No assurance can be made that actual results will be within these ranges since many other factors may affect our operations or financial performance.

Colbún

Colbún: a sustainable partner

Employees

- Safe and healthy working environment
- **Strict compliance with labor** regulations and union agreement
- Comprehensive employee benefit policy

Community

- High citizen participation
- Creating higher living standards with a focus on education, sports and economic development
- Open access policy for our plants

Environment

- Clear emphasis on renewable energy
- Leader in Clean Development Mechanism
- Strict compliance with environmental regulation and permits

Business Chain

- Strong relation with strategic and large customers
- Trainings to maximize local suppliers and hand labor
- Provider of clean, reliable and competitive energy

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Historical key financial indicators

Revenues, EBITDA (MMUSD) & EBITDA Margin

EBITDA, Capex, Dividends, ΔWK & ΔK (MMUSD)

Key Credit Metrics

	2005	2006	2007	2008	2009	2010
Total debt to total capital (%)	22.0	18.8	26.0	25.0	26.0	21.4
Net debt to EBITDA (x)	1.8	0.4	36.6	2.3	2.1	3.1
EBITDA interest coverage (x)	7.8	14.3	0.5	3.9	6.5	6.7

Cash, Debt & Net Debt (MMUSD)

Colbún

Conservative Financial Strategy:

Smooth debt profile coupled with a strong liquidity position

Amortization Schedule of LT Debt (MMUSD)

Liquidity Position

Cash

USD 350 million of cash and cash equivalents as of June 2010.

Committed lines

Committed back-up facility of USD 200 million (unused) signed with local counterparties. Plan to maintain a similar level of back-up liquidity facilities during the CAPEX period

Other sources of liquidity

Access to additional USD 200 million in credit lines facilities and a registered commercial paper program, which we use from time to time for working capital optimization purposes

Balance Sheet as of Jun. 2011 (MMUSD)

Current Assets	896
Cash and equivalents	352
Accounts receivable	278
Normal sales	*150*
Sales to regulated customers w/o contracts (ST)	*50*
Others	*78*
Recoverable taxes	205
Other current assets	60
Non-Current Assets	4,852
Property, Plant and Equipment	4,565
Other non-current assets	287
Sales to regulated customers w/o contracts (LT)	-
Total Assets	**5,748**
Current Liabilities	413
Long-Term Liabilities	1,898
Shareholders' Equity	3,436
Total Liabilities and Shareholders' Equity	**5,748**

Colbún

Colbún