3Q15
Quarterly Report

- **EBITDA in 3Q15 reached US$180.9 million,** 55% and 33% higher than EBITDA in 3Q14 and 2Q15 respectively. 3Q15 showed favorable hydrological conditions and higher thermal generation with natural gas at a competitive cost compared to 3Q14. The improvement over 2Q15 is mainly due to hydrological seasonality. 3Q15 EBITDA includes a non-recurring income of US$21.5 million as a result of the insurance compensation for loss of profits due to the failure in Blanco power plant (60 MW) in Jan14.

- Colbún reported a **net income of US$75.7 million** this quarter vs. a net income of US$18.2 million in 3Q14, and a net income of US$50.1 million in 2Q15, given the higher operating income already explained.

- Total **energy sales under contract amounted to 2.7 TWh** during the quarter, down by 10% and 3% compared to 3Q14 and 2Q15, respectively. The decrease is mainly explained by maturity of contracts (Codelco Dec14 and Conafe Apr15).

- **Total generation was 3.3 TWh**, up by 1% from 3Q14 and down by 3% from 2Q15. The 3Q15 figure had lower hydro and diesel generation, offset by higher natural gas generation compared to 3Q14. When compared to the 2Q15, the quarter showed lower generation with natural gas and diesel, partly offset by higher hydroelectric generation.

- At closing of 3Q15 **financial investments** amounted to US$1,090.6 million, **net debt** was US$780.1 million and net debt to EBITDA last twelve months ratio reached 1.4 times.

Conference Call
3Q15 Results

Date: Friday October 30th 2015
Time: 11:00 AM Eastern Daylight Time
12:00 PM Chile Time
US Toll Free: 1 888 339.2688
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Summary
USD million

	3Q14	2Q15	3Q15	9M14	9M15	Change YoY	Change QoQ	Change Ac/Ac
Revenues	351.2	358.5	337.0	1,172.5	1,012.5	(4%)	(6%)	(14%)
EBITDA	117.0	136.4	180.9	377.6	410.0	55%	33%	9%
Net Income	18.2	50.1	75.7	141.3	132.8	316%	51%	(6%)
Net debt	1,167	965	780	1,167	780	(33%)	(19%)	(33%)
Energy sales (GWh)	3,193	3,309	3,197	9,818	9,619	0%	(3%)	(2%)
Total generation (GWh)	3,240	3,388	3,270	10,007	9,854	1%	(3%)	(2%)
Hydroelectric generation (GWh)	1,816	1,358	1,724	4,546	4,179	(5%)	27%	(8%)

Colbún is the second largest generator of the SIC (the Sistema Interconectado Central is the main electricity grid covering 75% of Chilean demand). The Company has 3,278 MW of installed capacity (52% thermal and 48% hydraulic) spread over 23 plants. The facilities are located in 7 regions. Colbún sells energy and capacity to regulated customers (Distribution Companies), to non-regulated customers (Industrial Companies) and its surplus is sold to other Generators on the spot market.

"The hydrological year (Apr-Mar) started in Apr15 presented low rainfalls during the first months. However, since Jul15 hydrological conditions have improved considerably. During 3Q15 rainfalls were above a normal year in all relevant basins for Colbún. Notwithstanding this improvement, rainfall deficit continues on a cumulative basis compared both with a normal year and with 2014. The only basin with better hydrological conditions than 2014 is the Aconcagua Basin.

Despite the cumulative rainfall deficit already mentioned, (1) stored energy at reservoirs in the system is greater than at the same time last year and (2) the firsts melting forecasts published by the CDEC-SIC shows a favorable scenario for the coming months. The latest report published on September 30th, estimated that the Maule Basin (most relevant to the Company), will have a 73% exceedance probability.

Looking ahead and in line with the long-term strategy of leveraging our efficient natural gas power facilities and contributing to provide competitive, secure and sustainable power supply, Colbún was awarded a reserve regasification capacity in the Open Season tender process of GNL Quintero. Additionally, in September a new medium term gas supply contract was signed with ENAP for the 2016-2019 period. Both developments will allow the company to have an strategic medium and long term cost efficient thermal generation back up.

The results for the coming months will be determined primarily by a balanced position between efficient generation and level of commitments. Colbún continues to drive its portfolio of projects in Chile and seeking opportunities at countries in the region such as Peru and Colombia."

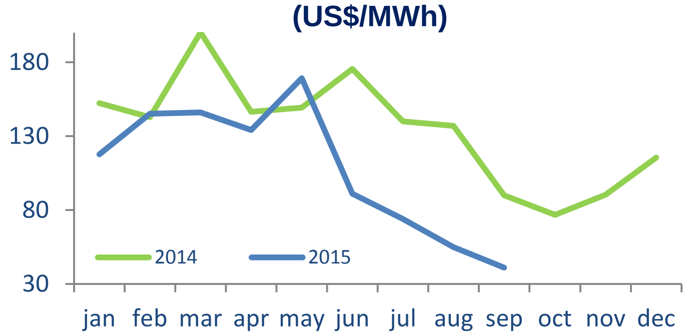
Nehuenco Complex

SIC (Central Interconnected System) generation grew by 1.1% during the third quarter of 2015 compared to 3Q14, which positively compares to the growth during 2Q15 of 0.6%. The slowdown in power demand has been present throughout the year and has contracted further in recent months. Remember that demand is strongly linked to the economic activity, which has been showing signs of deceleration.

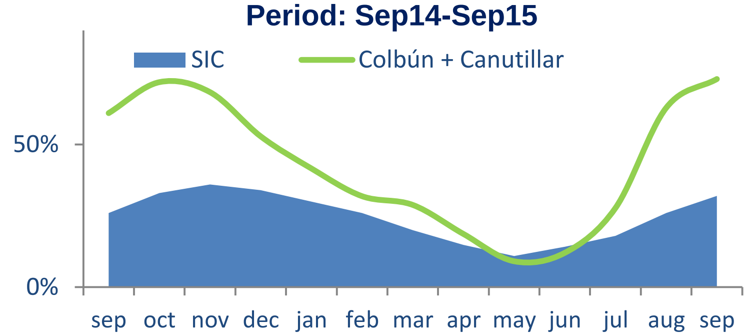
Comparing 3Q15 versus 3Q14, the SIC had more efficient thermoelectric generation (coal +6% and natural gas +16%), which together with increased NCRE generation (+ 23%), and a similar share of hydroelectricity, limited diesel participation to 1%. This also explains the reduction in marginal costs. Breakdown by technology was: **hydroelectric 48%, coal 29%, natural gas 12%, diesel 1% and NCRE 10% (wind 4%, solar 2%, others 4%).**

Meanwhile, average marginal cost measured in Alto Jahuel during the quarter decreased to US$57/MWh, from US$123/MWh in 3Q14. This reduction is mainly explained by a decline in fuel prices over the same period last year, the reinstatement of coal-fired plants and additional natural gas available.

Marginal Cost measured in Alto Jahuel (US$/MWh)



Reservoir water level as % of total capacity Period: Sep14-Sep15



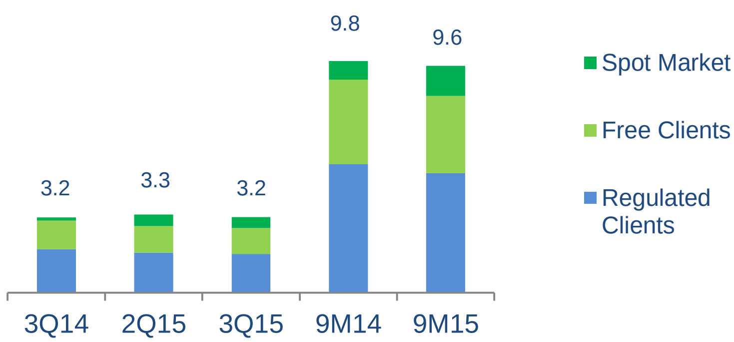
SALES VOLUME

Physical withdrawals from costumers under contract reached 2,741 GWh during 3Q15, 10% and 3% lower than in 3Q14 and 2Q15 respectively, mainly because of some contracts maturities (Codelco in Dec14 and Conafe in Apr15).

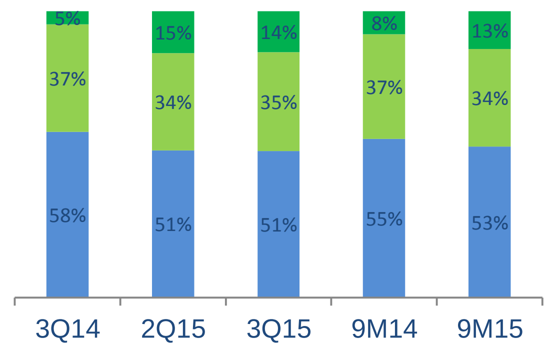
Net sales in the spot market reached 456 GWh in 3Q15, more than three times higher compared to 3Q14, mainly due to similar generation, but lower demand from customers.

In cumulative terms, physical sales to customers under contract at Sep15 reached 8,346 GWh, 8% lower compared to Sep14, mainly due to the expiration of the Conafe contract in Apr15, the Metro contract in Mar14 and the Codelco backup contract in Dec14. Net cumulative sales in the spot market totaled 1,273 GWh as of Sep15, 60% higher than as of Sep14, due to lower demand paired with contracts maturities (already mentioned) and a total generation that remained relatively in line.

Physical Sales by Type of Client (TWh)



Physical Sales by Type of Client (%)



GENERATION

Power generation in 3Q15 was characterized by favorable hydrological conditions and high thermal generation with natural gas at a competitive cost. Rainfalls for the quarter were higher than in 2014 and even better than those of an average year in the relevant basins for Colbún. However, hydroelectric generation was lower than in 3Q14, explained in part by a delayed rainy season (July) in the Maule and the Biobío Basins; while in 2014 the rainy season in these basins started in June.

Hydroelectric generation during 3Q15 was 5% lower compared to 3Q14. Although the availability of the hydro facilitates was 96%, in line with 3Q14, the decrease responds to lower dispatch of reservoir units. When compared to 2Q15 hydro generation increased by 27% due to hydro seasonality. In accumulated terms, there is still an 8% hydro generation deficit compared to year 2014.

Coal-fired generation during 3Q15 was 651 GWh, 3% and 7% lower than in 3Q14 and in 2Q15 respectively. This is explained by lower dispatch from the CDEC-SIC. It is worth noting that the Santa María unit I power plant had high availability (91%) figure during the quarter. In cumulative terms, as of Sep15 coal-fired generation compares favorably with Sep14 (2,142 GWh in Sep15 versus 2,096 GWh in Sep14).

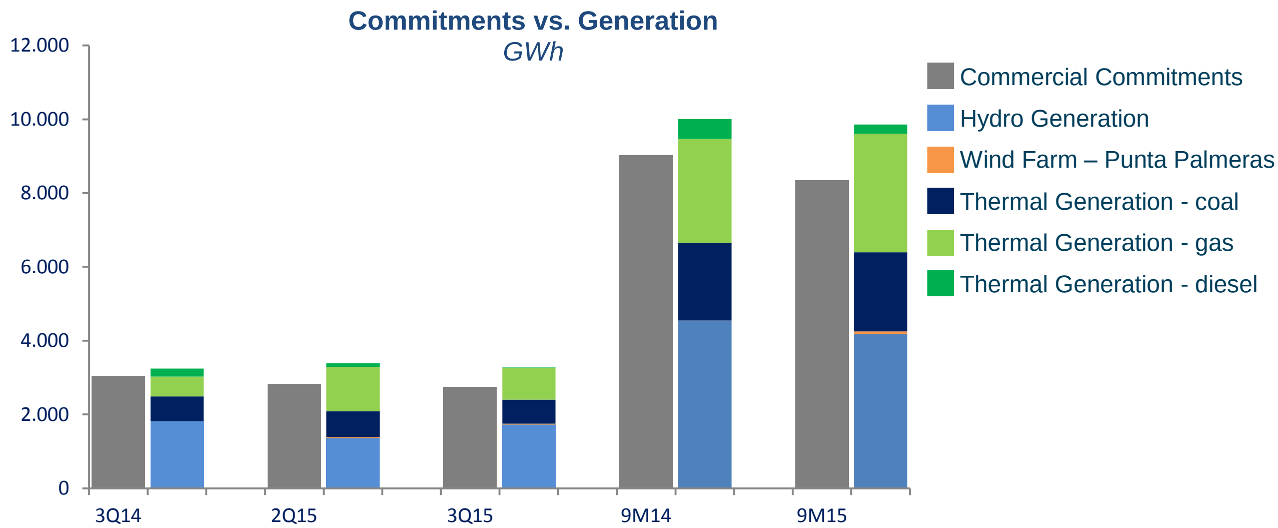
Gas-fired generation in 3Q15 increased 62% and decreased 28% compared to 3Q14 and to 2Q15 respectively. The variations are explained by the contracted volume according to the expectations of efficient generation versus demand. In cumulative terms, the company increased natural gas generation by 2% compared to Sep14. Remember that the Company has reached agreements that secure natural gas generation at a competitive cost for most of this year and for the 2016-2019 period.

During the quarter, given the system conditions, **diesel generation** was zero, compared with 216 GWh and 102 GWh in 3Q14 and 2Q15, respectively. In cumulative terms, diesel generation has also decreased by 55%.

PHYSICAL SALES AND GENERATION BALANCE

The generation mix of 3Q15 allowed **87% of the Company's commercial commitments to be supplied with base load capacity**: hydroelectricity and coal (vs. 82% of 3Q14 and 73% of 2Q15). The remaining commitments were supplied with natural gas generation, which considering Colbún's negotiated commercial conditions, currently represent a cost efficient generation source. These three quarters covered denote an appropriate commercial policy in terms of contractual commitments versus generation output.

In cumulative terms, **efficient generation accounted for 76% of commitments as of Sep15**, slightly higher than the 74% of Sep14. Including natural gas generation as part of the efficient generation mix, this percentage reaches 100%.

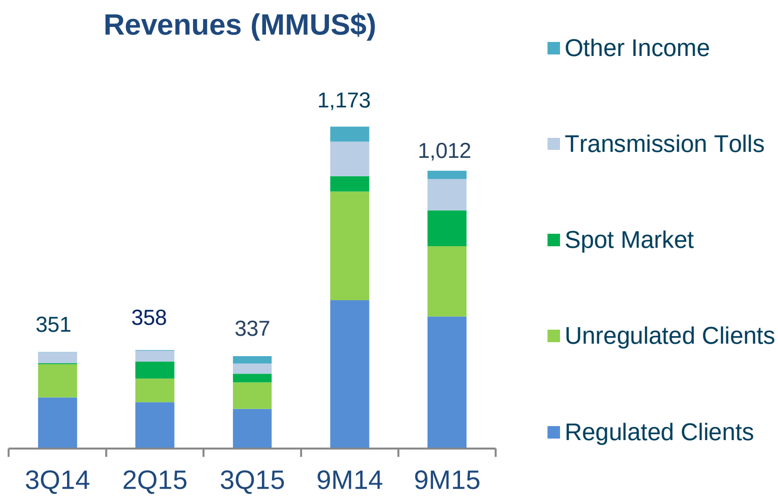


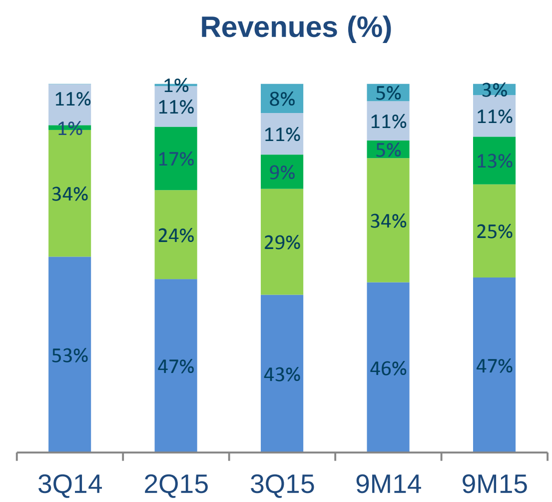
Sales Volume vs. Generation
GWh

	3Q14	2Q15	3Q15	9M14	9M15	Change QoQ	Change YoY	Change Ac/Ac
Sales Volumes								
Regulated customers	1,849	1,699	1,636	5,439	5,068	(4%)	(12%)	(7%)
Free customers	1,197	1,125	1,106	3,589	3,278	(2%)	(8%)	(9%)
Spot market sales	147	486	456	791	1,273	210%	210%	61%
Total energy sales	**3,193**	**3,309**	**3,197**	**9,818**	**9,619**	**(3%)**	**0%**	**(2%)**
Generation								
Hydraulic	1,816	1,358	1,724	4,546	4,179	27%	(5%)	(8%)
Thermal - Gas	536	1,202	868	2,822	3,217	(28%)	62%	14%
Thermal - Diesel	216	102	0	543	244	(100%)	(100%)	(55%)
Thermal - Coal	672	699	651	2,096	2,142	(7%)	(3%)	2%
Wind Farm - Punta Palmeras	-	28	27	-	72	(2%)	-	-
Total own generation	**3,240**	**3,388**	**3,270**	**10,007**	**9,854**	**(3%)**	**1%**	**(2%)**
Energy purchases (spot market)	24	0	0	24	0	-	-	-
Energy Purchases - Sales in the Spot Market	**123**	**486**	**456**	**767**	**1,273**	**(6%)**	**270%**	**66%**

OPERATING REVENUES

Operating revenues from ordinary activities for 3Q15 amounted to US$337.0 million, down by 4% compared to 3Q14, mainly explained by lower income from customers under contract, partially offset by higher sales of energy and power in the spot market and a non-recurring income of US$21.5 million as a result of the insurance compensation for loss of profits due to the failure of Blanco power plant (60 MW) in Jan14. The 13% decrease compared to 2Q15 is mainly explained by lower income from costumers under contract and lower revenues in the spot market, partly offset by the non-recurring income already mentioned. In cumulative terms, revenue fell by 14%, mainly because of the same effects registered in 3Q15.
Revenues are broken down as follows:





Regulated Customers: Revenues from sales to regulated customers reached US$144.3 million in 3Q15, up 23% compared to 3Q14 mainly explained by: (1) the expiration of the contract with Conafe in Apr15, (2) lower temporary monomic price (higher exchange rate CLP/US$) and (3) lower demand. The decrease of 14% compared to 2Q15 is explained by a lower monomic price (exchange rate depreciation delayed effect) and lower demand.
In cumulative terms, sales reached US$480.6 million as of Sep15, down 11% compared to Sep14 explained by lower sales volume and in a lesser extent by lower average monomic prices.

Free Customers: Revenue from free customers totaled US$96.8 million in 3Q15, decreasing by 20% compared to 3Q14. This decrease is mainly explained by the expiration of the Codelco backup contract, which was replaced by another contract with the same client but at a long-term price. This new contract considers the sale in the spot market by Colbún of a portion of the contracted supply (contracted but not used) by Codelco, with a resulting margin that is credited to the client's billing. This amount is registered simultaneously as sales to other generators.
The increase of 12% compared to 2Q15 is mainly because the average marginal costs in 3Q15 was lower than in 2Q15, therefore the deduction registered in the Codelco billing (due to not withdrawn energy), was lower too. During the quarter, the unused power supply by this customer was 207 GWh versus 208 GWh in the previous quarter.
In cumulative terms, sales to unregulated customers at Sep15 reached US$256.2 million, 35% lower compared to Sep14, mainly due to lower average selling monomic price and to a lesser extent by lower physical sales, given the expiry of the Codelco contract in Dec14 (already mentioned) and the Metro contract in Mar14.

Spot Market Sales: During 3Q15 the Company sold US$31.3 million (equivalent to 456 GWh) in the spot market, a 7 times increase compared to 3Q14 (US$4.4 million - 147 GWh). It is noteworthy that a portion of these sales are discounted in the unregulated customer's line, due to the Codelco contract clauses mentioned above.
Sales in the spot market decreased 49% compared to 2Q15 (US$61.6 million - 486 GWh) but physical sales only dropped 6%, reflecting the decrease in marginal costs.

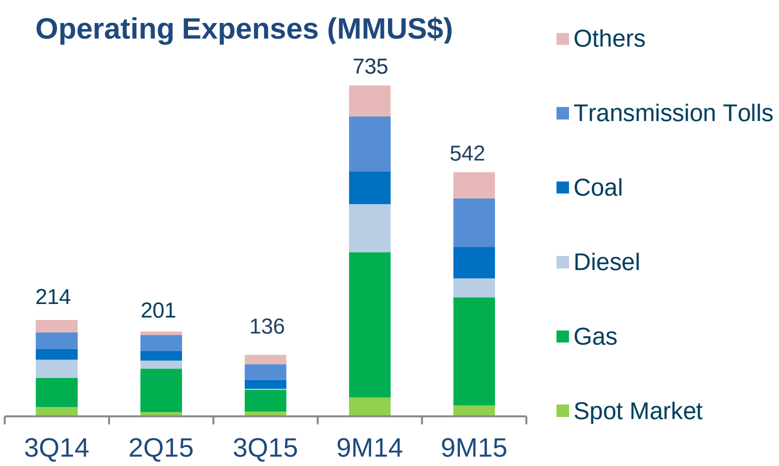
In cumulative terms, as of Sep15 sales in the spot market increased 134%, mainly explained by a higher average sale price and by higher sales volume. Remember that in cumulative terms as of Sep15 Codelco billing discounts also applies.

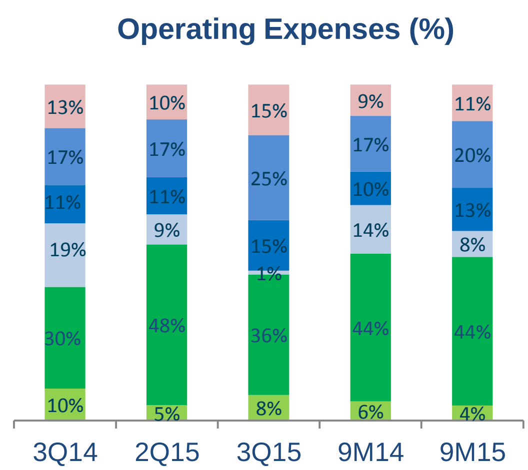
Transmission Tolls: Tolls remained relatively in line compared to 3Q14 and 2Q15. However, the composition varies from 3Q14; there is a decrease in sub-transmission income due to lower customer demand, offset by higher expenses in the trunk system and higher complements in the additional transmission system.
In cumulative terms, these revenues reached US$113.4 million, lower by 10% over the previous year. The decrease is explained by lower tariff revenues in the trunk system due to lower demand and a lower income in the sub-transmission system.

Other Income: 3Q15 EBITDA includes a non-recurring income of US$21.5 million as a result of the insurance compensation for loss of profits due to the failure in Blanco power plant (60 MW) in Jan14. The other two quarters under review had no relevant Other Income (US$0.3 million in 3Q14 and US$2.3 million in 2Q15).
In cumulative terms, as of Sep15 other income of US$31.3 million was recorded, down from US$54.8 million to Sep14. The Sep15 figure is mainly explained by the compensation associated with the Blanco power plant aforementioned. For its part, Sep14 is mainly explained by: (1) US$32.5 million resulting from the business interruption insurance compensation for the failure that affected the Nehuenco II power plant in Mar13, and (2) US$19.7 million for the margin resulting from the difference between valued injections and withdrawals over the testing period of the Angostura hydroelectric power plant.

OPERATING EXPENSES

Raw materials and consumables used in 3Q15 totaled US$136.0 million, decreasing compared to 3Q14 (-36%), to 2Q15 (-32%) and in cumulative terms as of Sep15 (-26%). The decreases are mainly explained by lower cost of natural gas and diesel.
Operating expenses are broken down as follows:





Transmission tolls: On a quarterly basis (3Q15, 3Q14, 2Q15) tolls remain relatively in line. However, the composition varies in relation to 3Q14 as increased tariff revenues and additional costs are registered, which are offset by lower costs in the sub-transmission and trunk system, mainly due to lower customers demand and lower costs associated with VATT (Annual Transmission Value per Tranche) following the toll revision in 2014.
In cumulative terms, transmission tolls fell by 11% mainly explained by lower sub-transmission and trunk system tolls due to lower demand from regulated customers and lower costs associated with VATT after reviewing tolls in 2014.

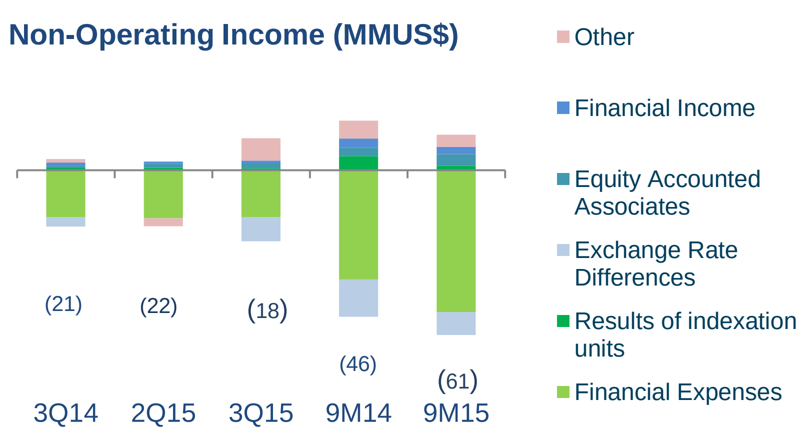
Spot Market Purchases: During 3Q15 purchases of energy and power in the spot market were US$10.4 million. This represents a decrease compared to the US$20.4 million in 3Q14 and a slight increase compared to 2Q15 (US$9.2 million). In physical terms, 2Q15 and 3Q15 had no net energy purchases; however purchases to Punta Palmeras wind farm of Acciona Energía were recorded in this line. Remember that Colbún reached an agreement with Acciona Energía in Jun13, where it agreed to buy at a stabilized price all the energy generated by the facility.

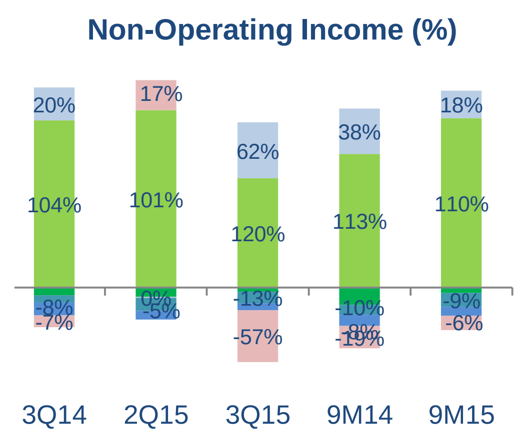
In cumulative terms, disbursements as of Sep15 reached US$24.1 million, down from US$41.8 million in Sep14, mainly due to lower capacity purchases. It is worth mentioning that 2014 included capacity purchases due to a reduction in firm capacity as a result of the unavailability of Nehuenco II power plant that experienced a failure over a portion of the firm capacity control period (May to September).

Fuel costs: During 3Q15 reached US$70.7 million, lower by 45% compared to the same period last year, despite the thermal generation increased by 7%. This decrease is mainly due to a lower cost of natural gas and no diesel generation. The average thermal generation cost was more efficient, reflecting the drop in international fuel prices and the new contractual conditions achieved in the supply of natural gas. Fuel costs decreased by 48% compared to 2Q15 due to lower generation and consumption of both natural gas and diesel.
In cumulative terms, fuel costs as of Sep15 totaled US$351.4 million, 30% lower than in Sep14 explained by the same reasons as in quarterly terms (3Q15/3Q14).

NON-OPERATING INCOME

Non-Operating Income of 3Q15 recorded losses of US$18.4 million, lower than the losses of US$21.3 million in 3Q14 and the losses of US$22.4 million in 2Q15, mainly given by higher Other Income, offset by a higher expense in the exchange rate difference line.
In cumulative terms, the non-operating result as of Sep15 presents a greater loss which is mainly explained by higher interest expense due to a higher level of gross debt and lower capitalization of these costs after the commissioning of the Angostura power plant in Apr14.
The main reasons that explain this result are the following:





Exchange Rate Difference: This line recorded a loss of US$10.9 million during 3Q15 (versus a loss of US$4.4 million in 3Q14 and a profit of US$0.1 million in 2Q15), mainly explained by the negative effect of the increased volatility in the CLP/US$ exchange rate in 3Q15 on temporary balance sheet accounts in local currency, primarily receivables and payable accounts.
In cumulative terms, this line posted a loss of US$11.2 million which compares favorably with the loss of US$17.6 million as of Sep14, due to the depreciation of the CLP/US$ exchange rate during 2014 applied on a balance sheet that shows a greater proportion of assets than liabilities stated in local currency.

Other income (loss): during 3Q15 this line recorded a profit of US$10.5 million, mainly due to the non-recurring income of US$11.5 million as a result of the insurance compensation for physical damage associated with the failure in Jan14 of the Blanco power plant (60 MW). The other two quarters (3Q14 and 2Q15) under analysis have no significant amounts.
In cumulative terms, the Other income (loss) line as of Sep15 amounted to a profit of US$5.8 million, compared with a profit of US$8.6 million as of Sep14. The accumulated result until Sep15 is mainly explained by the aforementioned insurance payment. The accumulated result as of Sep14 considered a non-recurring income of US$15.7 million due to the insurance compensation for physical damage associated with the failure of the Nehuenco II power plant occurred in Mar13. This effect was partially offset by the US$7.0 million one-time asset impairment charge stemming from the failure of Blanco hydroelectric power plant occurred in Jan14. Note that the latter is in operation since Feb15.

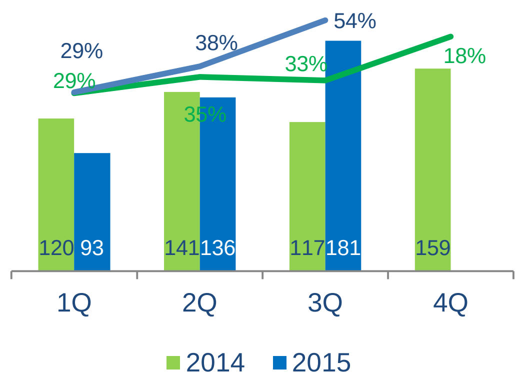
Income Tax Expense: The 3Q15 tax expense amounted to US$37.9 million, higher than the US$31.1 million expense in 3Q14. The increase is mainly explained by higher income before taxes, offset by the net effect of exchange rate depreciation and restatement given higher inflation during 3Q15. The tax expense for 3Q15 was US$22.4 million higher than in 2Q15, mainly due to a lower income before tax.

In cumulative terms as of Sep15, tax expense amounted to US$71.5 million vs. US$56.0 million as of Sep14. This higher tax expense is mainly due to: (1) higher accumulated depreciation of the exchange rate CLP/US$, affecting the calculation of deferred income taxes given that both fixed taxable assets and tax losses are stated in Chilean Pesos (accumulated depreciation of 15.2%-Sep15 versus 14.2%-Sep14), (2) a higher tax rate after the enactment of the Tax Reform in Sep14 (Law 20,780) and (3) lower accumulated inflation, which led to a lower restatement compensatory effect (accumulated inflation of 3.0%-Sep15 versus 3.6%-Sep14).

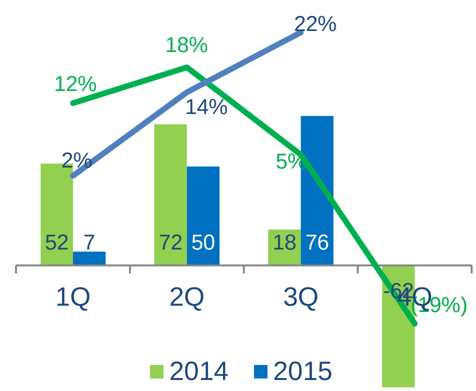
EBITDA AND NET INCOME ANALYSIS

3Q15 EBITDA amounted to US$180.9 million, 55% higher than the EBITDA of US$117.0 million in 3Q14 and 33% higher than the US$136.4 million in 2Q15. 3Q15 showed favorable hydrological conditions and increased thermal generation with natural gas at a competitive cost compared to 3Q14. The improvement when compared with the 2Q15 is mainly due to the increase in hydroelectric generation due to the rainy season. 3Q15 EBITDA includes a non-recurring income of US$21.5 million as a result of the insurance compensation for loss of profits due to the failure in Blanco power plant (60 MW).
In cumulative terms, EBITDA in Sep15 reached US$410.0 million, up from US$377.6 million in Sep14. Although the accumulated hydroelectric generation has been lower than in the previous year, the decrease in generation costs has more than offset the lack of hydro production. The weighted average cost of thermal generation for the company has fallen 42% from US$110/MWh to US$62/MWh, being the natural gas production cost the highest decrease.

EBITDA (MMUS$) & EBITDA Margin (%)



Net Income (MMUS$) & Net Income Margin (%)



The Company recorded in 3Q15 a **profit of US$ 75.7 million,** higher than both quarters under review (a profit of US$18.2 million in 3Q14 and a gain of US$50.1 million in 2Q15), mainly explained by a higher operational result and due to the insurance payment related to Blanco power plant already mentioned. Same explanation applies in cumulative terms Sep15 versus Sep14.
Net income margin reached 22% over operating revenues for the quarter under analysis, which compares favorably with 3Q14 (5%) and 2Q15 (14%).

EBITDA
USD million

	3Q14	2Q15	3Q15	9M14	9M15	Change QoQ	Change YoY	Change Ac/Ac
Revenues	**351.2**	**358.5**	**337.0**	**1,172.5**	**1,012.5**	**(6%)**	**(4%)**	**(14%)**
Sales to regulated customers	186.6	168.7	144.3	541.1	480.6	(14%)	(23%)	(11%)
Sales to free customers	120.7	86.4	96.8	395.4	256.2	12%	(20%)	(35%)
Sales to other generators (spot market)	4.4	61.6	31.3	55.8	130.9	(49%)	609%	135%
Transmission tolls	39.2	39.5	37.9	125.4	113.4	(4%)	(3%)	(10%)
Other operating income	0.3	2.3	26.7	54.8	31.3	1081%	7562%	(43%)
Raw materials and consumables used	**(213.8)**	**(201.3)**	**(136.0)**	**(734.7)**	**(542.5)**	**(32%)**	**(36%)**	**(26%)**
Transmission tolls	(36.2)	(34.7)	(34.5)	(121.6)	(108.3)	(1%)	(5%)	(11%)
Energy and capacity purchases	(20.4)	(9.2)	(10.4)	(41.8)	(24.1)	13%	(49%)	(42%)
Gas purchases	(64.6)	(96.2)	(48.8)	(323.0)	(240.1)	(49%)	(25%)	(26%)
Diesel purchases	(40.6)	(18.1)	(1.5)	(106.5)	(42.1)	(92%)	(96%)	(60%)
Coal purchases	(24.2)	(22.2)	(20.4)	(73.1)	(69.2)	(8%)	(16%)	(5%)
Other Costs	(27.7)	(20.8)	(20.4)	(68.7)	(58.6)	(2%)	(26%)	(15%)
Personnel expenses and other operating expenses	**(20.5)**	**(20.8)**	**(20.1)**	**(60.3)**	**(60.0)**	**(4%)**	**(2%)**	**(0%)**
EBITDA	**117.0**	**136.4**	**180.9**	**377.6**	**410.0**	**33%**	**55%**	**9%**

GROWTH PLAN

Colbún has a development plan under way that consists on increasing its installed capacity, while maintaining a relevant participation in the hydroelectric generation industry, with a thermoelectric component that allows increasing the security of its supply in a competitive manner and diversifying its generation sources.

The company is seeking growth opportunities in Chile and in other countries in the region such as Colombia and Peru, in order to maintain a leading position in the power generation industry and to diversify its sources of income. These countries are characterized by an attractive economical potential and their electricity regulatory framework have a well-established track record. Participating in these markets may also improve diversification in terms of hydrological conditions, generation technologies, access to fuels and regulatory frameworks.

In Chile, Colbún has several potential projects currently under different stages of development, including hydro, thermal and transmission line projects.

Below is the status of some of the Company´s projects:

	La Mina	Sta. María II	San Pedro
Description	Mini Hydro	Coal	Hydro-Reservoir
Capacity(MW)	34	350	160-170
GWh/year expected	191	2,500	950

La Mina Project Site

Projects under Construction

▪ **La Mina Hydroelectric Project (34 MW):** La Mina is a NCRE project located in San Clemente, about 110 km east of Talca. The project has an installed capacity of 34 MW and an annual average generation of 191 GWh. The energy will be injected to the SIC at the 220 kV Loma Alta substation, through a High Tension Line (HTL) of 66kV and 24 km long. The project takes advantage from the hydraulic potential of the Maule River and captures the water when connects with the Puelche River, restoring the water to the same river 2 km downstream the capture point.

During Jan15 the contractor responsible for executing the civil works started construction. During the second semester concrete setting-up in various work fronts, the diffusers are mounted and the Alta Loma transmission line contract was awarded to B. Bosch Company, whose construction will begin in November 2015. Construction progress at the end of Sep15 is on schedule.

It is expected that the project begins commercial operation in early 2017. The investment amount will be approximately US$130 million.

Projects under Development

▪ **Unit II of the Santa María Complex Project (350 MW):** The project is located in Coronel, Biobío Region and considers an installed capacity of 350 MW. Currently, Colbún has the environmental permit approved to develop this second unit of the complex.

During 2014-2015 its design was improved, incorporating new technology to meet the demanding regulations on emissions in force since January 1st, 2012. Also, the social, economic and commercial dimensions of the project are being analyzed, in order to timely define the beginning of its construction.

▪ **San Pedro Hydroelectric Project (160 - 170 MW):** The project is located 25 km. northeast of Los Lagos, and considers using the water of the homonymous river through a power plant located between the outlet of the Riñihue Lake and the Malihue Bridge. Considering the adjustments included in the project, this will have an estimated flow design of 460 m^3/s (+10% with openness) and an approximate installed capacity between 160 – 170 MW for an annual generation of 950 GWh under normal hydrological conditions. The operation of the power plant will be such that the level of the reservoir remains virtually constant, which means that the flow downstream of the power plant is not going to be altered by its operation.

In Jun15, the Environmental Impact Assessment (EIA) for the changes to the project was submitted, being initially accepted into process by the Environmental Assessment Service (SEA) of Los Rios Region. However, in Aug15, the Authority decided to early terminate the process due to lack of relevant and essential information. The decision was confirmed after the company filed an administrative appeal with new information.

Notwithstanding the foregoing, the Company is analyzing the observations from all public services, in order to collect and prepare a timely response with technically founded information required by the authority. In parallel, we continue with a broad explicative and clarifying meeting process plan with municipalities, communities, neighborhood, regional authorities, and indigenous communities, among other stakeholders, in order to re-enter the project at the adequate opportunity.

▪ **San Pedro-Ciruelos Transmission Line Project:** The San Pedro-Ciruelos transmission line project will allow evacuating the power of the San Pedro power plant to the SIC through a 220 kV line and 47 km. length, and will be connected to the Ciruelos substation, located about 40 km northeast of Valdivia.

The main activities undertaken so far are related to negotiations for easements line and efforts to start construction of the project.

The Archaeological Rescue works in the Fundo Colegual are finished. These works were committed in the RCA (Environmental permit). The company is also advancing in updating the Forest Management Plans.

▪ **NCRE (Non-Conventional Renewable Energies) Projects:** The electrical regulation requires that a portion of the contracted energy comes from non-conventional renewable generation means, establishing as goal that by 2025, 20% comes from this type of technology.

In this context, in 2013 Colbún signed a contract with Acciona Energía for the purchase of energy and attributes generated by the Punta Palmeras wind farm, of 45 MW, located in Canela, 70 km. from the city of Los Vilos, IV region, which began its commercial operation in Nov14.

Also, Colbún continues analyzing the technical and economic feasibility of several projects of small hydroelectric power plants, which will use water rights from water user associations, businesses and individuals. Additionally, the involvement in generation projects of other technologies is being studied.

- **Hidroaysén:** Colbún participate in a 49% ownership of HidroAysén S.A.

Despite the natural uncertainty on the timing and content of the court's decision to which Hidroaysén has appealed, as well as guidelines, conditions or any reformulations that those processes being conducted by the government regarding the long term energy agenda and basin territorial planning determine in relation to the development of the hydroelectric potential in Aysén, Colbún restates its belief that the existing water rights, the additional water rights requested, the environmental permits (RCA – Environmental Qualification Resolution), the field studies, the engineering, approvals and project properties are assets acquired and developed by the company for the past eight years under the current institutional framework and in accordance with international technical and environmental standards.

Colbún maintains the conviction that the development of this hydroelectric potential presents benefits for the country's growth and represents a source of potential long-term value.

- **Others:** The company continues performing technical, economic and environmental prefeasibility and feasibility studies for hydroelectric projects, which would use water rights owned by Colbún mainly in the Region of el Maule. In addition, the company is working on developing options to directly purchase LNG from the international market.

RELEVANT EVENTS

- In September, a **medium-term natural gas supply agreement was reached with ENAP for the 2016-2019 period**. This contract, together with the existing medium-term contract with Metrogas, will allow the company to have a natural gas supply for the period 2016-2019 equivalent to a combined cycle operating all year. Approximate energy volumes per year are: 2016, 2017: 2,500 GWh; 2018, 2019: 2,000 GWh.

- During 3Q15, in the context of the **Open Season process** in which GNL Quintero tendered part of a regasification capacity associated with the expansion of the gas regasification Terminal located at Quintero, Colbún obtained a reserve capacity in the tender. The involvement of the company within the process is part of its long-term strategy of leveraging its natural gas facilitates and contribute to provide competitive, secure and sustainable energy.

- On October 16th, 2015, while the company was carrying out maintenance work on **Unit 1 in Chacabuquito power plant** (29MW), located in Los Andes, an incident occurred with a medium voltage switch at the plant, which has kept it out of service since then. The company is analyzing the damage to then estimate a date of re-entrance into service.


Nehuenco Complex

BALANCE SHEET ANALYSIS

Summarized Balance Sheet
USD million

	3Q14	2Q15	3Q15	Change YoY	Change QoQ
Current Assets	1,301.2	1,288.4	1,384.3	83.1	95.9
Cash and cash equivalents*	878.3	912.5	1,090.6	212.3	178.1
Trade and other accounts receivable	254.8	221.5	160.4	(94.4)	(61.1)
Current tax receivable	59.7	39.5	20.6	(39.1)	(18.9)
Other current assets	108.5	115.0	112.7	4.3	(2.3)
Non-Current Assets	5,231.0	5,081.9	5,054.4	(176.6)	(27.5)
Property, plant and equipment	4,967.6	4,919.5	4,891.1	(76.5)	(28.4)
Other non-current assets	263.3	162.4	163.3	(100.1)	0.9
Total Assets	**6,532.2**	**6,370.3**	**6,438.6**	**(93.5)**	**68.3**
Current liabilities	316.4	223.7	201.8	(114.6)	(21.9)
Non-current liabilities	2,749.3	2,743.9	2,766.3	17.0	22.4
Total net equity	3,466.5	3,402.7	3,470.5	4.0	67.8
Total Liabilities and Net Equity	**6,532.2**	**6,370.3**	**6,438.6**	**(93.5)**	**68.3**

(*) The account "Cash and cash equivalents" presented here, includes the amount associated with deposits that have maturity over 90 days and are recorded as "Other Current Financial Assets" in the Financial Statements.

Cash and cash equivalents: reached US$1,090.6 million, an increase over 3Q14 and 2Q15. The increase over both periods is explained by operating inflows generated during the quarter, partially offset by dividend payments, interest expenses and property, plant and equipment investments (mainly associated to La Mina project).

Trade and other accounts receivable: reached US$160.4 million, a decrease of 37% and 28% compared to 3Q14 and 2Q15 respectively. Both drops were mainly due to the use of tax credits related to tax recovery mechanisms.

Property, Plant and Equipment, net: reached US$4,891.1 million at the end of 3Q15, a decrease compared to both periods primarily due to the depreciation of the period, partially offset by investment projects being executed by the company (mainly La Mina project).

Current Liabilities: reached US$201.8 million, a decrease of US$114.6 million compared to 3Q14 mainly explained by a bank loan prepayment made in Oct14 for US$150 million, partly offset by lower payable accounts and by the transfer from the long-term to the short-term of a maturity of an international bank loan (US$40 million). The increase of US$21.9 million compared to 2Q15 is mainly explained by the transfer from the long-term to the short-term of a maturity of an international bank (aforementioned).

Non-Current Liabilities: totaled US$2,766.3 million at the end of the 3Q15, in line with 3Q14 and 2Q15. The reduction in financial obligations (already mentioned) was offset by higher deferred taxes due to the exchange rate depreciation (-15.2%) since both tax expenditures and tax losses are carried in Chilean pesos. Also when compared with 2Q15 there was an increase in deferred taxes explained by the depreciation of the Chilean peso to US dollar during the period (-9.3%).

Equity: the company had a net worth of US$3,470.5 million. The increase (US$4.0 million) in equity compared to 3Q14 is explained by the earnings for the period, partially offset by dividends paid. It is also worth mentioning that the 12 months accumulated profit was affected by the HidroAysén impairment provision recorded in 4Q14. The increase (US$67.8 million) compared to 2Q15 is explained mainly by retained earnings recorded in the quarter.

DEBT AND CREDIT METRICS

Liquidity Analysis & Indicators
USD million

	3Q14	2Q15	3Q15	Change YoY	Change QoQ
Gross financial debt	2,045.0	1,877.0	1,870.7	(174)	(6)
Financial investments*	878.3	912.5	1,090.6	212	178
EBITDA LTM	484.4	505.1	569.0	85	64
Net financial debt	**1,166.7**	**964.5**	**780.1**	**(387)**	**(184)**
Net Debt / EBITDA LTM	**2.4**	**1.9**	**1.4**	**(1.0)**	**(0.5)**
Leverage (%)	88%	87%	86%	(2.5%)	(1.7%)
Short Term Liabilities(%)	10%	8%	7%	(3.5%)	(0.7%)
Financial Expense Coverage	4.7	2.2	2.9	(1.7)	0.7
Equity Profitability (%)	4.2%	0.4%	2.0%	(2.2%)	1.7%
Asset Profitability (%)	2.4%	0.2%	1.1%	(1.3%)	0.9%
EBITDA/Operational Assets (%)	6.2%	6.4%	7.6%	1.5%	1.3%

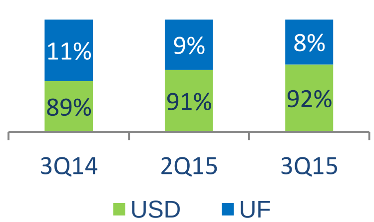
(*) The account "Financial Investments" presented here, includes the amount associated with deposits that have maturity over 90 days and are recorded as "Other Current Financial Assets" in the Financial Statements.

Financial debt reached US$1,870.7 million, a decrease compared to 3Q14 due to the prepayment of an international bank loan for US$150 million in Oct14 and in line with 2Q15. Meanwhile, financial investments have consistently increased due to the operational inflows for the periods, therefore net debt has declined. LTM EBITDA (last 12 months) increased to US$569.0 million; consequently the **net debt/LTM EBITDA ratio reached a minimum level of 1.4 times.**

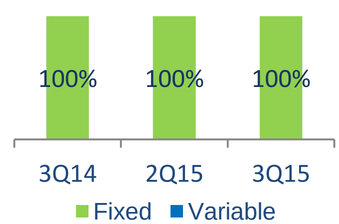
The **average maturity** of Colbún's long term financial debt is **5.7 years.**

The **average USD** long-term financial debt interest rate is **4.8%.**

Debt by Currency*

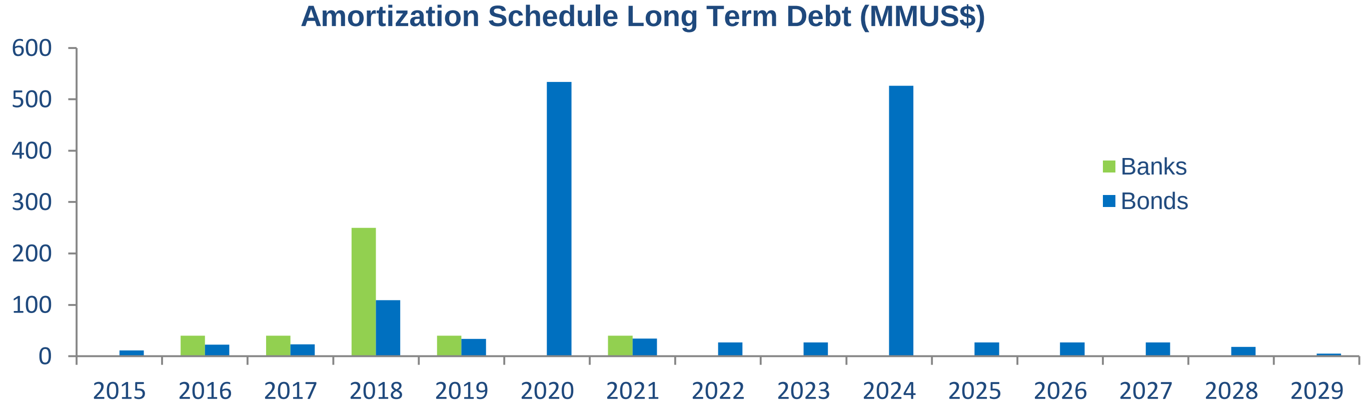


Debt by Interest Rate*



*Includes derivatives associated

Amortization Schedule Long Term Debt (MMUS$)



CASH FLOW ANALYSIS

Cash Flow
USD million

	3Q14	2Q15	3Q15	9M14	9M15	Change QoQ	Change YoY	Change Ac/Ac
Cash and cash equivalents at beginning of period[1]	**337.4**	**816.7**	**912.5**	**260.4**	**832.8**	**95.8**	**575.1**	**572.4**
Cash Flow from Operating Activities	148.9	157.3	235.1	428.8	469.6	77.8	86.2	40.8
Cash Flow from Financing Activities	430.9	(41.5)	(29.0)	300.7	(137.8)	12.4	(459.9)	(438.5)
Cash Flow from Investing Activities[2]	(20.3)	(19.8)	(22.8)	(87.1)	(68.9)	(3.1)	(2.5)	18.3
Net increase (decrease) in cash and cash equivalents	**559.5**	**96.1**	**183.3**	**642.4**	**263.0**	**87.1**	**(376.3)**	**(379.4)**
Effects of exchange rate changes on cash and cash equivalents	(18.6)	(0.3)	(5.1)	(24.4)	(5.2)	(4.8)	13.5	19.2
Cash and cash equivalents at end of period[1]	**878.3**	**912.5**	**1,090.6**	**878.3**	**1,090.6**	**178.1**	**212.3**	**212.3**

([1]) The account "Cash and cash equivalents" presented here, includes the amount associated with deposits that have maturity over 90 days and are recorded as "Other Current Financial Assets" in the Financial Statements.
([2]) The "Cash Flow from Investing Activities" differs from the Financial Statements, because does not include the amount associated with deposits with maturity over 90 days.

During 3Q15, the Company had **net cash inflows of US$183.3 million**, lower than in 3Q14 explained by the international bond issued in Jul14 (3Q14) of US$500 million. Meanwhile, the net cash inflow for the period increased compared to 2Q15 due to a better generation mix. In cumulative terms, the company generated a net positive cash flow lower than in the same period of 2014 mainly due to the aforementioned international bond.

Operating activities: during 3Q15 a positive net cash inflow of US$235.1 million, higher than both quarters under comparison, mainly explained by a more efficient generation matrix. In fact, the amount of commitments supplied with efficient generation reached 87%, higher than in 3Q14 (82%) and in 2Q15 (73%).
In cumulative terms, the company generated a higher net cash inflow for the same reasons explained in quarterly terms.

Financing activities: generated a net cash outflow of US$29.0 million during 3Q15, lower than in 3Q14 mainly due to the international bond issued (US$500 million) in Jul14. Meanwhile, comparing with the 2Q15, a lower negative outflow is recorded explained by the definitive dividend payment done in 2Q15 (US$12.7 million).
In cumulative terms, a negative net outflow of US$137.8 million was generated up to Sep15, lower than as of Sep14, also explained by the aforementioned international bond.

Investing activities: generated a negative cash flow of US$22.8 million in 3Q15, similar to 3Q14 and 2Q15. Disbursements for this quarter were mainly associated to La Mina project, which began construction in Dec14.
In cumulative terms, investing activities generated a negative net cash flow of US$68.9 million as of Sep15, lower than the same period last year, mainly because last year investments' were linked mostly to the Angostura plant. Instead, this year's investment is mainly associated to La Mina project, which is smaller than the Angostura power plant.

DISCLAIMER

This document provides Information about Colbún S.A. In no case this document constitutes a comprehensive analysis of the financial, production and sales situation of the Company.

This document may contain forward-looking statements concerning Colbún's future performance and should be considered as good faith estimates by Colbún S.A.

In compliance with the applicable laws, Colbún S.A. publishes on its website (www.colbun.cl) and sends the financial statements and its corresponding notes to the Superintendencia de Valores y Seguros, those documents should be read as a complement to this report.

Quarterly Sales and Production
GWh

	2014					2015				
	1Q14	2Q14	3Q14	4Q14	Total	1Q15	2Q15	3Q15	4Q15	Total
Sales										
Regulated customers (GWh)	1,751	1,838	1,849	1,765	7,204	1,734	1,699	1,636		5,068
Free customers (GWh)	1,233	1,159	1,197	1,148	4,737	1,048	1,125	1,106		3,278
Spot market sales (GWh)	219	425	147	0	791	332	486	456		1,273
Total energy sales (GWh)	**3,203**	**3,422**	**3,193**	**2,913**	**12,731**	**3,113**	**3,309**	**3,197**		**9,619**
Capacity sales (MW)	1,750	1,677	1,717	1,659	1,701	1,593	1,584	1,585		1,587
Generation										
Hydroelectric (GWh)	1,109	1,621	1,816	2,109	6,655	1,098	1,358	1,724		4,179
Thermal - Gas (GWh)	1,357	929	536	189	3,011	1,147	1,202	868		3,217
Thermal - Diesel (GWh)	96	231	216	3	546	141	102	0		244
Thermal - Coal (GWh)	706	718	672	527	2,623	792	699	651		2,142
Wind Farm - Punta Palmeras	-	-	-	27	27	18	28	27		72
Total own generation (GWh)	**3,268**	**3,499**	**3,240**	**2,855**	**12,862**	**3,195**	**3,388**	**3,270**		**9,854**
Energy purchases spot market (GWh)	0	0	24	120	144	0	0	0		0
Energy Purchases - Sales in the Spot Market	**219**	**425**	**123**	**(120)**	**647**	**327**	**486**	**456**		**1,273**

Quarterly Income Statement
USD million

	2014					2015				
	1Q14	2Q14	3Q14	4Q14	Total	1Q15	2Q15	3Q15	4Q15	Total
Operating revenues	413.2	408.0	351.2	330.1	1,502.6	317.0	358.5	337.0		1,012.5
Raw materials and consumables used	(275.4)	(245.6)	(213.8)	(149.0)	(883.7)	(205.2)	(201.3)	(136.0)		(542.5)
GROSS MARGIN	**137.9**	**162.4**	**137.5**	**181.0**	**618.9**	**111.8**	**157.2**	**201.0**		**470.0**
Personnel expenses and other operating expenses	(18.1)	(21.6)	(20.5)	(22.0)	(82.3)	(19.1)	(20.8)	(20.1)		(60.0)
Depreciation & amortization	(42.0)	(46.2)	(46.3)	(47.9)	(182.4)	(47.5)	(48.4)	(48.9)		(144.7)
OPERATING INCOME*	**77.8**	**94.6**	**70.6**	**111.1**	**354.2**	**45.3**	**88.0**	**132.0**		**265.3**
EBITDA	**119.8**	**140.8**	**117.0**	**159.0**	**536.6**	**92.8**	**136.4**	**180.9**		**410.0**
Financial income	1.5	1.2	1.7	1.2	5.6	1.0	1.1	1.4		3.5
Financial expenses	(10.6)	(18.9)	(22.2)	(24.2)	(76.0)	(22.2)	(22.7)	(22.2)		(67.1)
Results of indexation units	2.4	3.3	1.0	2.4	9.1	0.1	1.2	0.9		2.1
Exchange rate differences	(8.9)	(4.3)	(4.4)	(4.9)	(22.4)	0.4	0.1	(11.4)		(10.9)
Share of profit (loss) from equity-accounted associates	1.3	1.6	1.0	(1.1)	2.8	1.5	1.7	2.3		5.5
Other non-operating income/expense	7.7	(0.6)	1.6	(112.1)	(103.5)	(0.9)	(3.9)	10.5		5.8
NON-OPERATING INCOME	**(6.6)**	**(17.8)**	**(21.3)**	**(138.7)**	**(184.5)**	**(20.2)**	**(22.4)**	**(18.4)**		**(61.0)**
NET INCOME BEFORE TAX	**71.2**	**76.8**	**49.3**	**(27.6)**	**169.7**	**25.1**	**65.5**	**113.6**		**204.3**
Income Tax	(19.6)	(5.2)	(31.1)	(34.2)	(90.1)	(18.2)	(15.4)	(37.9)		(71.5)
NET INCOME FROM CONTINUING OPERATIONS	**51.5**	**71.6**	**18.2**	**(61.8)**	**79.5**	**7.0**	**50.1**	**75.7**		**132.8**
NET INCOME ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT COMPANY	**51.5**	**71.6**	**18.2**	**(61.8)**	**79.5**	**7.0**	**50.1**	**75.7**		**132.8**

(*) The "OPERATING RESULTS" presented here excludes the line "Other gains (losses)" presented in the Financial Statements. This is explained by a change in taxonomy dictated by the SVS (Securities and Insurance Superintendence) bringing the concept of "Other gains (losses)", which in the case of Colbun are only non-operational items, an putting it as an operating item in the Financial Statements.

Summarized Balance Sheet
USD million

	2014				2015			
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Current Assets	756.7	803.7	1,301.2	1,270.2	1,251.6	1,288.4	1,384.3	
Cash and equivalents*	208.3	337.4	878.3	832.8	816.7	912.5	1090.6	
Accounts receivable	378.6	327.7	254.8	243.7	237.8	221.5	160.4	
Normal sales	*149.2*	*162.1*	*124.8*	*132.3*	*146.5*	*150.1*	*109.4*	
Deudores varios	*229.4*	*165.6*	*130.0*	*111.3*	*91.3*	*71.4*	*51.0*	
Recoverable taxes	52.6	41.8	59.7	47.0	57.2	39.5	20.6	
Other current assets	117.1	96.8	108.5	146.7	139.9	115.0	112.7	
Non-Current Assets	5,305.4	5,268.4	5,231.0	5,112.2	5,090.1	5,081.9	5,054.4	
Property, Plant and Equipment , net	5,026.1	4,993.0	4,967.6	4,956.2	4,935.5	4,919.5	4,891.1	
Other non-current assets	279.3	275.4	263.3	156.0	154.7	162.4	163.3	
Total Assets	**6,062.1**	**6,072.1**	**6,532.2**	**6,382.3**	**6,341.8**	**6,370.3**	**6,438.6**	
Current liabilities	281.3	232.3	316.4	258.3	192.0	223.7	201.8	
Long-term liabilities	2,177.9	2,170.1	2,749.3	2,763.5	2,786.1	2,743.9	2,766.3	
Shareholders' equity	3,602.9	3,669.6	3,466.5	3,360.6	3,363.6	3,402.7	3,470.5	
Total Liabilities and Shareholders' Equity	**6,062.1**	**6,072.0**	**6,532.2**	**6,382.3**	**6,341.8**	**6,370.3**	**6,438.6**	
End-of-quarter exchange rate (CLP/USD)	551.2	552.7	599.2	606.8	626.6	639.0	698.7	

(*) The account "Cash and cash equivalent" presented here, includes the amount associated with deposits that have maturity over 90 days and are recorded as "Other Current Financial Assets" in the Financial Statements.