



COMPANY PRESENTATION

1Q 2011





Agenda

Company Overview

Chilean Electricity Sector

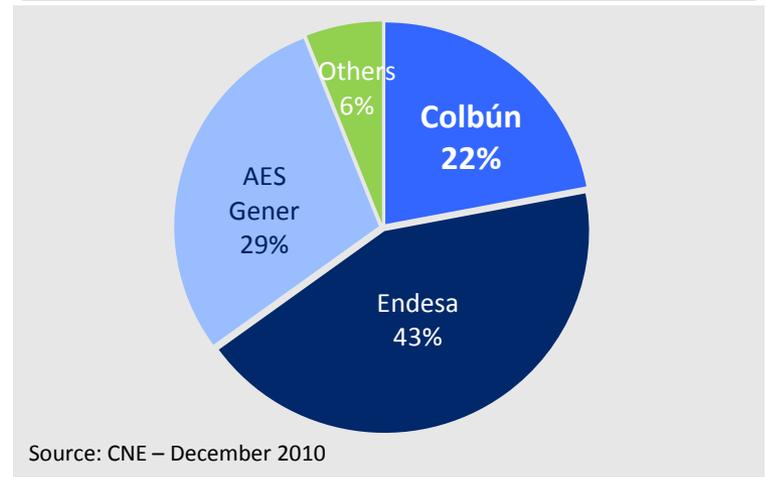
Business Strategy

Financial Profile

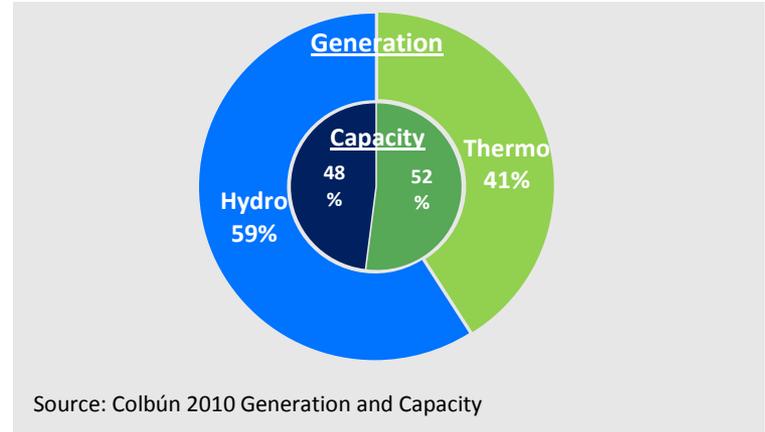
Colbún at a glance

- 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 → 898 employees as of March '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



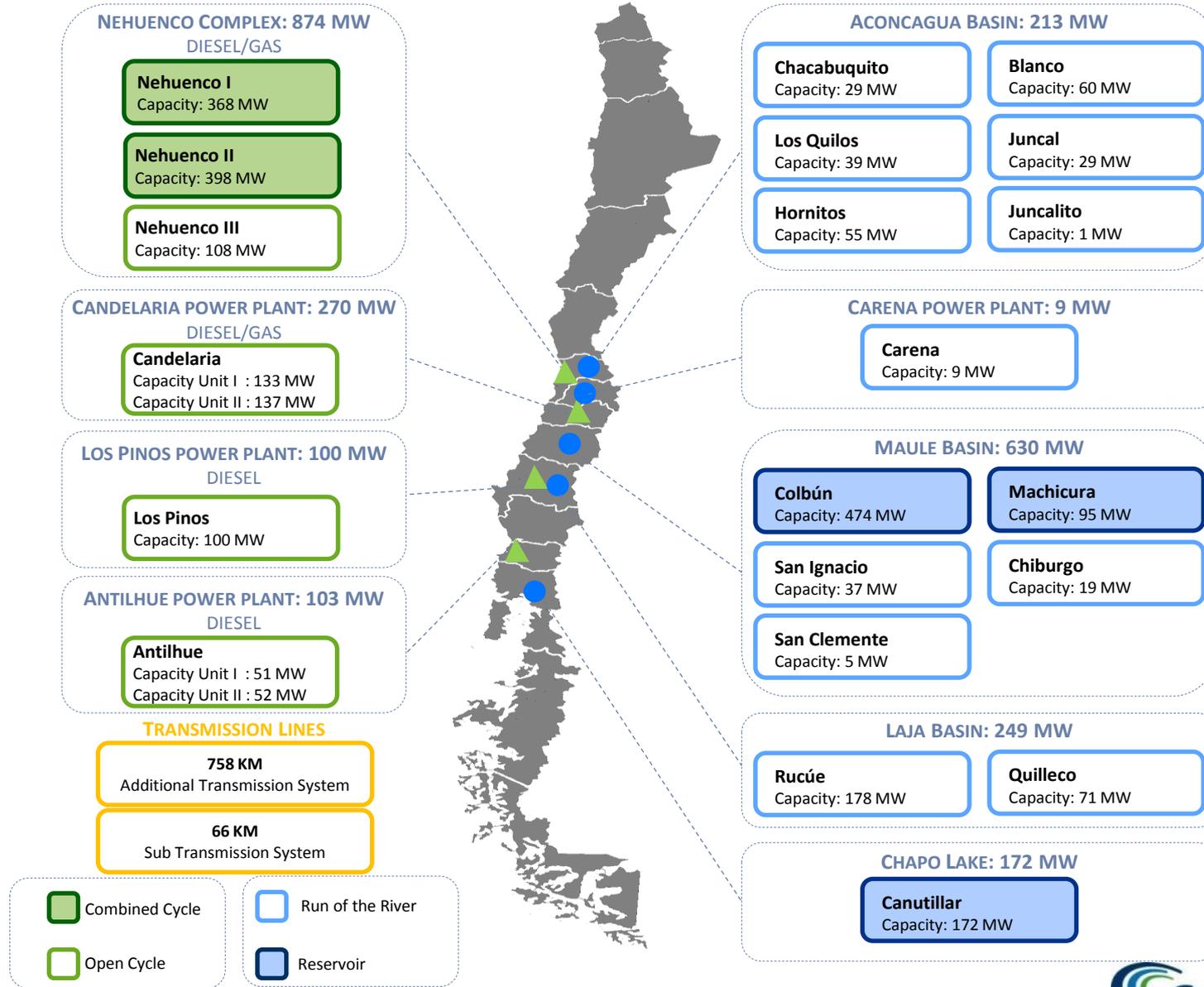
Generation (GWh) and Installed Capacity (MW)



6 THERMAL POWER PLANTS

A diversified asset base

15 HYDRO POWER PLANTS



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)



CODELCO
Salvador

CODELCO
Ventanas

ANGLOAMERICAN
El Soldado
Los Bronces

CODELCO
Andina

METRO
AGUAS ANDINAS
La Farfana

CMPC
Puente Alto

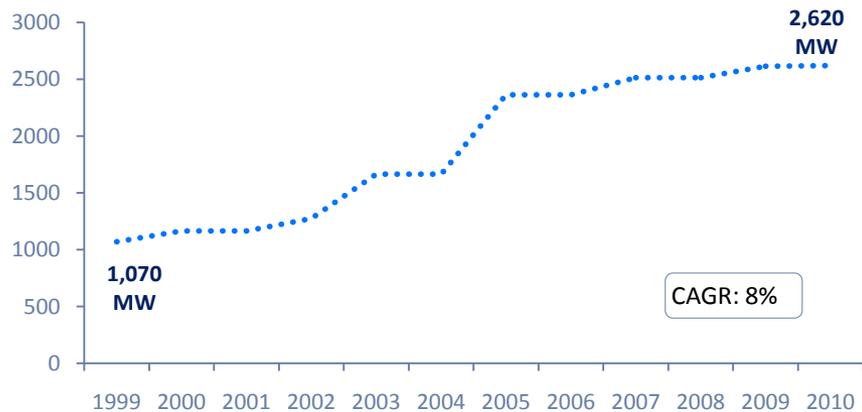
CODELCO
Teniente

CMPC
Procart

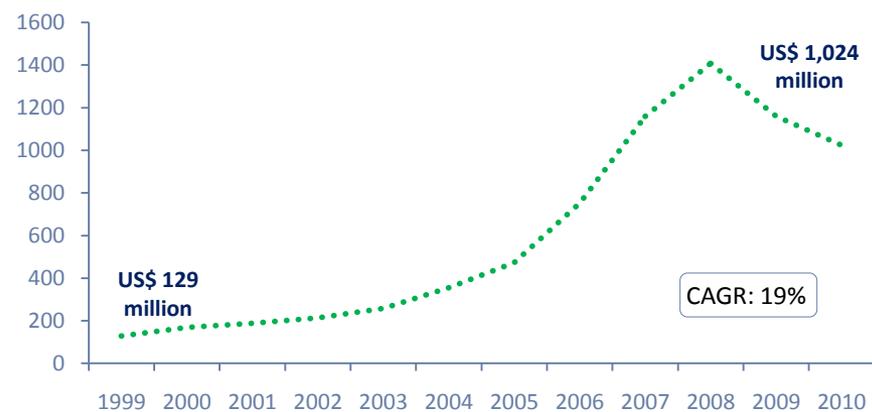
UN-REGULATED CUSTOMERS

Colbún has grown steadily over the past decade

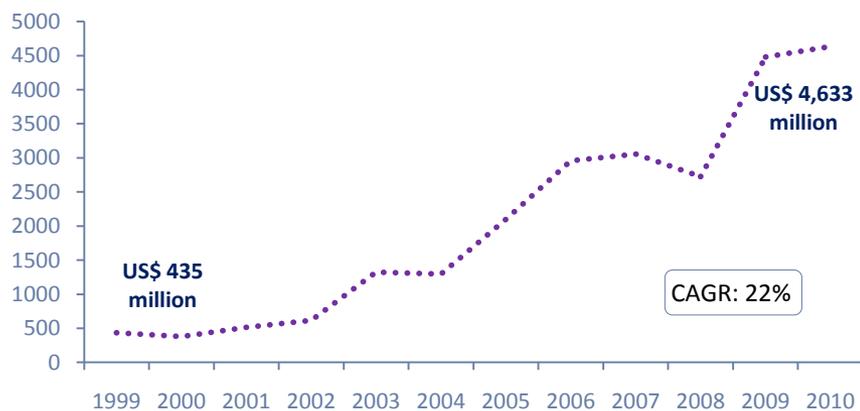
Capacity (MW)



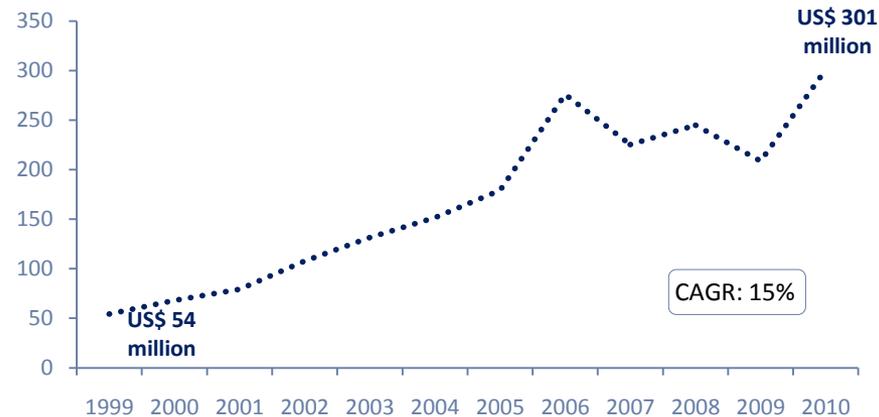
Total Operating Revenues (MMUSD)



Market Cap (MMUSD)



3-year Moving Average EBITDA (MMUSD)



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.

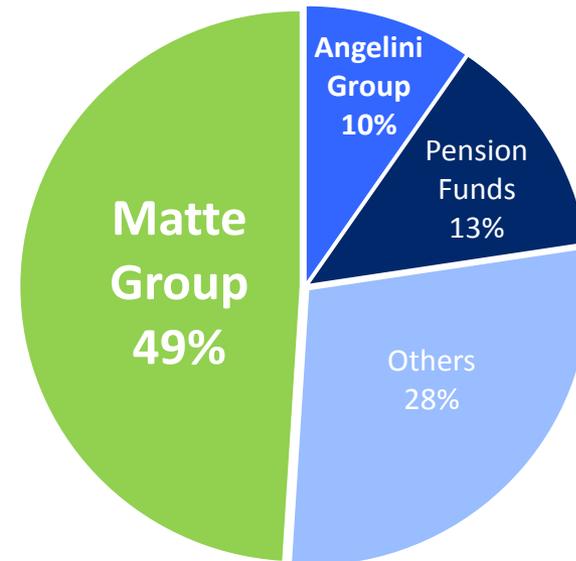
GOVERNANCE

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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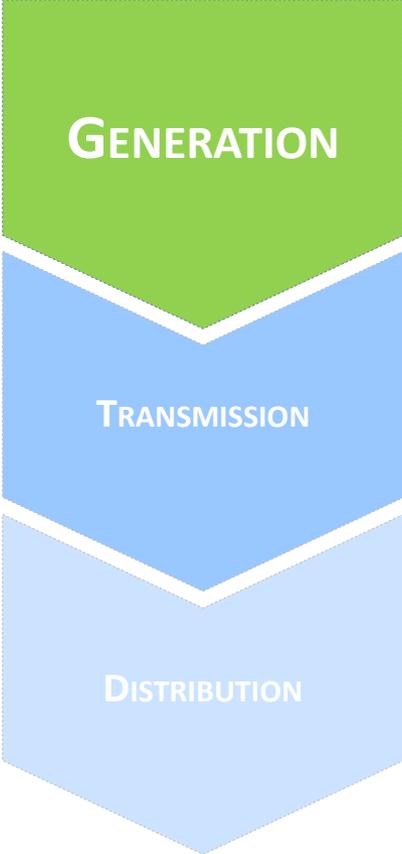
Chilean Electricity Sector

Business Strategy

Financial Profile

Sector Segmentation

3 SUB-SECTORS

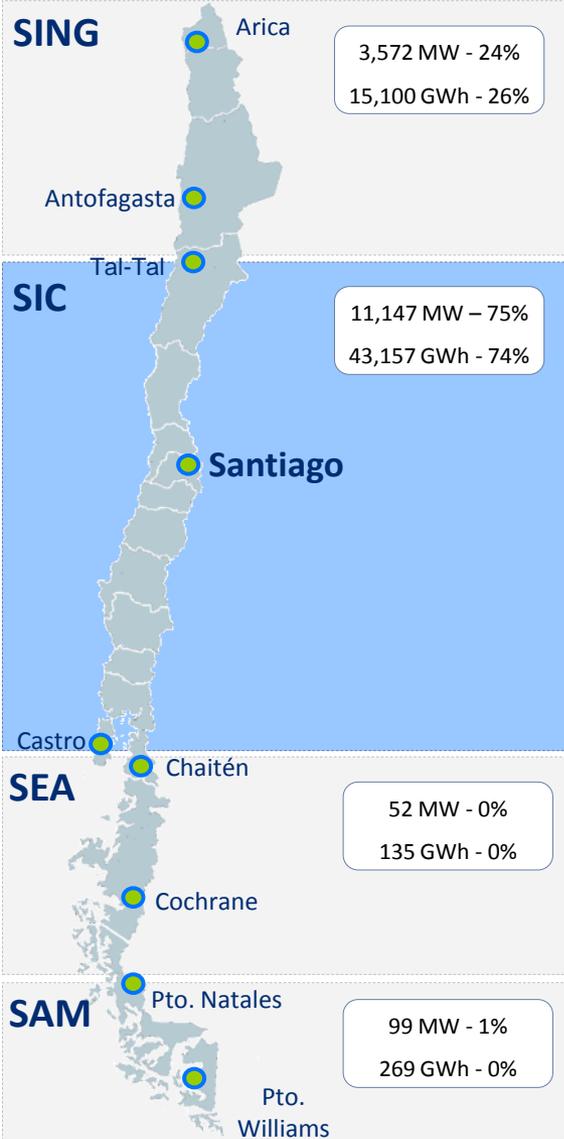


Regulated sectors (concessions)

RELEVANT INSTITUTIONS

- Ministry of Energy
- Regulator: **CNE**
- Supervisor: **SEC**
- Coordinator: **CDEC**

4 SEPARATE GRIDS



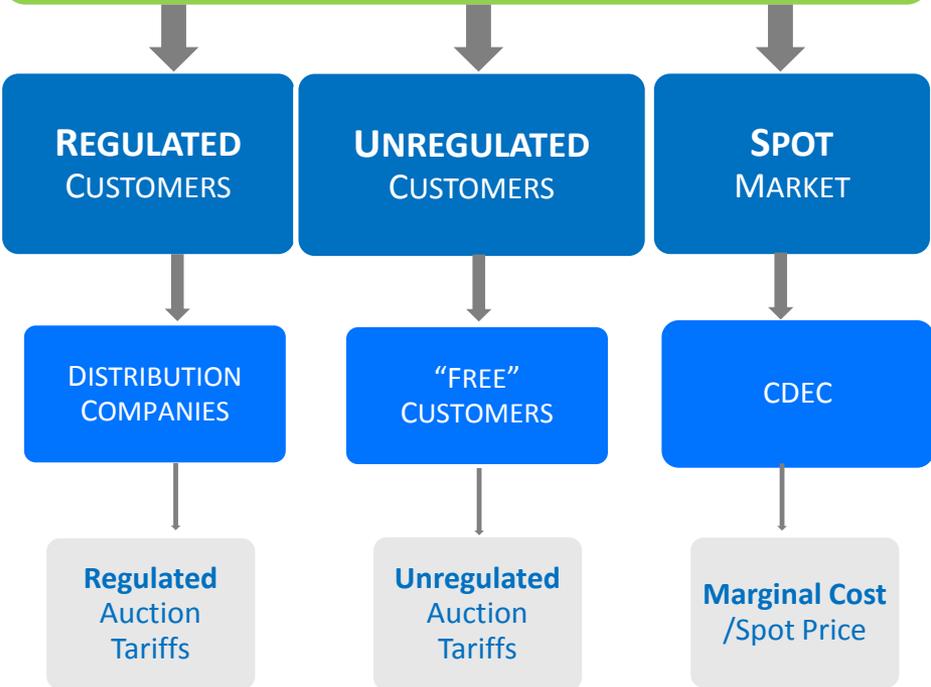
Source: CNE, December 2010



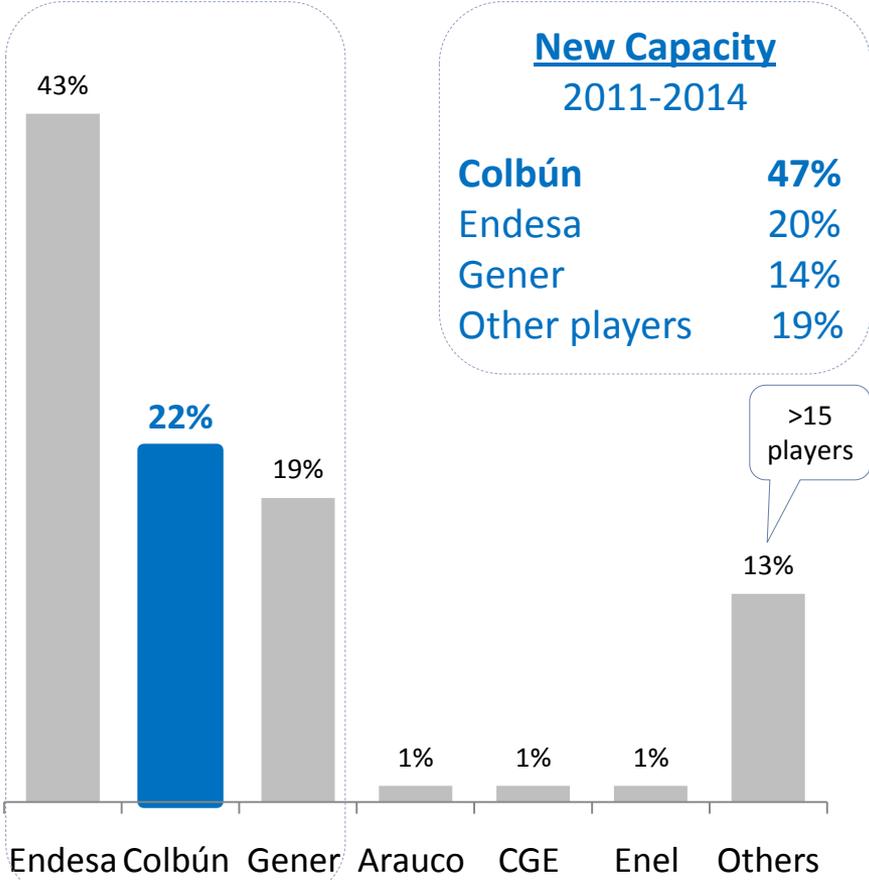
Market Structure

Electricity Market Structure

GENERATORS



Main Players in the Generation Sector-SIC



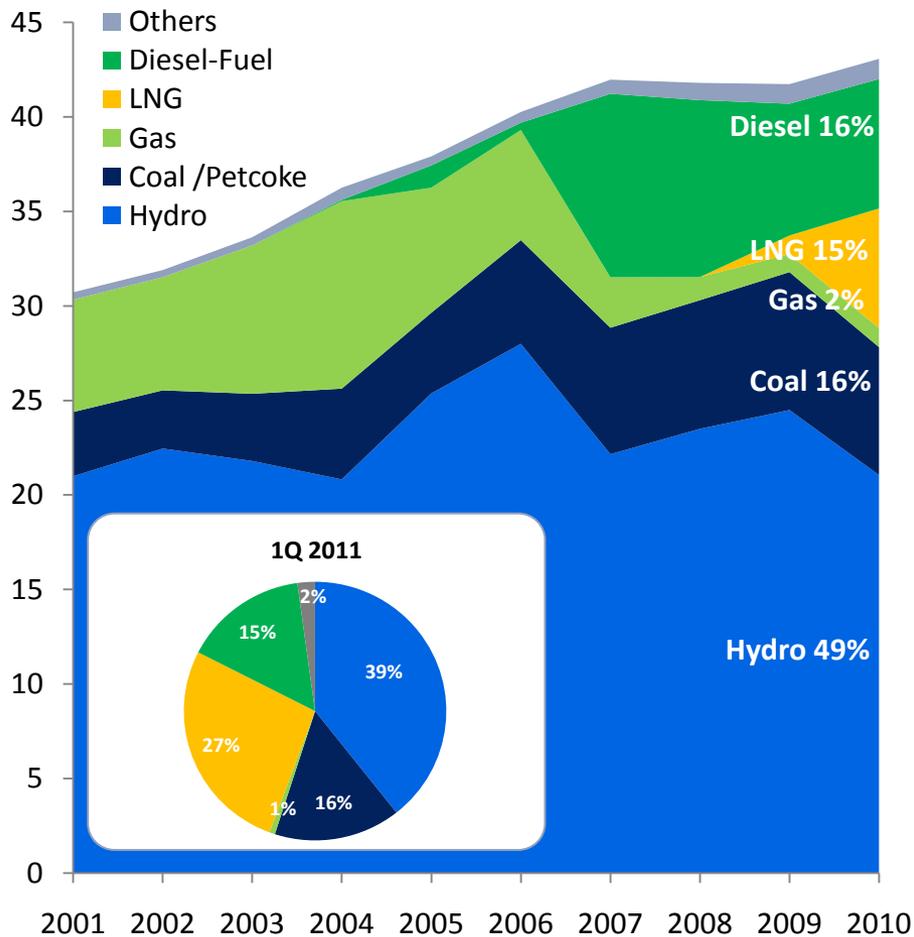
Source: "Capacidad Empresas Generadoras CDEC, 2010.

"Informe Técnico Preliminar Fijación Precio Nudo SIC", CNE, Abril 2011

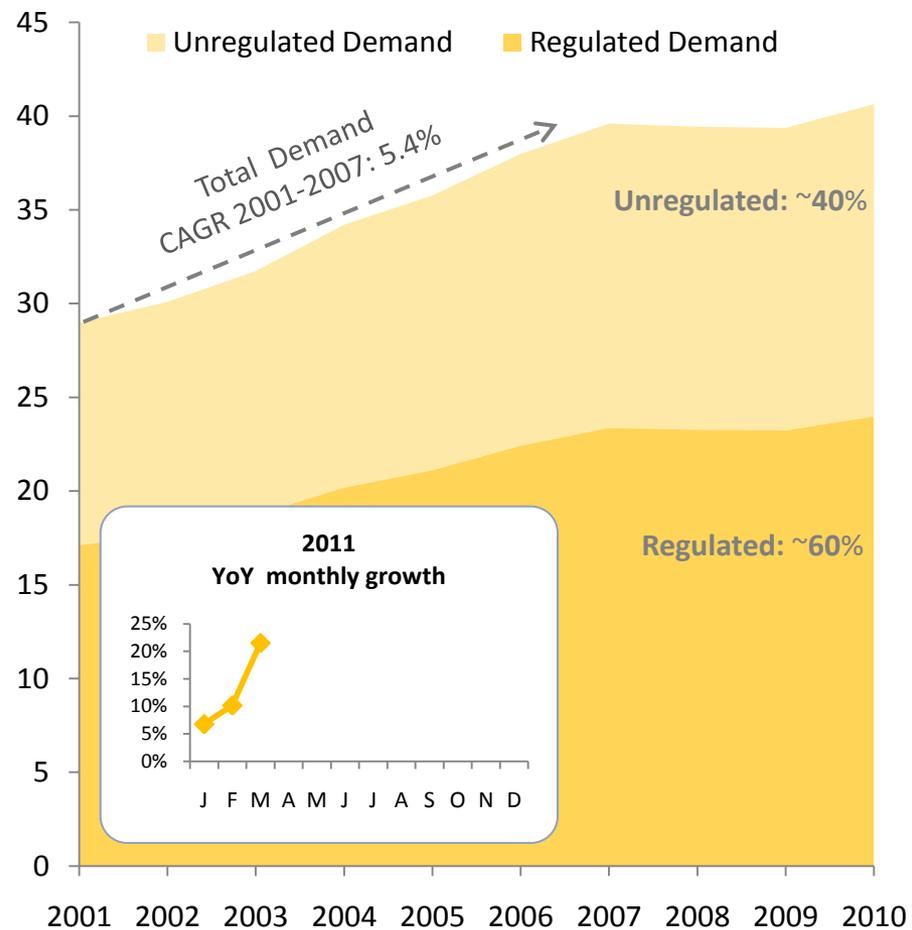


Evolution of Power Generation and Demand in the SIC

Annual Power Generation-SIC (TWh)



Annual Electricity Demand-SIC (TWh)



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

Source: "Producción Real por Sistema", CNE/Colbún, 2010.
 "Informe Técnico Definitivo SIC", CNE, October 2010.
 "Informe Systeem", Systeem, 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

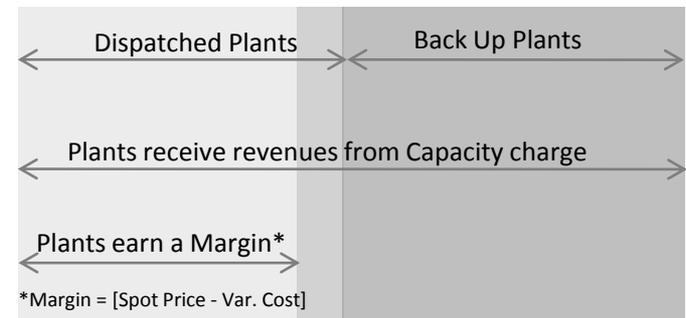
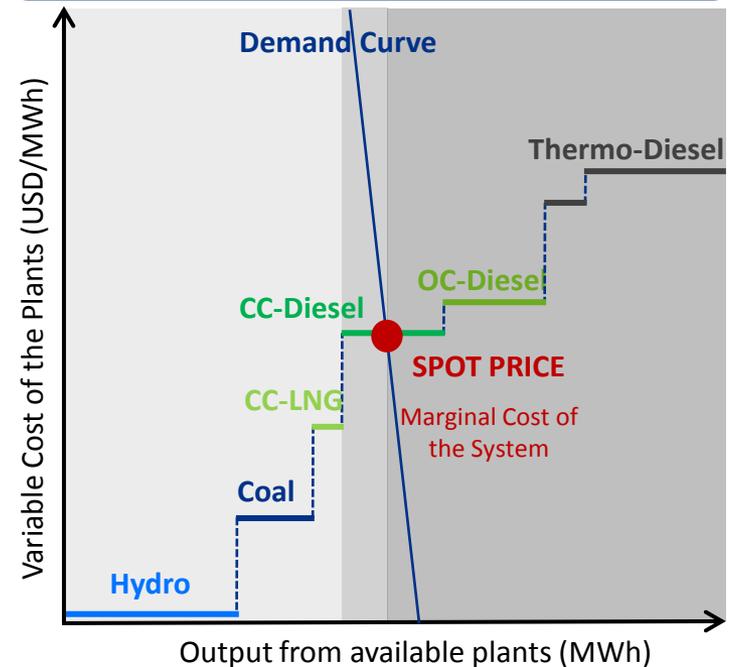
- 3) Market Price:** free price settled by both parties for bilateral contracts

OTHER GENERATORS

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

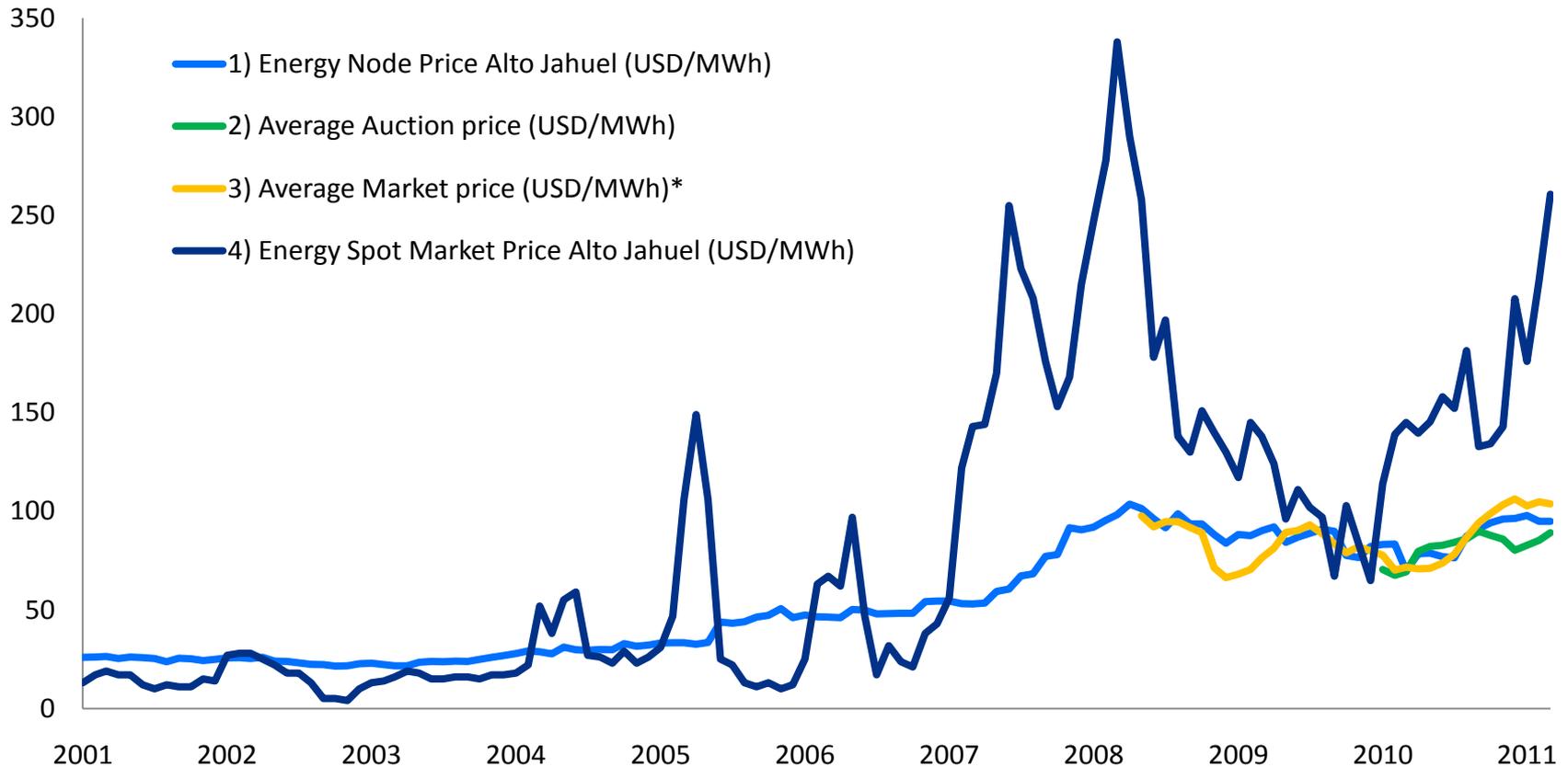
All facilities are also paid a capacity charge for being available

Dispatch Scheme



Evolution of electricity prices

Electricity Prices-SIC (USD/MWh)

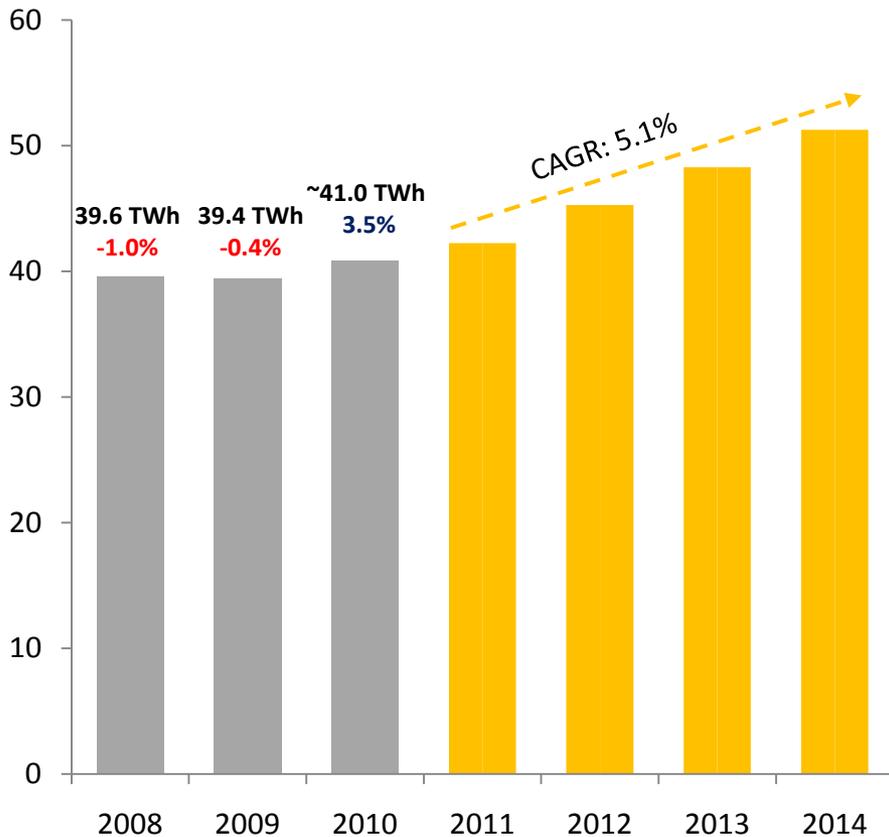


Source: "Costos reales marginales mensuales Alto Jahuel", CDEC/ Colbún; "Historia precios nudos", CNE; "Informes Mensuales Systepl", www.systepl.cl

Note (*): The market Price is calculated by the Regulator upon information provided by all generation companies. This average price does not include the capacity charge component.

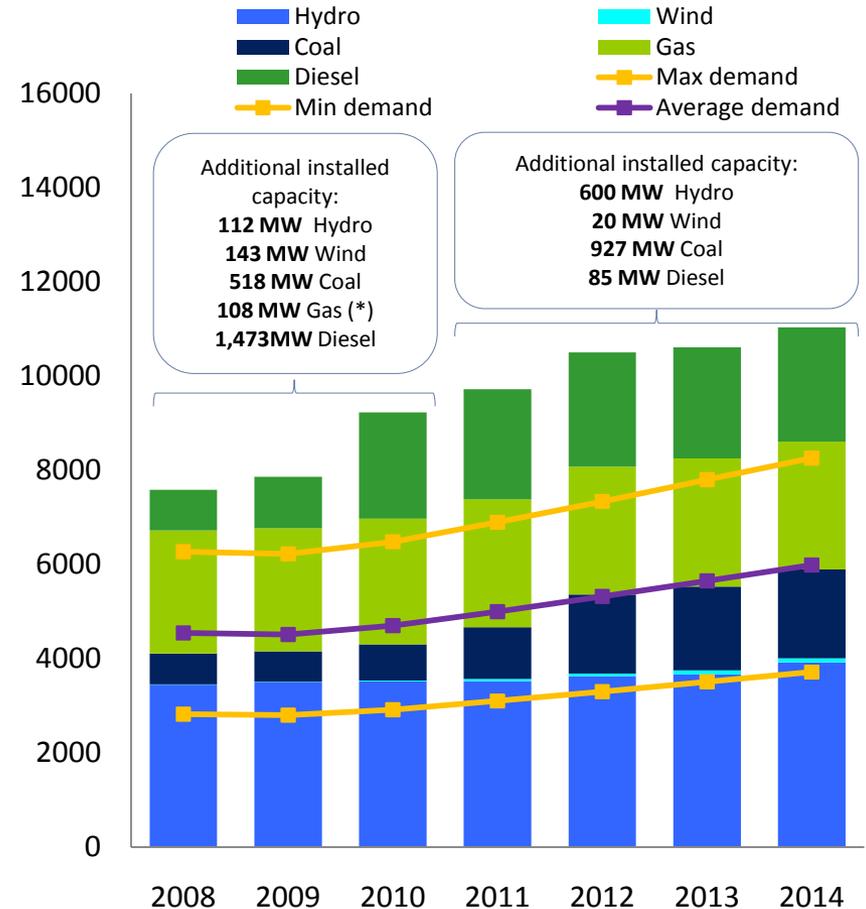
Demand and Supply: what to expect in the coming years

Electricity Demand - SIC (TWh)



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

Available Power by type - SIC (MW)



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

(*) Real gas output depends on fuel availability



Agenda

Company Overview

Chilean Electricity Sector

Business Strategy

Financial Profile

Our expansion plan

 Thermoelectric capacity

 Hydroelectric capacity



Our projects under construction

SANTA MARIA I COAL POWER PLANT: 342 MW

Coronel, Biobío Region

TOTAL INVESTMENT: 719 MMUSD
SPENT AS OF MARCH 2011: 642 MMUSD
ADVANCE MARCH 2011: 91%
ESTIMATE START OF OPERATION: 4Q2011

ANGOSTURA HYDRO POWER PLANT: 316 MW

Santa Barbara and Quilaco, Biobío Region

TOTAL INVESTMENT: 658 MMUSD
SPENT AS OF MARCH 2011: 146 MMUSD
ADVANCE MARCH 2011: 22%
ESTIMATE START OF OPERATION: 2013

SAN PEDRO HYDRO POWER PLANT: 150 MW

Riñihue Lake, Los Ríos Region

TOTAL INVESTMENT: 447 MMUSD
SPENT AS OF MARCH 2011: 112 MMUSD
ESTIMATE START OF OPERATION: Under revision

TOTAL INVESTMENT:
1,824 MMUSD

SPENT AS OF MARCH 2011:
900 MMUSD

SANTA MARIA I
 ANGOSTURA
 SAN PEDRO



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

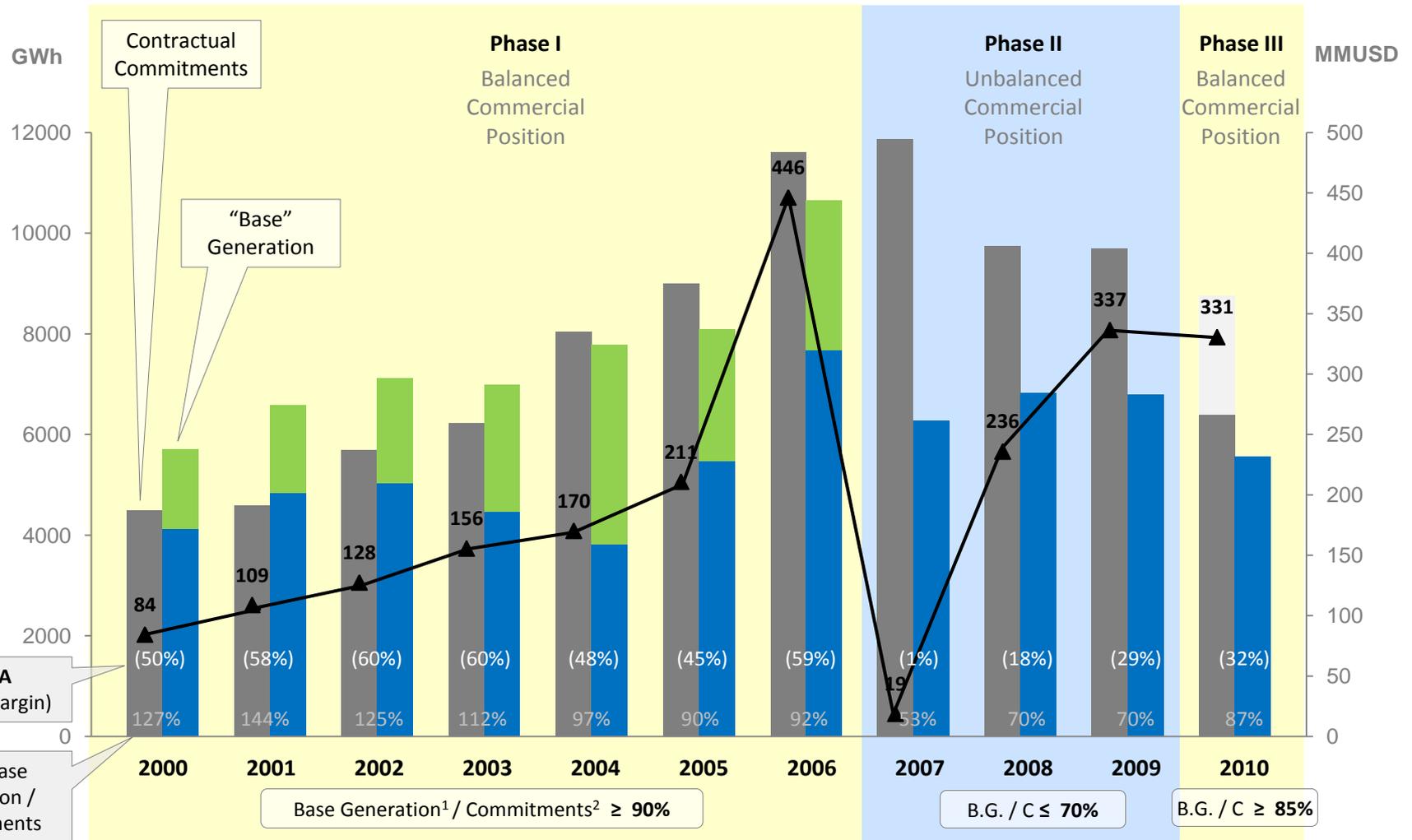
Supply secure and competitive energy to our customers

Maximize Returns from our current and future assets

Manage Volatility given large renewable component

COMMERCIAL GOALS

Evolution of Colbún's Business Model

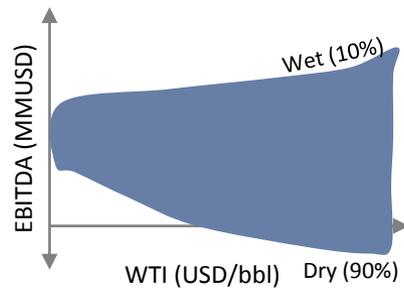


1: Commitments represent Colbún's committed sales (through contracts) excluding commitments which price is indexed to the spot price
 2: Base Generation represents Colbún's electricity production @ low variable cost (hydro generation + gas generation during Phase I and coal generation in Phase III)

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

PRE-TRANSITION

EBITDA range 2009

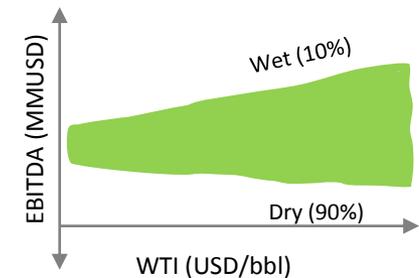


DRIVERS OF TRANSITION

- 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

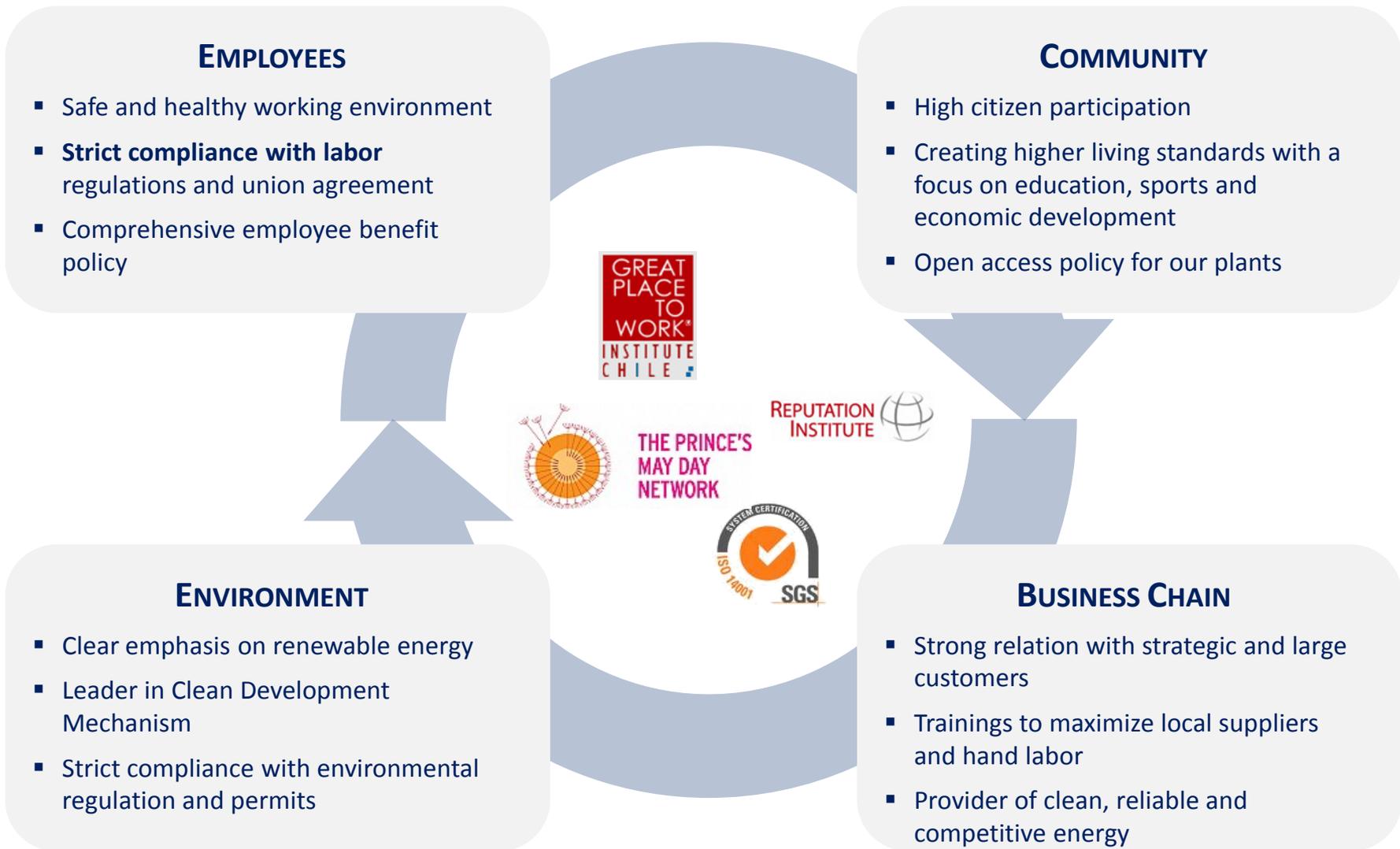
POST-TRANSITION

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: a sustainable partner





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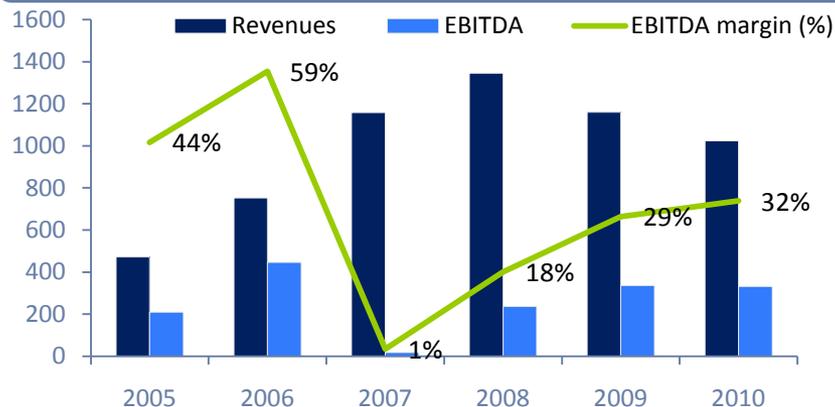
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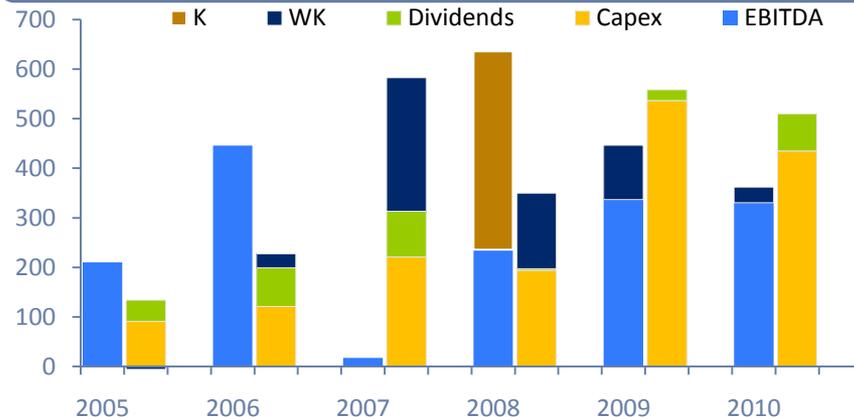
Financial Profile

Historical key financial indicators

Revenues, EBITDA (MMUSD) & EBITDA Margin



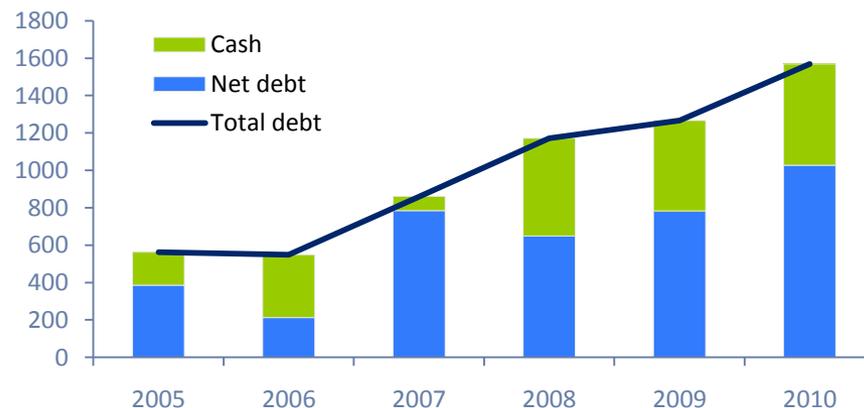
EBITDA, Capex, Dividends, ΔWK & ΔK (MMUSD)



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

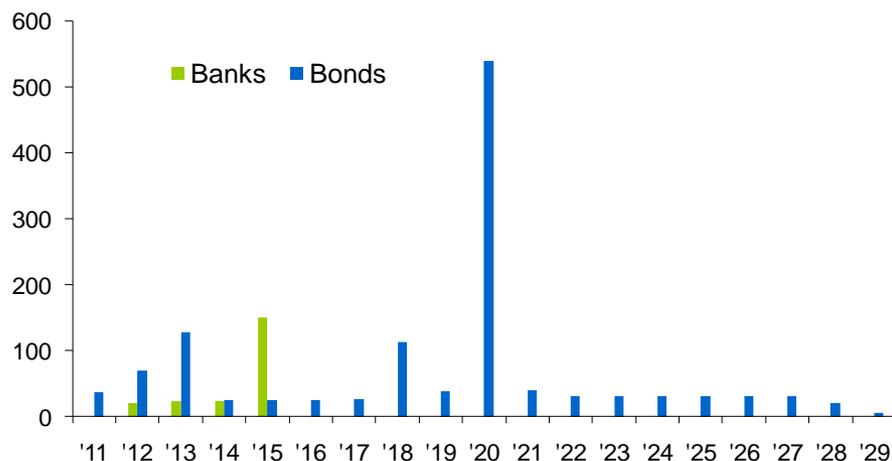
Cash, Debt & Net Debt (MMUSD)



Conservative Financial Strategy:

Smooth debt profile coupled with a strong liquidity position

Amortization Schedule of LT Debt (MMUSD)



Liquidity Position

Cash

USD 440 million of cash and cash equivalents as of March 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 Mar. 2011 (MMUSD)

<u>Current Assets</u>	<u>1,006</u>
Cash and equivalents	441
Accounts receivable	327
<i>Normal sales</i>	185
<i>Sales to regulated customers w/o contracts (ST)</i>	64
<i>Others</i>	79
Recoverable taxes	185
Other current assets	53
<u>Non-Current Assets</u>	<u>4,759</u>
Property, Plant and Equipment	4,505
Other non-current assets	254
<i>Sales to regulated customers w/o contracts (LT)</i>	-
Total Assets	5,765
Current Liabilities	386
Long-Term Liabilities	1,878
Shareholders' Equity	3,501
Total Liabilities and Shareholders' Equity	5,765

