



Santiago, May 10, 2012
GG N°41/12

Mr.
Fernando Coloma Correa
Superintendent of Securities and Insurance
Santiago

Re.: ESSENTIAL FACT COLBUN S.A.
Securities Register N°295

Sir,

In accordance with article 9 and second paragraph of article 10 of Law 18.045 of Mercado de Valores, and instructions of the Norma de Carácter General 30 of this Superintendence, and in connection with the turnkey and lump sum construction contract (the "Contract") for the construction in Coronel of the 343 MW coal power plant Santa María I (the "Project"), signed in June 2007 between Colbún S.A. ("Colbún") and a consortium formed by Tecnimont S.p.A., Slovenské Energetické Strojárne A.S., Tecnimont Do Brasil Construção e Administração de Projetos Ltda., Ingeniería y Construcción Tecnimont Chile y Compañía Ltda., and Ingeniería y Construcción SES Chile Ltda. (the "Consortium"), I inform you, as an essential fact, the following.

On May 9 this year, Colbún has exercised its contractual right to early terminate the Contract, through a communication in this regard addressed to the Consortium. Currently, the Santa María 1 power plant has its construction practically completed and is in the final tests stage (commissioning), which will continue under the responsibility of Colbún, with support from specialized companies of acknowledged prestige in the matter.

As it was informed in the essential fact dated December 27, 2011, Colbún has executed performance bonds considered in the Contract, for having the Consortium incurred into breaches to different contractual obligations; and likewise, an Arbitration has begun between both Parties in the International Chamber of Commerce, with headquarters in Paris, being the appointment of the President of the arbitral court still pending. Once the Arbitral Court has been constituted, the presentation of claims and counterclaims is estimated to take place within a period of 4 to 6 months.

Sincerely,

COLBÚN S.A.

(signature)

Ignacio Cruz Zabala
General Manager

c.c.: Stock Market of Santiago, Stock Market
Electronic Stock Market of Chile, Stock Market
Brokers' Stock Market, Stock Market
Risk Rating Commission