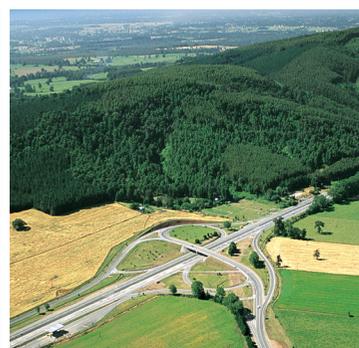
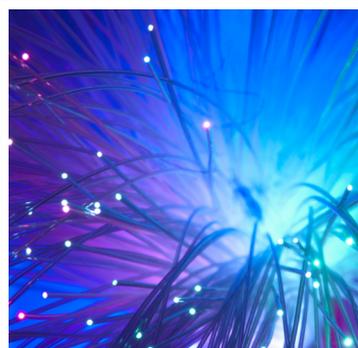


2013 Annual Report



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BOARD OF DIRECTORS

Principal Members	Alternate Members
Ministry of Mines and Energy - Minister	Ministry of Mines and Energy - Vice Minister
Ministry of Finance and Public Credit - Vice Minister General	Ministry of Finance and Public Credit - Director General of Public Credit and National Treasury
Carlos Mario Giraldo Moreno (*)	Tomás González Estrada
Empresas Públicas de Medellín E.S.P. Chief Executive Officer (*)	Jesús Aristizábal Guevara (*)
Santiago Montenegro Trujillo (*)	Camilo Zea Gómez (*)
Luis Gonzalo Gallo Restrepo (*)	Alejandro Linares Cantillo
Bernardo Vargas Gibsone (*)	Carlos Felipe Londoño Álvarez (*)
(*) Independent members	

ADMINISTRATION SINCE JANUARY 1ST 2014

Position	Name
Chief Executive Officer	Luis Fernando Alarcón Mantilla
Energy Transport Technical Vice President	César Augusto Ramírez Rojas
Corporate Finance Vice President	Carlos Alberto Rodríguez López
Corporate Strategy Vice President	Olga Patricia Castaño Díaz
Secretary General	Sonia Margarita Abuchar Alemán
Corporate Auditor	Jhon Jairo Vásquez López
Organizational Talent Corporate Director	Diana Cristina Posada Zapata
Information Technology Corporate Director	Olga Lucía López Marín
Road Concessions Corporate Director.	Jorge Iván López Betancur
Communications Corporate Director.	Carmen Elisa Restrepo Vélez

ADMINISTRATION UNTIL DECEMBER 31ST 2013

Position	Name
Chief Executive Officer	Luis Fernando Alarcón Mantilla
Energy Transport Manager	Julián Cadavid Velásquez
Infrastructure Projects Manager	Germán Ortiz Plata
Corporate Finance Vice President	Judith Cure Cure (A) Camilo Barco Muñoz
Administrative Manager	Carlota María Nicholls Estrada
Corporate Strategy Manger	Gonzalo Maya Agudelo (A) Enrique Angel Sanint (A)
Secretary General	Natalia Martínez Villa
Corporate Auditor	Jhon Jairo Vásquez López
Corporate Socio-Environmental Director	Martha Ruby Falla González
Corporate Image Director	Carmen Elisa Restrepo Vélez



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Message from the management



Messrs. Shareholders:

We are pleased to share with you the management results for ISA and its companies for 2013, a year of change and renovation when we continued with our preparation to face the new challenges posed by a business environment that is more and more complex and demanding that motivates us to incorporate world-class practices and standards to maintain the competitiveness that has characterized us and to continue generating value for our shareholders.

Since mid-2012, with the participation of the company's Board of Directors and Management, and with assistance by consultancy firm McKinsey & Co., we started an exercise on strategic update that permitted us to propose new challenges and initiatives and define an organizational model that will make it possible to achieve such a strategy.

In this new focus that we have denominated ISA 2020, our portfolio management will emphasize: profitability expressed in the mix of businesses and geographies around synergies with existing assets and capabilities, mainly in Colombia, Brazil, Peru and Chile; future growth restricted to opportunities that offer high profitability level; and ISA's vocation as a company that creates value through the "outstanding" operation and development of its infrastructure.

To carry out this new focus, we started in 2013 an ambitious implementation plan of ISA 2020 Strategy. One of the most important steps was the separation of the corporate strategic issues in one parent company, today

ISA, from those related to operation and maintenance in one subsidiary that will represent ISA's electric assets and will be engaged in energy transport in the country, today INTERCOLOMBIA. Such separation will permit us, as corporate center, to focus on the functions of guiding the group's actions, to profitably administer the portfolio of growth opportunities, to define the big corporate choices, to provide competitive guidance to the companies and to establish the action framework that will characterize the management and the practices to be applied in the relevant processes.

It is also worth noting that with the new focus we adjusted the governance model to ensure the direction and monitoring of the performance of the subsidiaries, thus facilitating the capture of synergies among companies and the addition of value. We also reviewed the results-based incentive model to align the performance indicators with ISA 2020 Strategy.

We started working on the efficiency initiatives for the Electric Energy Transport Business, incorporating world-class practices regarding asset management in construction, operation and maintenance activities. At the same time, we are taking action to optimize the supply chain with an emphasis on achieving scale economies through an integrated procurement process.

We started working on the efficiency initiatives for the Electric Energy Transport Business, incorporating world-class practices regarding asset management in construction, operation and maintenance activities. At the same time, we are taking action to optimize the supply chain with an emphasis on achieving scale economies through an integrated procurement process.



For the Road Concession Business Unit we are taking action through INTERVIAL Chile and its concessionaires to improve efficiency when seizing value in joint negotiations of relevant categories, such as: asphalt, concrete slabs, toll collection, routine maintenance, fleet of vehicles, major conservation plan and energy efficiency (LED lights).

In order to facilitate the understanding and awareness of ISA 2020 Strategy among its key audiences thus contributing to its viability, we developed a project focused on the management of change, communications and reputation.

Our challenge is to guarantee the identification, development and consolidation of the necessary capabilities to leverage the new strategy, thus ensuring that the results achieved during this cycle are lasting and strengthen the foundations for the next cycle. In order to achieve this, we undertook an adjustment plan for the management models that preserve the earnings achieved in efficiency and that enable the development of innovative growth prototypes.

We are currently present in eight countries, with 33 companies and we work in four business units. Throughout this report we will see the achievements in each of them, starting with the Electric Energy Transport Business Unit. On this date, we operate 40,630 km of high-voltage grid and 75,960 MVA of transformation capacity. In 2013 we added 1,900 MVA to the grid and close to 270 km of circuit. These works required investments close to USD 300 million. Additionally, we are in the process of investing USD 3 billion to increase the networks by close to 5,000 km of circuit and 16,000 MVA of transformation capacity.

Performance indicators of the transmission network of ISA and its companies outdid the goals set for 2013 by each country's regulating entities, showing the rigor and excellence of the processes we implement. Particularly in Colombia, these indicators were achieved, despite the fact that during the year, 57 towers of ISA's grid were downed, 25 more than in 2012; at year close, 100% of these structures had been recovered at a cost of COP 9,710 million.

One of the most relevant facts regarding this business unit took place during the third quarter, when ISA won a new bid in Peru to design, finance, build, operate and maintain the Mantaro – Marcona – Socabaya – Montalvo transmission line at 500 kV (920 km) and its associated substations, the largest concession ProInversión has granted to date. This project, which will be executed by Transmantaro, will allow the energy generated in the center of the country to be transmitted to the South in order to meet the growing demand due to the increase in mining investments.

In this same country, Transmantaro put into operation the projects of Talara – Piura Oeste at 220 kV (103 km) and Pomacocha – Carhuamayo at 220 kV (110 km), which allow to meet the growing demand for electric power in the north of the country and reinforce the transmission to the central Sierra, respectively.

In Chile, ISA was awarded a new public international bid to design, finance, build, operate and maintain the Encuentro – Lagunas project at 220 kV (174 km), which will strengthen the Chilean power system in the north of the country and improve the quality and reliability of the service. This new project, in addition to the three projects won in 2012, consolidate a double



circuit electric network of 900 km in the southern country, whose execution will be the responsibility of INTERCHILE.

In Colombia, ISA put into operation the El Bosque Interconnection project at 220 kV, which strengthens the power system in the Cartagena area. Additionally, the Termocol substation and its associated lines started operations at 220 kV. These works will add reliability to the power system and enable the connection of the Termocol thermal plant (202 MW) to the National Transmission System.

Additionally, it won the public bid opened by the Mining and Energy Planning Unit for the design, acquisition, construction, operation and maintenance of the second transformer at 500/220 kV (450 MVA) at the Copey substation, a project that will increase the reliability of the power system in the north of the country; it also completed STN expansions among which the Betania – Mirolindo second circuit at 230 kV (206 km) stands out, and the construction, operation and maintenance of the STATCOM at the Bacatá Substation at 500 kV.

In Brazil, IEMadeira (CTEEP's subsidiary) put in commercial operation the R o Madeira transmission system line that crosses Brazil from North to Southeast, connecting the Porto Velho (Rond onia) – Araraquara 2 (S o Paulo) HVDC substation. The energy generated by the Santo Ant nio (3,150 MW) and Jirau (3,450 MW) hydroelectric power plants belonging to the Rio Madeira Hydroelectric Complex (the largest energy project in the Amazon region) is being transported to S o Paulo through the HVDC transmission line at 600 kV, the longest in the world (2,400 km).

Additionally, PINHEIROS, a subsidiary of CTEEP, commissioned the Itapeti substation at 345/88 kV, thus adding 800 MVA of transformation capacity. The work permits reinforcement of energy supply in Greater S o Paulo.

With respect to the early termination of Concession Contract 059 of 2001, it is worth noting that out of BRL 2,890 million corresponding to compensation for new investments (assets after May 2000), in January 2013, CTEEP received 50%; it will receive the remaining 50% between January 2013 and July 2015. At the same time, the Brazilian Government is carrying on with studies to define the pending compensations for the existing system assets (before May 2000), as well as improvements made and not amortized.

In Bolivia, the Electricity Fiscal and Social Control Authority approved ISA Bolivia's request for expanding the Trunk Interconnection System by means of the Sucre 230/115 kV substation expansion project, which will connect the Sucre – Padilla transmission line at 115 kV in order to meet the demand in the rural areas of Sucre.

The Interconexi n El ctrica Colombia – Panama project represents a strategic asset for the continent because of its implications in the development of the region and the integration of its electricity markets. This is why ISA continues to work on the viability of the transmission line between the two countries. In 2012, with the support of the IDB, ICP conducted a strategic review of the scheme that was defined initially, and in 2013, the environmental assessment of alternatives in Colombia and the basic



design of the project were updated. In 2014 the priority is to have an optimal design (viable from an operational, environmental and social standpoint) that minimizes the risks for those who participate in the business.

In keeping with our new Vision, which explicitly states that ISA will capture regional opportunities in the Road Concessions Business while focusing on Colombia, the company took its first steps by participating in the “Fourth Generation of Road Concessions (4G)” project, the largest in the history of the country, which seeks to award around thirty infrastructure concessions, valued at over COP 40,000,000 million. It was pre-qualified in consortium with other companies for the road projects: Girardot – Puerto Salgar – Honda, Neiva – Girardot, Santa Ana - Mocoa – Neiva, Bogotá – Villavicencio – El Tablón, Popayán – Santander de Quilichao and segments of Palmar de Varela - Puerta de Hierro and Carreto – Cruz de Viso

Also, in Chile, the Southbound traffic (Santiago - Rancagua) has grown significantly in the last years giving rise to the need of increasing the capacity of the route by constructing a third lane in both directions. Ruta del Maipo, one of five concessions of INTERVIAL CHILE is in charge of this project.

In the Telecommunications Transport Business Unit, INTERNEXA currently has a network of 25,500 km of continuous fiber optics, providing connectivity to about 100 cities in Venezuela, Colombia, Ecuador, Peru, Chile, Argentina and Brazil. Last year, this subsidiary grew significantly in Brazil after consolidating and operating a 6,200 km fiber optics network thanks to purchase of Nelson Quintas Telecomunicações do Brasil Ltda –NQT– and ringing work between Rio de Janeiro, Belo Horizonte and São

Paulo. Additionally, ANEEL (Brazil’s regulating authority) authorized laying 4,000 km of fiber optics in the State of São Paulo using CTEEP’s electric transmission infrastructure. All of the above makes Brazil the market with the greatest potential for this business unit in terms of growth and revenue.

In Chile, INTERNEXA consolidated the first fully ringed land telecommunications network in the country (between the Valparaíso and Bio Bio regions) covering 25 cities in regions traditionally of low coverage. Thus, Chile now has three completely closed rings in the central region, constituting a 2,165 km secure and redundant fiber optics network that enables it offer a “carrier class” service in a highly geologically complex area.

As to the Real-Time Systems Intelligent Management Business Unit, the experience and knowledge of XM (a subsidiary of ISA) in operation of the power system and administration of the electricity market, permit it to offer, through its companies, intelligent solutions based on the technology and acquired knowledge, to the power, financial, transport and traffic sectors. As part of its growth strategy, this company subscribed an agreement with the Government of Antioquia province to design and prepare the prototype of the Control Center for Antioquia’s Road Infrastructure, which will provide the province with an interactive high value-added road infrastructure information management center that will facilitate decision making and communication with the citizens.

The financial results of ISA and its companies were marked mainly by the recognition as financial assets (previously intangible assets) of the concessions in Chile and Brazil, as they are recognized in their country or



origin; by the impact of the early termination of CTEEP Concession Contract 059 of 2001; and by the net effect of provision for account receivable from the State of São Paulo associated with Law 4819 in CTEEP and ISA Capital do Brasil.

Consolidated operating revenue closed the year at COP 3,600,000 million versus COP 4,300,000 million in 2012 (- 16.3%), EBITDA closed at COP 2,000,000 million (30.7% drop on a last year), and EBITDA margin went from 67.5% to 55.9%. However, net income at COP 433,048 million was 58.7% up on 2012.

Meanwhile, by the end of 2013, consolidated assets closed at COP 25,600,000 million and liabilities dropped from COP 15,500,000 million in 2012 to COP 14,400,000 million (6.9% decrease) as a consequence of the reduction of CTEEP's debt and of the preexisting infrastructure liabilities in Chile.

ISA's stock had a defensive performance throughout the year in a market environment that had significant devaluations. The stock reached a peak quote of COP 10,200, an average quote of COP 8,873 and a closing quote of COP 9,100, for an accumulated yearly drop of 5.21%, which is below the variations presented by COLCAP (-12.35%) and COLEQTY (-7.73%) indices. For their part, corporate risk ratings and ratings for domestic and international bond issues, granted by specialized agencies, ratified our financial strength and solidness.

ISA and its companies have a foundation on an excellent organizational management that has allowed optimization of resources, transfer of best practices and achievement of synergies, led by a human team highly committed to performance and advancement of our enterprises.

Consistent with corporate sustainability, we at ISA and its companies seek to reassert this commitment through relevant initiatives that will contribute to the sustainable development of the setting where we have a presence, facilitating business viability. During 2013, we highlight the consolidation of instruments such as the Anti-fraud Code, the Code of Ethics and the Money Laundering and Terrorism Financing Risk Administration System –SARLAFT, for its Spanish initials–, which increase the security levels at ISA and its companies. Additionally, the Colombian Stock Exchange delivered ISA the “IR Recognition”, an initiative that ratifies the commitment of the company to the market and ties it to a management style based on best practices.

None of the achievements of 2013 would have been possible without the commitment of the associates of ISA and its companies, their participation was essential to achieving the goals that were set out. Thanks a lot to the suppliers for thinking of us as their allies in achieving their development, to the customers for giving us the opportunity to serve them every day, to the shareholders and investors for honoring the company with their trust, and to the countries where we have a presence for welcoming us and allowing us to participate in their development.



As Management, we would like to express our commitment to facing the challenges associated with ISA 2020 vision with determination and enthusiasm. We bring to your consideration the results obtained during the period that is currently ending and we reaffirm our will to manage the initiatives derived from the new challenges that the future holds in store.

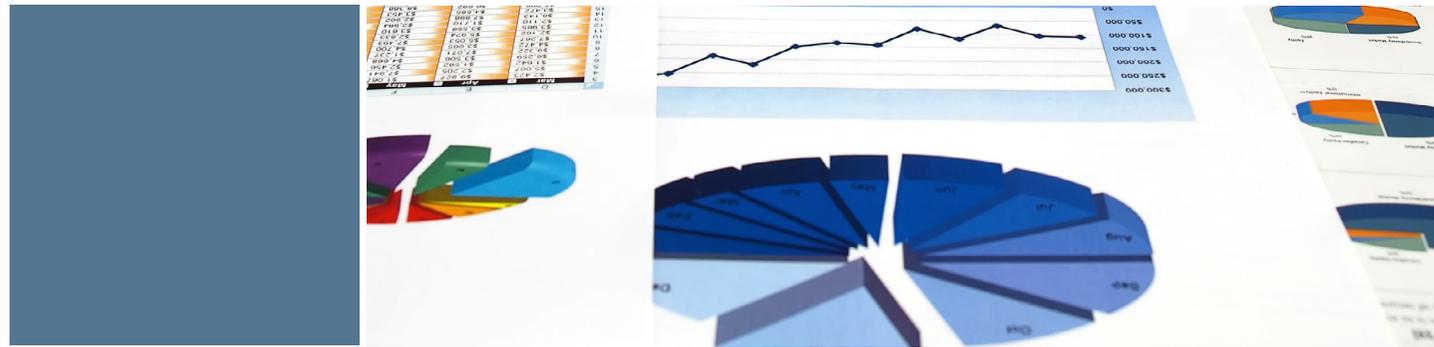


Santiago Montenegro Trujillo
Chairman of the Board of Directors



Luis Fernando Alarcón Mantilla
CEO

Report from ISA's Board of Directors



In compliance with the provisions contained in the Bylaws and the Code of Good Governance, in my capacity as Chairman of the Board of Directors of Interconexión Eléctrica S. A. E.S.P. –ISA–, I hereby present to you the following information regarding the period April 2013 – March 2014.

COMPOSITION OF ISA'S BOARD OF DIRECTORS

On March 22, 2013, the Shareholders' Meeting designated positions and persons to make up the Board of Directors. The persons elected are renowned for their moral solvency, and knowledge and expertise.

BOARD OF DIRECTORS

Principal Members	Alternate Members
Ministry of Mines and Energy - Minister	Ministry of Mines and Energy - Vice Minister
Ministry of Finance and Public Credit - Vice Minister General	Ministry of Finance and Public Credit - Director General of Public Credit and National Treasury
Carlos Mario Giraldo Moreno (*)	Tomás González Estrada
Empresas Públicas de Medellín E.S.P. Chief Executive Officer (*)	Jesús Aristizábal Guevara (*)
Santiago Montenegro Trujillo (*)	Camilo Zea Gómez (*)
Luis Gonzalo Gallo Restrepo (*)	Alejandro Linares Cantillo
Bernardo Vargas Gibsone (*)	Carlos Felipe Londoño Álvarez (*)
(*) Independent members	



The following members hold public positions in the national government, and thus have links with the State, the controlling shareholder of ISA:

- Minister of Mines and Energy.
- Vice-Minister of Energy of the Ministry of Mines and Energy.
- Vice-Minister General of the Ministry of Finance and Public Credit.
- Director of Public Credit and National Treasury of the Ministry of Finance and Public Credit.

In session 733 of April 26, 2013, the members of the Board of Directors unanimously appointed Santiago Montenegro Trujillo as Chairman of the Board.

In order to do a better job as parent company's administrators, some of the members of ISA's Board of Directors participate in the boards of subordinated companies.

The Board of Directors' members have received the remuneration set by the Shareholders' Meeting for attending the Board and Committee meetings established at 4.5 monthly statutory minimum wages per meeting.

At December 31, 2013, no labor relation exists between the members of the Board of Directors and the company, nor are there any commercial links between the company and relatives, up to the second degree of consanguinity or affinity, of the members of the Board.

OPERATION OF THE MEETINGS

Within the period, the Board met on 13 occasions, 12 of them regular and one special. Average length of each meeting was five hours, and every item on the respective agreed agenda was dealt with.

Most relevant subject dealt with by the Board was the Strategic Update project.

The Secretary of the Board, no less than three days before the session, made available to the members the documentation related to the topics to be dealt with at the meeting and any additional information requested.

At the beginning of the meetings, the Secretary verified the quorum required. The number of members necessary to form a quorum and to decide was present at each meeting. Even though both the principal members and their alternates are convened to and attend the Board meetings, only the principal member's vote is counted in.



ATTENDANCE TO THE BOARD OF DIRECTORS

Principal members	Alternate members	Principal and alternate members average
Minister of Mines and Energy	Vice Minister of Energy	76.9
Vice Minister General of the Ministry of Finance and Public Credit	Director of Public Credit and National Treasury of the Ministry of Finance and Public Credit	88.5
Carlos Mario Giraldo Moreno	Tomás González Estrada	96.2
EPM Chief Executive Officer	Jesús Aristizábal Guevara	96.2
Santiago Montenegro Trujillo	Camilo Zea Gómez	100.0
Luis Gonzalo Gallo Restrepo	Alejandro Linares Cantillo	73.1
Bernardo Vargas Gibsone	Carlos Felipe Londoño Álvarez	92.3

Minutes approved have been signed by the Chairman and the Secretary, and they are kept in consecutive order in the book duly numbered at the company's central archives.

CONFLICTS OF INTEREST

Whenever the Board members considered that conflicts of interest could have arisen regarding some specific matter under discussion, they expressed so to the other members, and abstained from participating in discussion and decision-making, exiting the premises where the Board met to consider and vote the issue.

COMMITTEES OF THE BOARD OF DIRECTORS

As established by Decision 76 of May of 2009 that regulates operations of the Board of Directors, the Corporate Audit Committee, the Board and Corporate Governance Committee, and the New Business Committee operate institutionally at ISA.

Corporate Audit Committee

This Committee met on seven occasions during the reporting period and is made up by Mr. Jesús Aristizábal Guevara, the Director of Public Credit and National Treasury, Mr. Carlos Felipe Londoño Álvarez, Mr. Alejandro Linares Cantillo and Mr. Camilo Zea Gómez. Its recommendations



refer to the improvement of controls established regarding governance, managerial, financial, technical, and IT issues, as well as to issues related to ethical management and the money laundering and terrorism financing risk administration system.

Board and Corporate Governance Committee

This committee met six times during the period. Its members are the Vice-minister General of the Ministry of Finance and Public Credit, the Vice-Minister of Energy, Mr. Santiago Montenegro Trujillo, Mr. Carlos Felipe Londoño Álvarez and Mr. Carlos Mario Giraldo Moreno.

Its main responsibilities include assisting the Management on strategic, financial and human talent matters, supervising compliance with the Good Governance Code and evaluating the Chief Executive Officer.

New Business Committee

Its members are the Minister of Mines and Energy, the Vice-Minister of Energy, the Vice-Minister General of the Ministry of Finance and Public Credit, Mr. Santiago Montenegro Trujillo, Mr. Tomás González Estrada, Mr. Luis Gonzalo Gallo Restrepo and Mr. Bernardo Vargas Gibsone.

Its functions are analyzing and recommending investment initiatives included in the growth strategy of ISA and its companies, and monitoring businesses under execution. During the period, this Committee met 13 times to analyze and contribute guidelines on business opportunities in the different sectors and markets where ISA has an interest.

SELF-EVALUATION OF THE BOARD OF DIRECTORS

Board of Directors members conducted qualitative self-evaluation, by means of a questionnaire developed for such purpose with a sample of ten people, corresponding to 71% of principal and alternate members.

Results were as follows:

- Individual performance of Board members: 92%
- Individual performance of Committee members: 93%
- Group performance of the Board: 90%
- Group performance of Committees: 89%
- Performance and participation of the management: 83%

Among the individual performance strengths of the Board, the following stand out: impartiality and objectivity of opinions, active participation and contributions to discussions, confidentiality of insider information, and increased participation in the strategic direction of ISA and its companies.

As to the group performance, it is necessary to highlight the independence from the management, the oversight and protection of the interests of the different stakeholders, the diligence applied to have the company enhancing its growth projection, and lastly, their experience, academic background



and diversity which make of it a strong group with expertise in the different administrative and strategic disciplines with a high level of professionalism.

Besides its self-evaluation, the Board was rated according to the results of the indicators of the corporate integral and top level management charts. Taking into account the weights per perspective, objective and indicator, compliance with the corporate integral management chart was 56% and compliance with top level was 82%, both above the lower goal.

Finally, I want to let Messrs. Shareholders know that each member of the Board of Directors has contributed his knowledge, experience, dedication, and positive critical attitude to the growth and sustainability of ISA.



Santiago Montenegro Trujillo
Chairman of the Board of Directors

Report on Compliance with and Advancement of the Good Governance Code



In compliance with the provisions contained in the Bylaws and the Code of Good Governance, we present the following report.

SHAREHOLDERS' MEETING

The notice for the Regular Shareholders' Meeting of March 22 of 2013 was published in two newspapers, one of wide national circulation and a local one.

Likewise, on March 17 in national-circulation newspapers, the company reminded shareholders of the date set for the meeting and published information regarding representation by proxy for the meetings.

Concurrently, ISA posted on the company's website, the meeting convening notice, the agenda, the motions to be considered therein, as well as the ticket for the Board of Directors and the résumés of candidates that the State, as controlling shareholder presented to the consideration of the meeting.

Quorum was present at the meeting, as required by Law. The issues approved in the agenda were presented to the consideration of shareholders. The meeting was broadcast live via Internet streaming.

The minutes were signed by the meeting's Chairman and Secretary as well as by the respective commission, and they included the issues presented, the approvals and authorizations granted, and the observations made by the shareholders. The minutes were filed with the Chamber of Commerce of

Medellín and copies were sent to the Colombian Financial Superintendency and to the Superintendency of Domiciliary Public Utilities.

For information of shareholders, an abstract of minutes 102 corresponding to the regular meeting held on March 22 of 2013 was posted on the company's website.

THE ADMINISTRATION

The Shareholders' Meeting of March 22 elected the Board of Directors for the April 2013 – March 2014 period. All members designated expressed their acceptance in writing, a fact that was also filed with the Chamber of Commerce of the corporation's domicile.

The report on the operation of the Board of Directors, also submitted to the honorable Shareholders' Meeting, recounts the Board's meetings held, members' attendance and self-evaluation of the Board.

According to the bylaws, the Chief Executive Officer, the area managers, the deputy managers and the directors are part of the administration. Information about the professional qualifications and experience of the company's administrators is available on the website, Corporate Governance section.

The CEO is evaluated according to the results of the indicators of the corporate integral management chart, top and first levels. Taking into



account the weights per perspective, objective and indicator, compliance with the corporate integral management chart was 55.9%, compliance with top level was 81.8% and compliance with first level indicator was 85.7%, above the lower goal.

In its February 28 session, the Board of Directors evaluated the Chief Executive Officer, Mr. Luis Fernando Alarcón, as leader of ISA Economic Group along 2013. The evaluation took into account several issues that are part of his responsibility as director of the group, including compliance with targets and budget established for 2013:

“The Board expressed its satisfaction with the soundness of financial results and the main indicators that show performance above budget. Net income with superior budget compliance, grew by 59% with respect to last year.

We would also like to highlight the implementation of the structural corporate reform and the diligent, meticulous and efficient work of the CEO and the management on the new corporate strategy adopted by the Board of Directors. In fact, by the end of 2013, favorable impacts were already visible on the financial results, specifically in Capex, Opex and Procurement savings. Also, the separation of ISA and the establishment of INTERCOLOMBIA were achieved in a very short time. INTERCOLOMBIA started operations on January 1st this year, permitting its focus on the energy transport business and the strengthening of ISA's role as parent company.

In this structural transformation process, the superior management of change led by the CEO as well as his assistance along the different stages

of the project with special focus on human resources, are also outstanding. Despite the circumstances and the magnitude of such a transformation process, impact on both organizational climate indicators and retention of human talent was minimal.

The soundness of financial results for 2013 amid the economic group's institutional reorganization process is proof of Mr. Alarcón's managerial capabilities and leadership. His commitment was decisive in reaching the current results and ensuring effective implementation.

The members of the Board of Directors unanimously concluded that the future of ISA economic group presents extensive and favorable expectations. The leadership of Mr. Alarcón and his team will be key factors in the consolidation of the strategic transformation, the internationalization of the company, and the diversification of business lines that seek increased value for the economic group.

Area managers, deputy managers, directors and other company workers are evaluated according to the indicators established in the integral management chart that corresponds to their respective level. Results are disclosed inside the organization and used to prepare the improvement plan for the next period.

To negotiate shares of ISA, administrators must have authorization from the Board of Directors, as provided in Decision 60 of 2006 of the Board of Directors. ISA does not use special mechanisms for payment or remuneration in shares to employees and managers.



CONTROL

The company, along its continued inspection and control process, answered efficiently and timely the requests for information and/or documents presented by government control bodies and it obtained ratings from authorized agencies.

External control bodies

ISA submitted reports requested by the following external entities:

- National General Accounting Office
- National General Auditing Office
- Colombian Financial Superintendency
- Superintendency of Domiciliary Public Utilities
- Ministry of Finance and Public Credit
- Public Management Administrative Department
- National Planning Department
- National Statistics Administrative Department

Gestión y Auditoría Especializada Ltda. acted as ISA's external auditor of performance and results for the period 2012-2013. Its report issued published in national newspapers on April 20, 2013, stated that the internal control system effectively complied with the control goals set, that the company's risk level is low, that the company's methodology to identify and administer risks is adequate, and that no situations were observed indicating the existence of financial viability problems. Said report was presented to the Superintendency of Domiciliary Public Utilities.

During the period between April 2013 and March 2014, the firm Deloitte & Touche Ltda. carried out the statutory auditing. In compliance with its legal duties, the firm will present to the Shareholders' Meeting a report on the corporation's performance, financial statements and administration.

The following procedures were carried at the Chamber of Commerce of Medellín: presentation of financial statements, renewal of the mercantile register and single roster of proponents, filing of the minutes of the Shareholders' Meeting, election and acceptance of the Board of Directors' members, statutory auditor and legal representatives and their alternates, and update of ISA's shareholding participation in its companies.

Credit-rating agencies ratified the financial strength and solidness of ISA and its companies.



It is important to add that no requests for special audits were made by shareholders or investors during the period and no investigations that compromised ISA were conducted by control and inspection entities.

The Statutory Auditor's report, the External Auditor's opinion and the ratings of risk rating agencies are published on the company's website for information of shareholders and investors.

Internal control bodies

The internal control system of ISA and its companies is based on the international standard of the Committee of Sponsoring Organizations of the Treadway Commission –COSO–. Through this standard the company seeks to: reasonably guarantee achievement of corporate objectives; strengthen trust on integrity of information delivered to stakeholders; adequately monitor corporate governance instruments, transparency practices and business-inherent risks and timely answer them.

The Corporate Audit office systematically performs, for ISA and its companies, evaluations of their internal control systems with the impartiality, objectivity and independence necessary in order to comply with its duties as established by international auditing principles and practices. To this end, and together with the individual audit committees of each company, it designs

work plans, which according to the individual risk levels and particularities of each company provide guidelines and strategies to follow.

In 2013, individual audits on issues pertaining to business units, as well as evaluations of administrative, technological and financial processes were conducted in order to strengthen the Internal Control System. Evaluations conducted by the Corporate Audit office confirmed abidance by internal and external regulations and did not find any evidence of significant or material deviation that may jeopardize the business continuity of ISA and its companies; this opinion goes in line with the evaluations of external control bodies who issued favorable opinions about the internal control system.

Lastly, we highlight the consolidation of instruments such as the Anti-fraud Code, the Code of Ethics and the Money Laundering and Terrorism Financing Risk Administration System –SARLAFT, for its Spanish initials–, which increase the security levels at ISA and its companies for risks related to the principles they refer to.

The SARLAFT permits impact mitigation of eventual “contagion” of companies resulting from relations with individuals or legal entities linked to illicit activities, something which could affect the reputation of ISA and its companies. During the year, monitoring conducted concluded that there were no signs of the companies being used for money laundering and financing of terrorism.



STAKEHOLDERS

The rights and obligations of shareholders and investors and the legal and economic relationships with suppliers can be found in the Sustainability Report.

RELATIONS WITH THE CONTROLLING SHAREHOLDER

ISA has signed inter-administrative agreements with the State, its majority shareholder; at 2013 closing the following contracts were in force:

Inter-administrative agreement GSA-57-2009-ISA4000763 between the State-Ministry of Mines and Energy and ISA, for general administration and execution of FAZNI funds to construct the 115 kV Popayan-Guapi line and associated substations, signed on October 13, 2009 and amended in December of 2012 to include the Olaya Herrera-Pizarro/Mosquera stretch, for total value of COP 260,332 million.

RISKS

ISA and its companies abide by the Policy for Integral Risk Management identifying, evaluating and implementing measures to manage the risks they are exposed to.

Each company has its own risk map and evaluates risks according to their likelihood of occurrence and severity of consequences on its fundamental

resources (financial, human, information and reputation) giving priority to the most relevant for its operations and achievement of strategy. It also monitors their status and defines and implements measures to improve their management. Periodically, the companies report the advances in their management and the main events happened.

On the website and in this report, ISA publishes the risk map, the main events and the main administration measures implemented to decrease their impact.

INFORMATION DISCLOSED TO THE PUBLIC

ISA, through its website, keeps the public opinion abreast of the company's developments.

Information not posted on the website can be requested in writing from the Chief Executive Officer, stating the reasons and purpose. It must be taken into account that reserved or confidential information, or information posing a risk to the corporation's business, or affecting third parties' rights, shall not be disclosed by ISA.

COMPLIANCE WITH THE GOOD GOVERNANCE CODE

Along 2013, the Good Governance Code underwent no reforms, and its compliance was monitored through a verification mechanism. The



information supplied on the website, the reports to supervision and control bodies, the Code's verification mechanism report, and the reports to the Board of Directors constitute the central axis for verification of compliance with the Code.

No findings compromising compliance with the Good Governance Code commitments arose after annual audits by the Corporate Audit Office and the Statutory Auditor Office.

Additionally, there were no reports of non-compliance with the Code from either shareholders or the general public through phone lines or electronic mailboxes.

Ethics Line (Toll-Free):

01 8000 941341

lineaetica@isa.com.co

Toll-Free Line for Shareholder Attention:

Nationwide: 01 8000 115000

From Medellín: 57 (4) 444 2555

accionesis@isa.com.co

It must be pointed out that in addition to the above, the Colombian Financial Superintendency is available to shareholders, especially minority shareholders. This entity has the power to implement measures to avoid human rights violations, and ensure the return to balance, and the principle of equal treatment for every shareholder.

Thank you very much,



Santiago Montenegro Trujillo

Chairman of the Board of Directors



Luis Fernando Alarcón Mantilla

CEO



About Us



ISA IN LATIN AMERICA

ISA, directly and through its 33 affiliates and subsidiaries, is currently implementing important infrastructure projects that boost the continent's progress and contribute to the development of the inhabitants of Colombia, Brazil, Peru, Chile, Bolivia, Ecuador, Argentina, Panama, and Central America.

For such purpose, its activities are focused on the businesses of Electric Energy Transport, Telecommunications Transport, Road Concessions, and Real-Time Systems Intelligent Management.

For about 45 years, efficient and reliable delivery of its services has characterized the company in a framework of respect for human rights and

protection of the environment, in order to favor competitiveness and regional sustainability, improvement of life quality, and development of the societies where it conducts its activities, all thanks to a human team of 3,765 highly qualified and committed associates.

ISA is a socially responsible company, distinguished for its ethical and serious stance of commitment to initiatives such as the Global Compact, the Millennium Development Goals and climate change that permits creation of value for its stakeholders, businesses and future generations.





ISA IN LATIN AMERICA BUSINESS UNITS AND COMPANIES



CORPORATE VALUES

ISA and its companies work firmly on construction of an organizational culture where values, as pillars affirming its corporate identity, serve as the guide to achieve business success.

Four corporate values define the companies' will to become and to do, buttressing their trust and credibility, their behavior and what they want to be recognized for. These values are:

- **Ethics:** It defines the character of the organization, generates trust for stakeholders, and identifies its directive staff, managers and associates.
- **Social Responsibility:** Commitment to search for improved standards of living for its employees and their families, the environment, and society in general.
- **Innovation:** Introduction of new aspects in the companies and their services, so as to help achievement of goals.
- **Excellence:** Compliance with the quality standards for service delivery that set us apart from our competitors.

COMMITMENTS TO THE STAKEHOLDERS

ISA and its companies recognize and value their stakeholders and incorporate them into their strategic model by formulating commitments to each of them.

- **Shareholders and investors:** Profitable growth and creation of value.
- **Customers:** Maintaining sustainable relationships, as well as quality at competitive costs and reliable communications.
- **Suppliers:** Building trust relations through transparent, equitable and clear rules for procurement processes of goods and services.
- **Associates:** Contributing to their integral development and valuing their contribution to the organization.
- **Society:** Respecting human rights, delivering services with efficiency and quality, timely disclosing public-interest information, and contributing to sustainable development and social well-being.
- **State:** Respecting and promoting the rule of law.



CODE OF ETHICS

This Code is the guiding reference for associates and other stakeholders, as well as the pillar for coherent decision-making, in an ever more challenging and demanding context, and also the instrument to consolidate trust relations and define the global character of the organization.

ISA and its companies develop strategies to strengthen the culture of ethics internally. The year 2013 saw implementation of activities to consolidate the Code of Ethics and its instruments (ethics committee and ethics line):

The third Effective Auditing Congress emphasized Corporate Ethics, and it was attended by the auditors, managers, and Board of Directors' members of ISA and its companies, as well as directive staff of EPM and ISAGEN.

The first Energy Sector Forum, organized by XM, CNO and CAC was attended by 55 companies of Colombia's power sector.

So as to pay heed to reports from the stakeholders, ISA and its companies have the ethics committees and the ethics line. The ethics line has the following communication channels: electronic address, website, and its 01 800 landline, which are managed by third parties in order to guarantee

transparency and confidentiality; their reports are timely answered by the companies' ethics committees.

ISA's Code of Ethics is published on its website.

ANTI-FRAUD CODE

The Anti-fraud Code formalizes the strategic will of ISA and its companies regarding fraud, sets a culture of zero tolerance to it and establishes homologated corporate guidelines and responsibilities for its prevention, detection, investigation and response in every country where they are present.

In 2013, the Code was recognized in the fourth round of Good Corporate Transparency Practices, an event led by Corporación Transparencia por Colombia.

Through these practices, ISA and its companies place themselves at the vanguard in corporate governance issues, evidencing their commitment to such type of initiatives that are promoted even via international agreements.

ISA's Code of Ethics is published on its website.



ISA 2020 Corporate Strategy



ISA is constantly forced to face new challenges derived from a business environment that is more and more complex and demanding, which motivates ISA to develop regular strategic thinking exercises regarding its business model. This is how in mid-2012 the Board of Directors and the company's Management, with the support of consulting firm McKinsey & Co, started a Strategic Update exercise to enable them to set up new challenges and initiatives in order to anticipate an increasingly global and competitive world, and to define an organizational model that will make it possible to achieve such a strategy.

ISA's new strategic focus means growing profitably with a focus on countries and businesses where it has a presence, and enhancing already developed capabilities and competencies transferring knowledge between business units and countries. Likewise, ISA, by declaring itself as a company with industrial vocation, has the advantage of obtaining the profitability of its investments through its efficient infrastructure management.

STRATEGIC DEFINITIONS

During the initial phase of the Project, the aspirations regarding the business model of ISA and its companies were defined; these constituted the foundation for a new mission and vision, and for the three-pronged approach that support the ISA 2020 strategy. During a later phase the organizational model that originated ISA's new structure was revised, the governance model was adjusted (parent company - subsidiaries), an incentive scheme to

mobilize expected results was established, and the competencies required for this new cycle were identified.

The emphasis on business portfolio management shall be on "Profitability" expressed in the following strategic aspirations:

- The mix of businesses and geographies will revolve around synergies with existing assets and capabilities, mainly in Colombia, Brazil, Peru and Chile.
- Future growth will depend on the opportunities that meet the desired profitability level (high).
- ISA's vocation is to be a company that creates value through the "outstanding" operation and development of its infrastructure.

Vision

In the year 2020, ISA will have tripled its earnings by capturing the most profitable growth opportunities in its current business areas in Latin America, promoting operational efficiency and optimizing its business portfolio.

- ISA's profitability will be higher than its equity's cost, a trend sustainable along time.
- In the Energy Transport Business Unit, ISA will remain as the operator with the largest presence in Latin America; it will consolidate its position



in the region; and it will reach operational efficiency in line with worldwide best practices.

- In the Road Concessions Business Unit, ISA will capture regional opportunities focused on Colombia.
- In the Telecommunications Transport Business Unit, ISA will consolidate its leadership as independent transporter in Latin America and it will have developed an IP ecosystem in the region.
- ISA will expand its Real-Time Systems Intelligent Management towards new services, accessing highly profitable new opportunities in other businesses.

Mission

Highly efficient development and operation of linear infrastructure systems where ISA has differential capacities and advantages based on the advancement of its human talent and innovation capacity to create value for its shareholders and other stakeholders and contribute to the sustainable development of the societies where it is present.

Strategic pivots

“High” profitability growth

The focus on growth by ISA and its companies on current businesses and markets is ratified by the extensive knowledge ISA has of these, and the opportunities derived from the size of the markets in Latin America.

In this sense, the company will be seeking businesses that offer better profitability conditions, taking advantage of synergies with existing assets and of the knowledge acquired through operations.

Based on this criteria, the following initiatives and opportunities will be given priority:

- Successful and profitable (cost and term) development of energy transport investment projects in Chile.
- Focus on seizing more profitable growth opportunities in the Energy Transport Business in current markets, thus optimizing scale and efficiency as an operator.
- Monitoring and analysis of energy transport opportunities that arise from the opening of new markets.
- Participation in the development of road concessions, mainly in Colombia, leveraged by the knowledge of its subsidiary, INTERVIAL CHILE.
- Seizing opportunities that are highly synergistic with ISA's assets and capabilities in the Telecommunications and Real-Time Systems Intelligent Management business units.

Improvement in returns of core and current businesses

ISA, on its path of continuous improvement and its search for international



models, has identified gaps vis-à-vis world class practices that need to be closed in order to optimize the profitability of current business units. To achieve this, it will have to evolve towards a management model based on:

- Excellence of operations and maintenance through the identification and implementation of best practices in each of the business units.
- Excellence of Capex management, ensuring the term and optimization of project costs without compromising technical quality.
- Strategic procurement that takes advantage of the scale of the group for the joint purchase of equipment and materials.

Adjustment of the business portfolio

One of ISA's main responsibilities as parent company is to look at all the business units as a whole. In order to do this, the company must establish a dynamic and systemic process to develop a set of criteria, such as the potential to create value, access to new growth opportunities and the appeal of the business against other market options, which will enable it to organize the investment portfolio efficiently with emphasis on the risk/profitability ratio.

IMPLEMENTATION PLAN

In order to materialize the strategic guidelines, an implementation plan was structured with aspects to be developed in the 2013-2020 period, for which the following projects were defined, among others:

Reorganization

In order to promote the new ISA 2020 strategy and to facilitate the achievement of the established challenges, it was necessary to adjust the group's organizational model:

- **Structure:** in order to attain greater clarity and transparency in management, it was necessary to separate strategic issues of a corporate nature in a parent company (ISA, today) and the issues related to operation and maintenance in a subsidiary dedicated to energy transport in Colombia (INTERCOLOMBIA).
- **Governance Model:** it was adjusted to ensure the direction and monitoring of the performance of the subsidiaries, thus facilitating the capture of synergies between companies and the addition of value.
- **Incentive Model:** it was revised to align performance indicators with ISA 2020 strategy.

ISA's new structure

Ever since ISA was formed as an economic group, and as part of the natural process of evolution that large economic groups have gone through, it has been pondered whether it is advisable to separate the roles of parent company and provider of electric energy transport services in Colombia by focusing ISA's endeavors on strategic activities of a corporate nature.

This new strategic revision ratified the need for such a separation, and its implementation gave way to the creation of INTERCOLOMBIA, a company dedicated to electric energy transport activities and which acts as



representative of ISA's electricity assets in the country. It entered commercial operation on January 1, 2014.

This separation enables ISA to concentrate on its duties as corporate center, the most important being: guiding the actions of the group, managing the portfolio of profitable growth opportunities, defining major corporate choices, giving competitive guidance to the companies and establishing the framework that will characterize the management practices to be applied in relevant processes.

Efficiency initiatives for the Energy Transport Business Unit

In order to materialize the aspirations of the "Improvement of profitability of current business units" approach, and based on the results of the ITOMS (*) and CIER 11 (**), benchmarks, ISA took actions to close the gaps found in these studies and has been incorporating world-class practices related to asset management in construction, operation and maintenance activities.

At the same time, the company is taking action to optimize the supply chain with an emphasis on achieving scale economies through an integrated procurement process.

(*) International Transmission Operations and Maintenance Study –ITOMS–.

(**) Comisión de Integración Eléctrica Regional –CIER–.

Efficiency initiatives for the Roads Concessions Business Unit

For this business unit ISA, through INTERVIAL Chile and its concessionaires, is developing a series of activities to improve efficiency when seizing value in joint negotiations of relevant categories, such as: asphalt, concrete slabs, toll collection, routine maintenance, fleet of vehicles, major conservation plan and energy efficiency (LED lights).

Alignment of key audiences

In order to facilitate the understanding and awareness of ISA 2020 Strategy among its key audiences and contribute to its viability, a project was developed which focuses on change management, communications and reputation. The main achievements focused on the transformation of culture and skill training.

The objective of the communications and change management strategy was the understanding, awareness and commitment to the new strategy by the associates of ISA and its companies. Some of the implemented activities included informative and training sessions, the training program for the role of sponsors and agents of change, the creation and administration of the mini website ISA 2020 to publish project progress and the question and answer mailbox, among others.

At the same time, a disclosure and alignment plan for ISA 2020 strategy was developed together with the subsidiaries' direction staff in order to guarantee the incorporation of the strategy into their business plans.



In order to garner support from key audiences, a reputation management strategy was designed and implemented to generate calm and confidence regarding the future of the companies and the new strategy.

Development of capabilities

ISA and its companies must guarantee the identification, development and

consolidation of the necessary capabilities to leverage the new strategy, thus ensuring that the goals achieved during this cycle are lasting and strengthen the foundations for the next cycle. In order to achieve this, it undertook an adjustment plan for management models that preserve efficiency earnings and enable the development of innovative growth models.



Electric Energy Transport Business Unit





Country	Company	Operational circuit km
Colombia:	ISA	10,144
	TRANSELCA	1,585
Perú:	REP	6,230
	Transmantaro	2,465
	ISA Perú	393
Bolivia:	ISA Bolivia	588
Brazil:	CTEEP	18,893
	IEMG	172
	PINHEIROS	6
	EVRECY	154
Total		40,630

Country	Company	Transformation MVA
Colombia:	ISA	13,040
	TRANSELCA	3,848
Perú:	REP	2,605
	Transmantaro	4,325
	ISA Perú	235
Bolivia:	ISA Bolivia	370
Brazil:	CTEEP	45,587
	PINHEIROS	3,900
	SERRA DO JAPI	1,600
	EVRECY	450
Total		75,960

- TRANSMISSION LINES IN OPERATION
- TRANSMISSION LINES UNDER EXECUTION
- TRANSMISSION LINES UNDER STUDY
- INTERNATIONAL INTERCONNECTION

Electric energy transport is fundamental for having an energy market; it is the meeting point between generation and demand and is the way to perform electric energy interchanges.

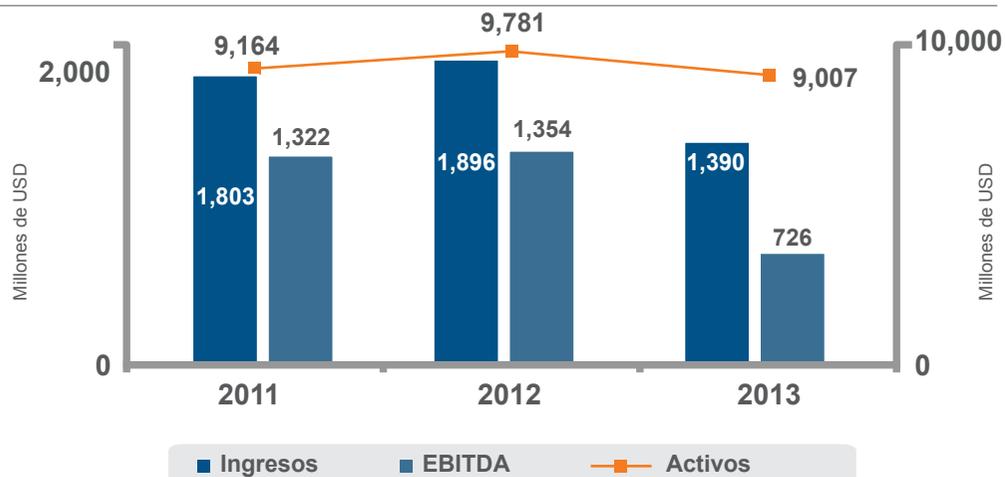
ISA and its companies are one of the largest international transporters of electric energy in Latin America, with 40,630 km of high voltage circuits and 75,960 MVA of transformation capacity, expanding, operating and maintaining a high-voltage transmission network in Colombia, Peru, Bolivia Brazil and Chile; and international interconnections between Venezuela and Colombia, Colombia and Ecuador, and Ecuador and Peru.

In order to keep their leadership as electric energy transporters and to consolidate their outstanding position in Latin America, ISA and its companies continue taking part in bid processes endorsed by national governments; they also undertake construction of large projects, promote the connection to the grid of generation utilities, distribution utilities and large consumers, and work with different country's regulators the way to expand and strengthen existing grids.

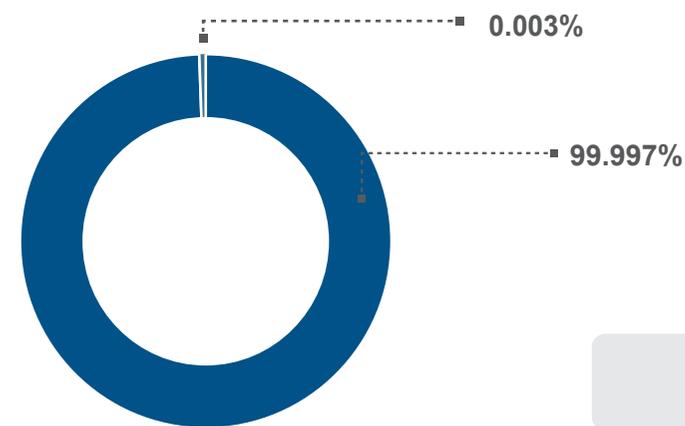
As a result of this effort, in 2013, ISA and its companies started commercial operation of 270 km of high-voltage circuits and 1,900 MVA of transformation capacity, with an investment of USD 300 million.



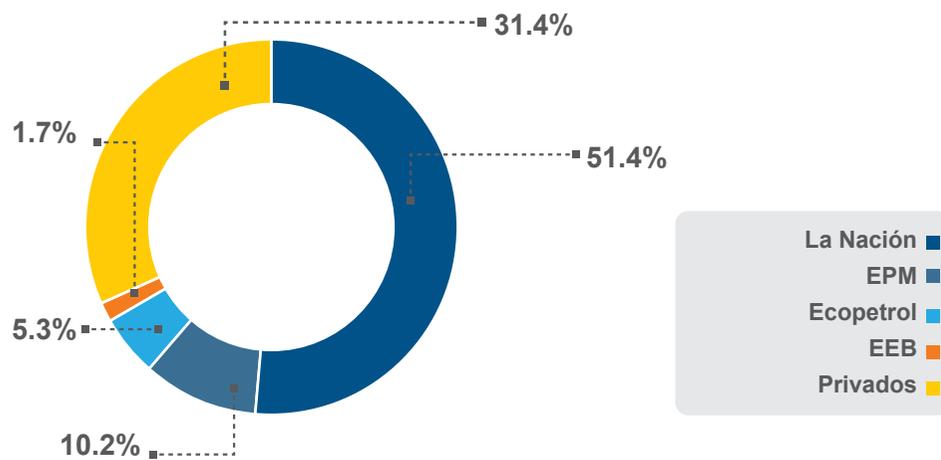
ELECTRIC ENERGY BUSINESS UNIT EVOLUTION



SHAREHOLDING



COLOMBIA
SHAREHOLDING



ELECTRIC INFRASTRUCTURE

Companies	Infrastructure in operation		Infrastructure in construction Approximate investment USD 240 million	
	Transmission (circuit km)	Transformation (MVA)	Transmission (circuit km)	Transformation (MVA)
ISA	10,144	13,040	395	2,550
TRANSELCA	1,585	3,848		345
TOTAL	11,729	16,888	395	2,895

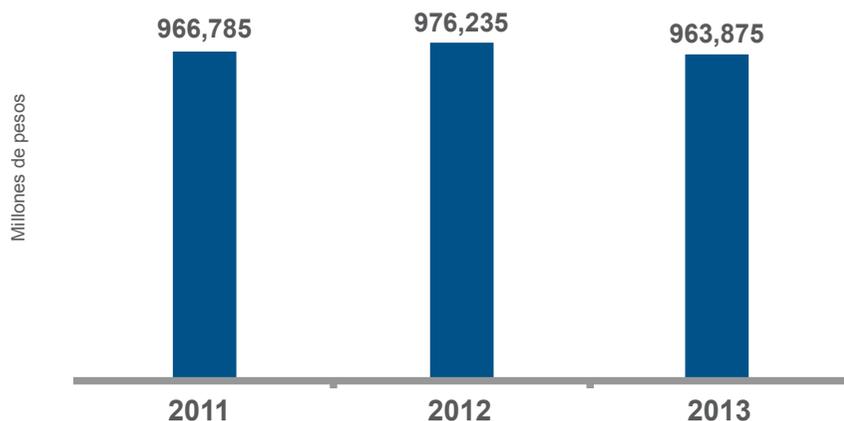


Interconexión Eléctrica S.A. –ISA–

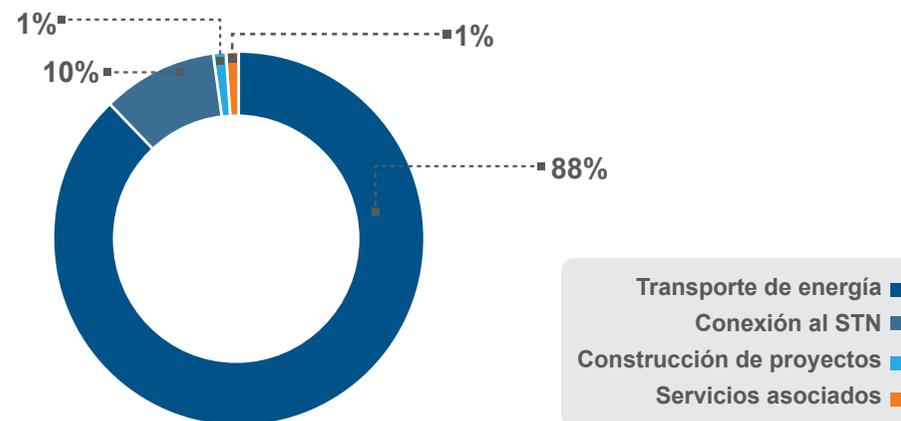
With 70.74% ownership of the National Transmission System –STN–, ISA keeps its leadership in the Colombian electric sector, consolidating as the largest energy transporter in the country and the only one with national coverage.

The company offers a complete service portfolio through a commercial department integrated between ISA and TRANSELCA: electric energy transport to market agents; connection to STN to generators, grid operators, regional transporters and large consumers; project construction for third parties; ancillary services related to maintenance and electricity; and energy studies, among others.

SERVICES REVENUE



BREAKDOWN OF REVENUE BY SERVICE



Project commissioning

ISA commissioned projects that added to the STN 30 km of circuits and 150 MVA:

- UPME 02 2008 public bidding – El Bosque 220 kV substation and associated transmission lines: includes construction of El Bosque substation and 28 km of circuit; the transmission lines include construction of an over-ground stretch with 25 towers and 18 poles and an underground stretch of 1.8 km. This project strengthens energy supply reliability and allows serving the energy demand increase in the Cartagena area. The project entered into operation in May 2013.



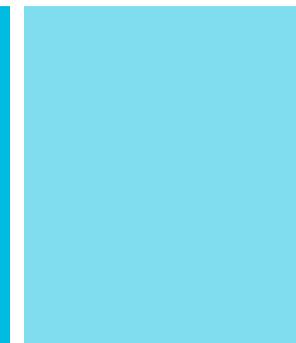
- UPME Bid 02 of 2010 – Termocol: Commissioning in August 2013 of Termocol Substation at 220 kV and Termoguajira – Termocol and Termocol – Santa Marta lines (1.6 km of circuit). The project will provide greater reliability to the electric system and will allow connection to the STN of Termocol (202 MW) thermal plant.
- Chinú substation expansion: ISA added the third 500/110 kV (150 MVA) transformer and associated bays in order to serve increasing demand in Sucre, Córdoba and Bolívar provinces.

New Projects

ISA won the public bidding opened by UPME 02 of 2013 – Copey substation expansion. The project includes design, procurement, construction, operation and maintenance of the second high-voltage transformer 500/220 kV (450 MVA) that will increase reliability of the electric system in Colombian Northern region.

Additionally, the company is working on the following projects:

- **Second circuit of Betania – Mirolindo at 230 kV (206 km):** it will increase network availability in the country's Southwestern region.
- **STATCOM device:** design, acquisition, construction, operation and maintenance of a static synchronous compensator (STATCOM) at Bacatá substation at 500 kV with a reactive power supply capacity of 200 MVar.
- **Expansion of El Bosque substation at 220 kV:** design, procurement, construction, testing and commissioning of a transformation bay that will permit connecting a second 220/66 kV to increase reliability in the Cartagena region.
- **Expansion of Reforma substation at 230 kV:** to connect the third transformer 230/115 kV – 150 MVA (property of EMSA) at the substation.



Projects under construction

Several projects that represent investments for USD 280 million are under construction by ISA, adding 395 km of circuits and 2,550 MVA of transformation capacity to the STN; among them the following stand out:

- **UPME Bid 04 of 2009 – Sogamoso:** ISA is responsible for the construction, assembly, commissioning, administration, operation and maintenance of Sogamoso substation at 230/500 kV (1,050 MVA), the expansion of Guatiguará substation at 230 kV, and the associated transmission lines at 230 and 500 kV (168 km), in order to increase system reliability in the Northeast region of the country and to allow Sogamoso power plant (800 MW) to be connected to the STN. During 2013 ended expansion of Guatiguará substation and started construction and assembly of Sogamoso substation and its associated transmission lines; project progress was 78% at the end of the year. According to the bidding process awarding documents, the project entry into operation date was June 2013; however, there were delays due to difficulties during the environmental license awarding process. Several extensions were asked and granted by the Ministry of Mines and Energy and the current entry into operation date is May 2014.
- **Cerromatoso substation expansion:** design, supply, construction, operation and maintenance of the connection and associated bays for a third transformer 500/110/34.5 kV (150 MVA) in order to increase reliability in the North of Antioquia province and in the South of Córdoba province.
- **Chivor substation expansion:** design, supply, building, operation and maintenance of a new substation at 115 kV and increase of transformation capacity 230/115 kV (150 MVA), in order to supply Casanare Province's increasing energy demand.
- **Jamondino substation expansion:** design, supply, construction, operation and maintenance of a transformer bank 230/115/13.8 kV (150 MVA) and the San Bernardino 1 and 2 alternate transmission lines in order to increase load capacity and reliability of the country's Southern region system.
- **Sogamoso connection:** design, supply, construction, operation and maintenance of the Sogamoso hydroelectric power plant (800 MW) connection to the new substation at 230 kV (21 km).

Additionally, ISA has under construction several infrastructure projects for its customers:



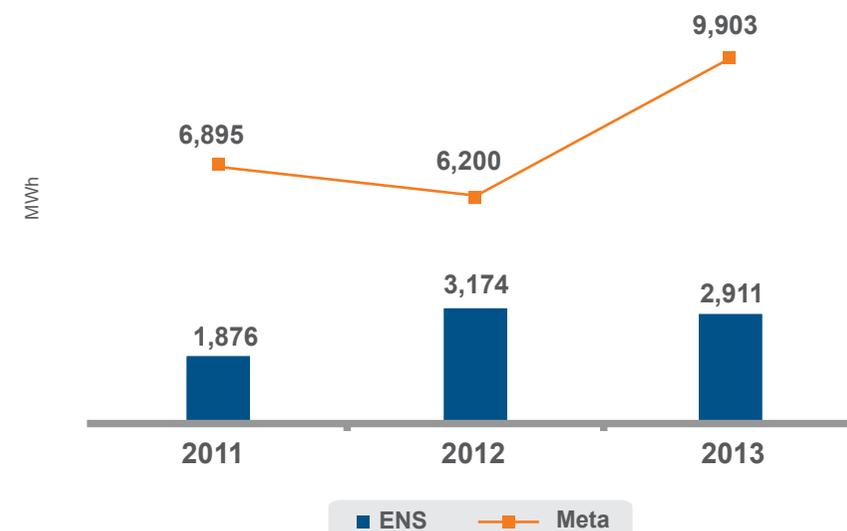
INFRASTRUCTURE PROJECTS FOR THIRD PARTIES

Projects	Benefits	Customers	Commissioning
Piedecuesta 115 kV substation	Connection of Piedecuesta substation to Bucaramanga – San Gil transmission line at 115 kV.	ESSA	2014
Popayán – Guapi line at 115 kV and associated substations; Olaya Herrera – Pizarro / Mosquera line at 115 kV	With FAZNI funds it improves energy service in Cauca and Nariño provinces.	Ministry of Mines and Energy	2014
Jamondino (Colombia) – Pomasqui (Ecuador) alternate line at 230 kV	It connects Ipiales airport to the STN in Nariño province.	Civil Aeronautics	2015

Grid performance

Management indicators of ISA's transmission grid exceeded the goals set for 2013 confirming the rigor and excellence with which each of the business processes is performed. Indicators related to availability and continuity of energy supply are as follows:

UNSERVED LOAD –ENS–



During the year, Unserved Load –ENS– amounted only to 0.005% of SIN’s total demand (60,890 GWh) as a result of facts where ISA was responsible, without taking into account terrorist attacks.

ISA’S NETWORK AVAILABILITY



Total average availability of ISA’s transmission assets exceeded the goal set by the Energy and Gas Regulatory Commission –CREG–, calculated as the average of regulatory and contractual availability applicable to assets.

Terrorist attacks to electric infrastructure

In 2013, 57 towers of ISA’s grid were downed, a figure similar to that of 2011. 75% of attacks took place in Antioquia, Arauca, Cauca and Nariño provinces. Most of the attacks happened during October, amounting to 28 transmission towers affected.

SIN’S TOWERS DAMAGED



With the decided support of the National Government, the Armed Forces and the power sector’s companies, ISA carried out the necessary tasks for guaranteeing service availability. By the end of 2013, 100% of the company’s infrastructure that was affected by terrorist attacks had already been recovered. The cost of recovering affected infrastructure amounted to COP 9,710 million.



TRANSELCA

With a share of 9.87% in STN, TRANSELCA is the second largest company, among 11 transmission companies in the country. In 2103, TRANSELCA commissioned the following projects:

- **Connection to the STN of Gecelca thermal power plant (164 MW):** includes construction of Gecelca 3.2 substation (110 kV), a double-circuit line (14 km) and the expansion of Cerromatoso substation at 110 kV.
- **Ternera substation at 220 kV:** replacement of two 220/66 kV transformers thus increasing the substation capacity from 100 MVA to 150 MVA.
- **Acquisition of a multi-relation back-up transformer 230/115/34.5 kV - 34.5/13.8 - 13.8 kV 120/60-60/60 MVA,** to be used as back-up for ISA and TRANSELCA.

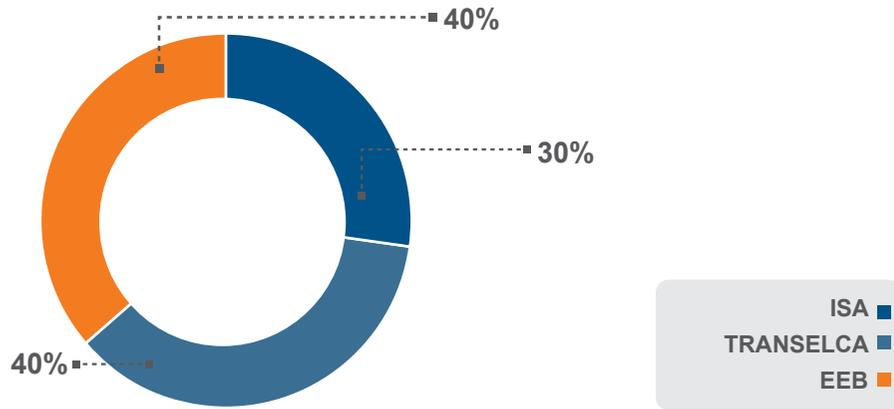
During the year, several connection contracts were signed, generating future revenues for ISA and TRANSELCA. The most representative are:

- **Expansion of Nueva Barranquilla substation:** setting up a back-up bay and a 45 MVA power transformer at 110/13.8 kV for ELECTRICARIBE.
- **Expansion of Sabanalarga substation:** commissioning of a power transformer 220/110/13.8 kV (90 MVA) for ELECTRICARIBE.
- **Installation of two 220/110/13.8 kV (150 MVA) transformers** in Cartagena.

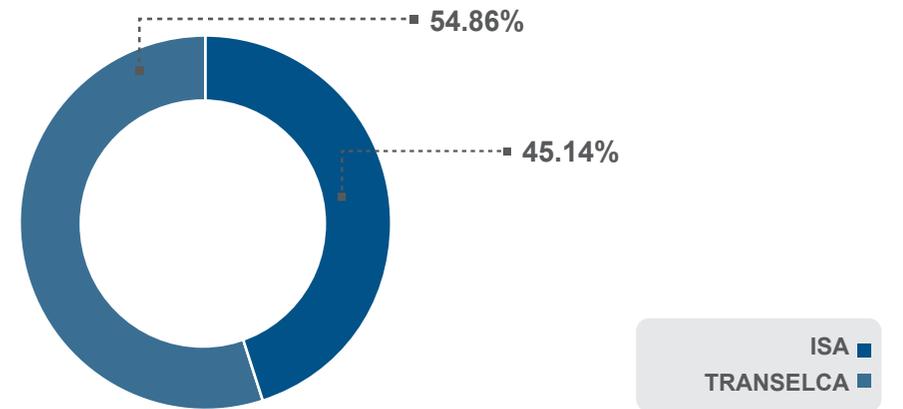


PERU

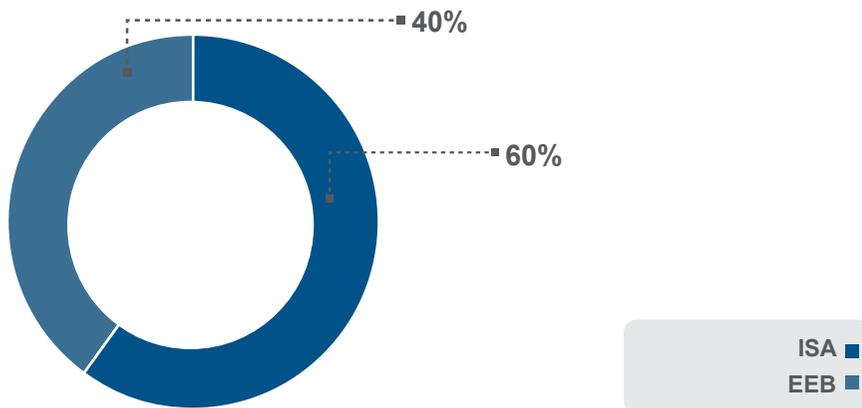
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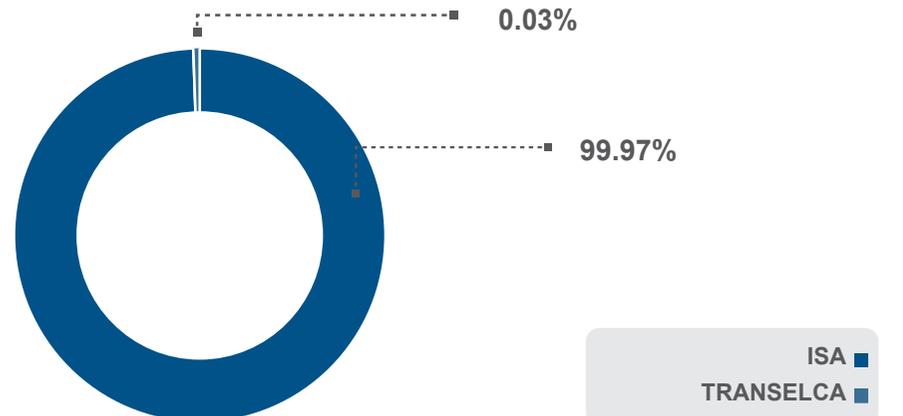
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SHAREHOLDING PROYECTOS DE INFRAESTRUCTURA DEL PERÚ -PDI- (*)



(*) PDI, a subsidiary company, dedicated to building electrical infrastructure projects for companies of ISA.



ELECTRIC INFRASTRUCTURE

Companies	Infrastructure in operation		Infrastructure in construction Approximate investment USD 800 million	
	Transmission (circuit km)	Transformation (MVA)	Transmission (circuit km)	Transformation (MVA)
REP	6,230	2,605	338	100
Transmantaro	2,465	4,325	1,666	2,745
ISA Perú	393	235		
TOTAL	9,088	7,165	2,004	2,845

In 2013, with investment of USD 95 million, Peruvian energy transport companies put into commercial operation projects that added 220 km of circuits and 40 MVA of transformation capacity to the National Interconnected Electric System–SEIN–.

In this way, ISA, through its subsidiaries, continues to be the largest high-voltage energy transporter in this country with about 9,088 km of circuits and 7,165 MVA of transformation capacity.

Consorcio Transmantaro

ISA won the international public bidding conducted by Agencia de Promoción de la Inversión Privada de Perú –ProInversión– to design, finance, construct, operate and maintain for 30 years the Mantaro –

Marcona – Socabaya – Montalvo transmission line at 500 kV (920 km) and its associated substations.

This project, the largest ever awarded by ProInversión, becomes the second 500 kV link between the Central and Southern regions of SEIN and will allow to transfer energy generated in the Central region to the South in order to supply increasing demand in the area, approximately 1,000 MW during the next five years, triggered by new mining investments in Huancavelica, Ica, Arequipa and Moquegua regions.

The project contemplates construction of three stretches of 500 kV line: Mantaro – Marcona (350 km), Marcona – Socabaya (445 km) and Socabaya – Montalvo (105 km) together with the Mantaro Nueva – Campo Armiño and Socabaya Nueva – Socabaya 220 kV links. Additionally, it includes the installation of 1,600 MVA of transformation capacity through construction of Mantaro Nueva (500/220 kV) and Socabaya Nueva (500/220 kV) substations, and the expansion of the Campo Armiño (220 kV), Poroma (500/220 kV) and Montalvo (500 kV) substations.

Additionally, Transmantaro put in operation projects that added 220 km of circuits to the Peruvian electric system:

- Single-circuit transmission line Talara – Piura Oeste at 220 kV (100 km) and adaptation of associated substations that permit serving electric energy increasing demand in the country's Northern region, thus guaranteeing reliability of the electric system.



- Single-circuit transmission line Pomacocha – Carhuamayo at 220 kV (110 km) and adaptation of associated substations strengthening transmission capacity in the Sierra Central region.
- Fénix connection project: transmission line Fénix – Chilca at 500 kV (8 km) and associated substations at 220/500 kV, connecting Fénix Power thermal plant (540 MW) to SEIN in order to dispatch its generation capacity.
- Termochilca connection project: 2 km transmission line with 700 MVA capacity with an arrival cell at Nueva Chilca (500 kV) substation,

connecting Santo Domingo de los Olleros thermal plant (200 MW) to SEIN.

By 2013 closing date, Transmantaro, through Proyectos de Infraestructura del Perú –PDI–, an ISA subsidiary based in Lima, works on construction projects, including setting up 2,745 MVA transformation capacity and 1,780 MVAr compensation capacity as well as constructing 1,666 km of circuits, amounting to USD 700 million in investments.

ELECTRIC INFRASTRUCTURE UNDER CONSTRUCTION

Bids	Benefits	Commissioning date authorized by MEM (*)
Trujillo – Chiclayo 500 kV transmission line and associated substations	Permits SEIN timely and reliable supply in the country's Northern region.	2014
Machupicchu – Abancay – Cotaruse 220 kV transmission line and associated substations	Adapts SEIN in Southern region to permit connection of new hydro generation developments.	2015
Mantaro – Marcona – Socabaya – Montalvo 500 kV transmission line and associated substations	Permits transfer to the South of energy generated in the center of the country in order to attend the demand foreseen growth in this region.	2016

(*) Ministry of Energy and Mines of Peru – MEM–



Red de Energía del Perú –REP–

REP and the Ministry of Energy and Mines of Peru –MEM– subscribed agreements to carry out projects that permit expansion of its transmission grid. In 2013, they commissioned:

- **Expansion 10:** implementation in the Chilca substation of a 115 MVA series reactor and second expansion stage of Independencia substation at 60 kV, in order to increase the distribution capacity in the Pisco, San Clement and Paracas regions.
- **Expansion 11:** Pomacocha and Tintaya (138 kV) substations reconfiguration and Pomacocha – Pachachaca (220 kV) transmission

line capacity uprating, allowing power transfer to the country's Northern region to be incremented.

- **Expansion 12:** Ayaviri (138 kV) substation reconfiguration and installation of a 40 MVA transformer at Puno (138 kV) substation, thus increasing transformation capacity in order to serve increasing demand in the Southern region.

Also, during the year, both REP and the Ministry agreed to carry out expansions 15 and 16 to the transmission grid. PDI is in charge of constructing these two expansions plus others awarded in past years:

ELECTRIC INFRASTRUCTURE UNDER CONSTRUCTION

Projects	Benefits	Commissioning date authorized by MEM (*)
Expansion 13: Nueva Pariñas substation at 200 kV, Talara – Piura line uprating from 152 to 180 MVA, and installation of reactive compensation 1x20 MVA at Piura Oeste substation at 60 kV	Permits connecting Talara wind park (30 MW) to SEIN at Talara substation, and increases transmission capacity in the country's North.	2014
Expansion 14: Reque substation at 220 kV and transformation expansion of Trujillo Norte substation 220/138 kV (100 MVA)	Permits connecting Puerto Eten thermal plant (200 MW) to SEIN and attending demand growth in the country's North.	2014
Expansion 15: Uprating of San Juan – Chilca line at 220 kV from 350 to 700 MVA, Ventanilla – Zapall line at 220 kV from 152 to 270 MVA, and Ventanilla – Chavarría line at 220 kV	Meeting growth of electric energy generation and demand in Lima region.	2015
Expansion 16: Amarillis substation at 138 kV and expansion of transmission capacity of Paragsha – Huánuco line at 138 kV from 45 to 74 MVA	Timely and reliable attention to demand growth in the Sierra Central, and solution to the occupation problem of easements around Huánuco substation.	2015

(*) Ministry of Energy and Mines of Peru – MEM–

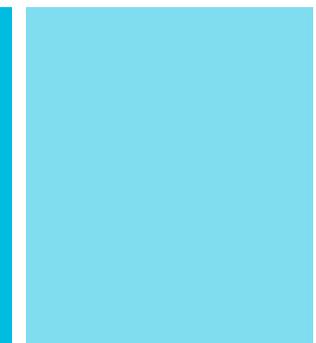
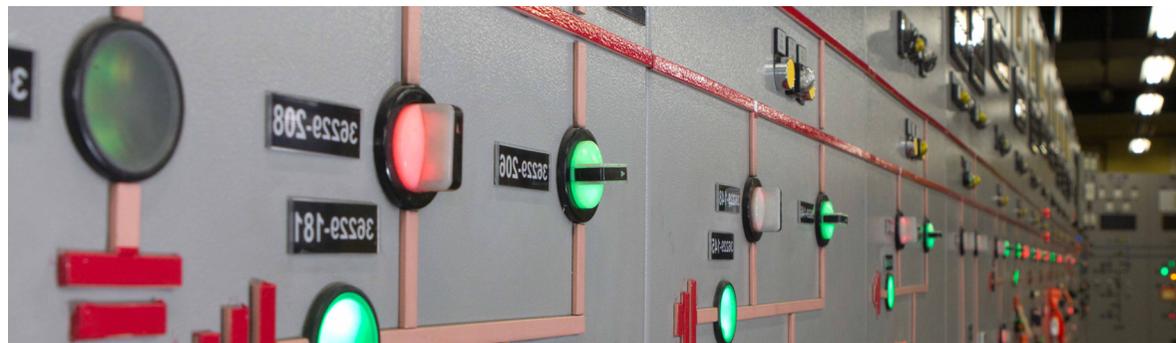
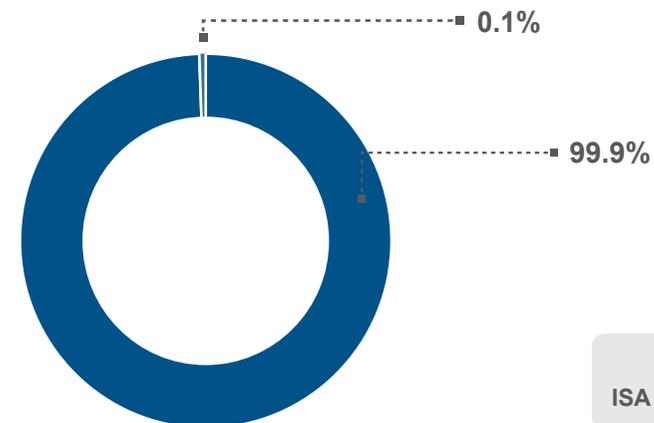
ISA Perú

The Ministry of Energy and Mines –MEM– authorized amendment to the concession contract so as to introduce terms and conditions that provide for the mechanisms, commitments and obligations that make viable, by ISA Perú, the execution of the expansions to the Transmission System. The following works have been executed:

- **Expansion 1: Pachachaca – Oroya Nueva (220 kV)** transmission line capacity uprating, thus increasing the line’s transfer capacity from 152 MVA to 250 MVA; the project entered into operation in 2013.
- **Expansion 2 – Uprating of Paragsha – Vizcarra (220 kV) line**, thus expanding the line’s transmission capacity from 152 MVA to 250 MVA. The project was awarded in 2013 and commercial operation is expected for the end of 2014.

CHILE

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ELECTRIC INFRASTRUCTURE

INTERCHILE Projects	Approximate investment USD 1,000 million	
	circuit km	Voltage
Cardones – Maitencillo line and associated substations	265	500 kV
Maitencillo – Pan de Azúcar line and associated substations	418	500 kV
Pan de Azúcar – Polpaico line and associated substations	804	500 kV
Encuentro – Lagunas line and associated substations	308	220 kV
TOTAL	1,795	

In 2013, ISA won the international public bidding to design, finance, construct, operate and maintain the Encuentro – Lagunas project of the Grand Northern Interconnected System – SING, for its Spanish initials – This is a double – circuit, 174 km, 220 kV line with perpetual exploitation rights. This project, strengthening and improving quality of service provisioning of the Chilean electric system in the Northern region of the country, will give the company an opportunity for developing future private interconnections due to its location in a mining area.

Subsidiary INTERCHILE was incorporated in January of last year; its purpose is the transmission of energy in the country. The corporation was established when ISA received from the Chilean government in October

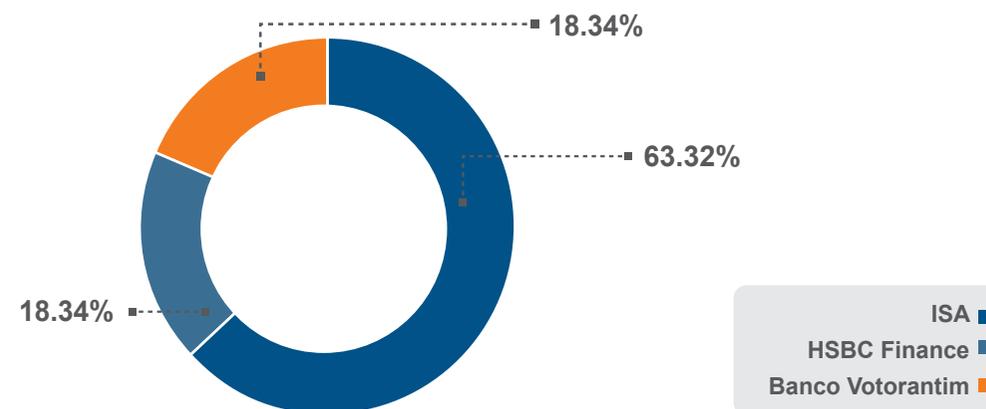
2012, the rights to exploitation and execution of a 500 kV (755 km with double circuit) energy transport grid and associated works between the metropolitan area and the Atacama region. It will also be in charge of execution of the Encuentro – Lagunas project.

In the next few years, ISA's new subsidiary will work in strengthening central Chile's electric system, a system in need of expansion in order to meet with quality and reliability the electricity demand of big mining companies and the connection needs of large generation plants.

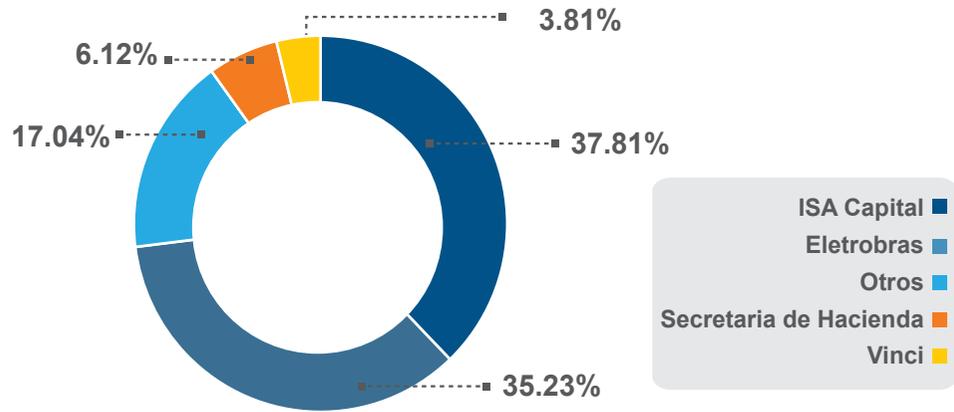
BRAZIL

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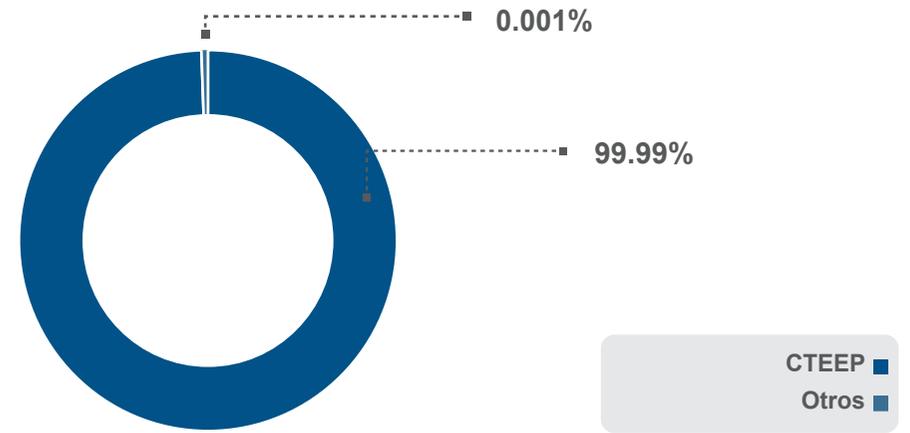
ISA CAPITAL DO BRASIL



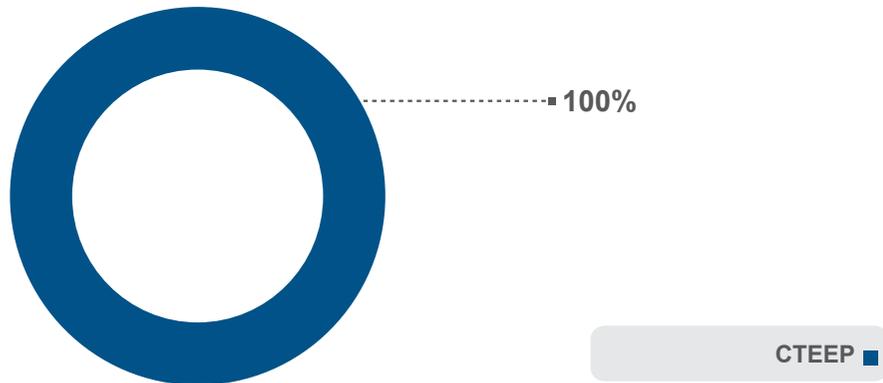
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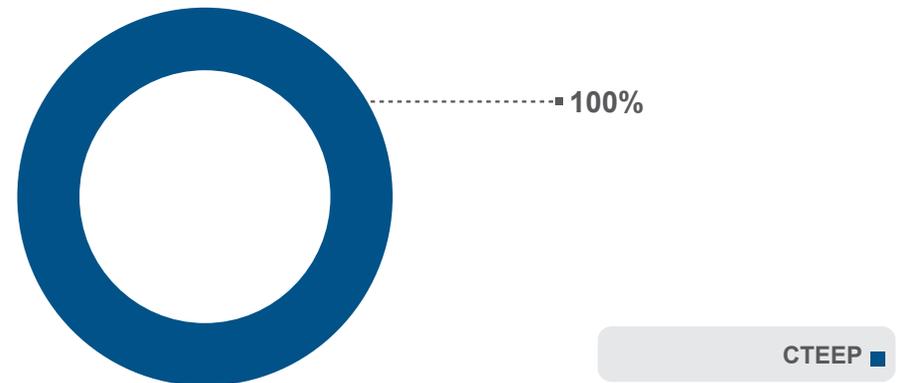
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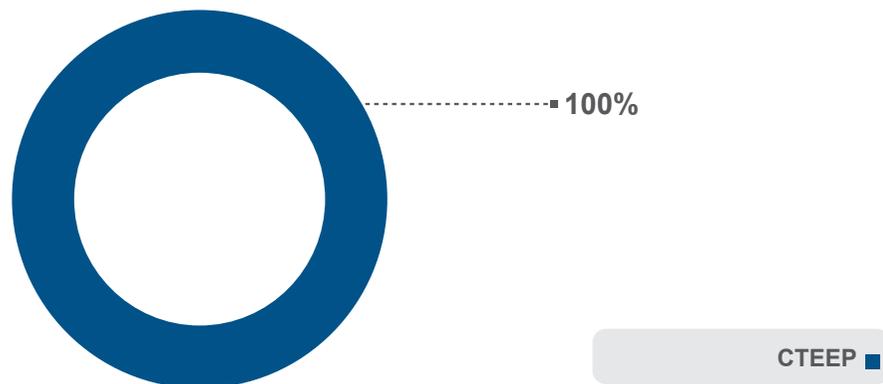
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ELECTRICITY INFRASTRUCTURE

Companies	Infrastructure in operation	
	Transmission (circuit km)	Transformation (MVA)
CTEEP	18,893	45,587
IEMG	172	
PINHEIROS	6	3,900
SERRA DO JAPI		1,600
EVRECY	154	450
TOTAL	19,225	51,537

Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–

As far as the early termination of the Concession Contract 059/2001 is concerned, it is worth mentioning that from the total amount of BRL 2,890 million corresponding to the compensation for new investments in assets (made after May of 2000), CTEEP received 50% of that amount in January 2013, with remaining 50% to be received in 31 monthly installments (from January 2013 to July 2015).

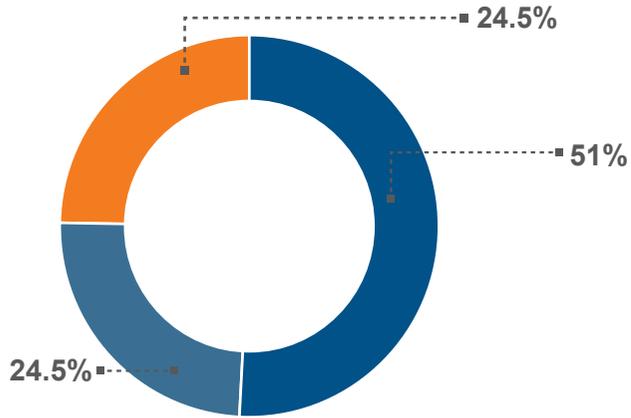
In a similar way, Brazil's government is performing the appropriate studies in order to define the pending amount of compensation related to the existing system assets (before May 2000), as well as improvements made.

Interligação Elétrica Pinheiros –PINHEIROS–

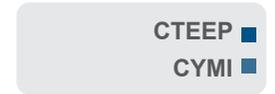
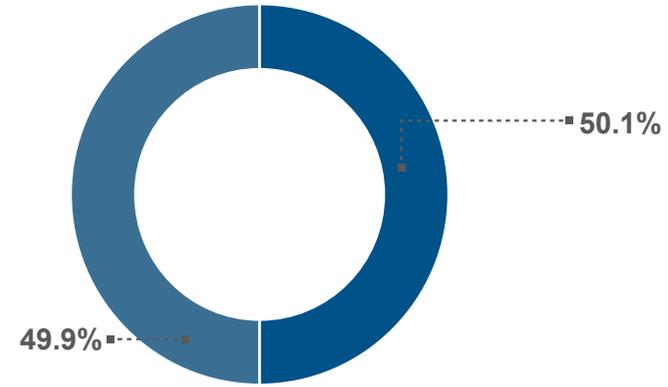
Commissioning of Itapeti 345/88 kV substation, adding 800 MVA of transformation capacity. This project, located in Mogi das Cruzes, allows reinforcement of energy supply in the Eastern and Northeastern regions of Great São Paulo, providing relief to transformers' load in the Northern and Northeastern regions of CTEEP.



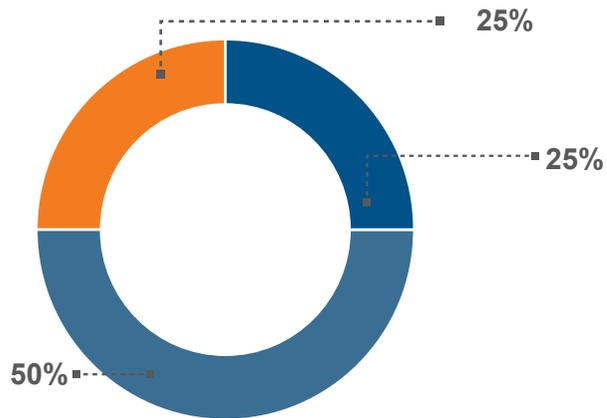
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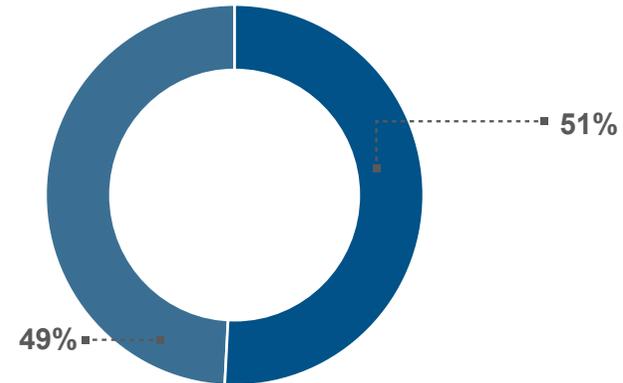
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ELECTRIC INFRASTRUCTURE

Companies	Infrastructure in operation		Infrastructure in construction Approximate investment USD 850 million	
	Transmission (circuit km)	Transformation (MVA)	Transmission (circuit km)	Transformation (MVA)
IE MADEIRA	2,385			6,100
IENNE	720			
IESUL	108	750	100	
IE GARANHUNS			838	2,100
TOTAL	3,213	750	938	8,200

Interligação Elétrica do Madeira –IE MADEIRA–

The first line of the transmission system of the Ríó Madeira Complex, also known as “Linhão do Madeira” started commercial operations in 2013. This line traverses Brazil from North to Southwest, connecting the Porto Velho (Rondônia) – Araraquara 2 (São Paulo) HVDC substation.

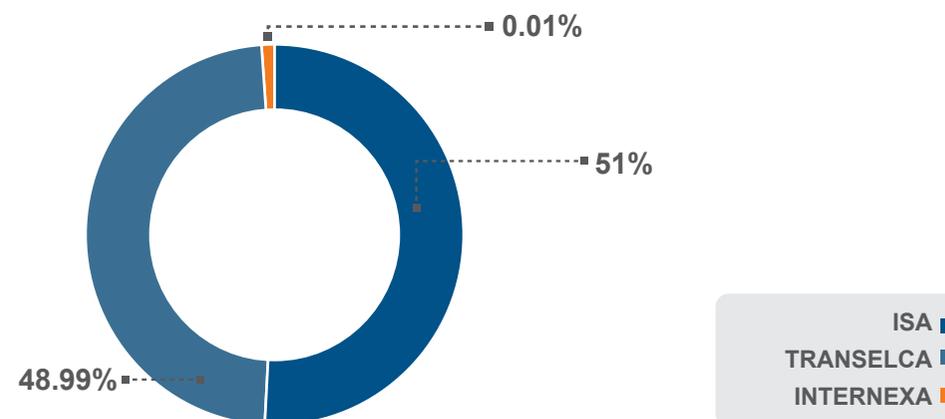
The energy generated by the Santo Antônio (3,150 MW) and Jirau (3,450 MW) hydroelectric power plants belonging to the Rio Madeira Hydroelectric Complex (the largest energy project in the Amazon region) is being

transported from Rondônia to São Paulo through the HVDC transmission line at 600 kV, the longest in the world (2,400 km).

Commissioning of the Porto Velho CA/CC conversion substation (3,150 MVA) at 500/600 kV and the Araraquara CC/CA inverter substation (2,950 MVA) at 600/500 kV is scheduled for 2014.

BOLIVIA

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ELECTRIC INFRASTRUCTURE		
Company	Infrastructure in operation	
	Transmission (circuit km)	Transformation (MVA)
ISA BOLIVIA	588	370

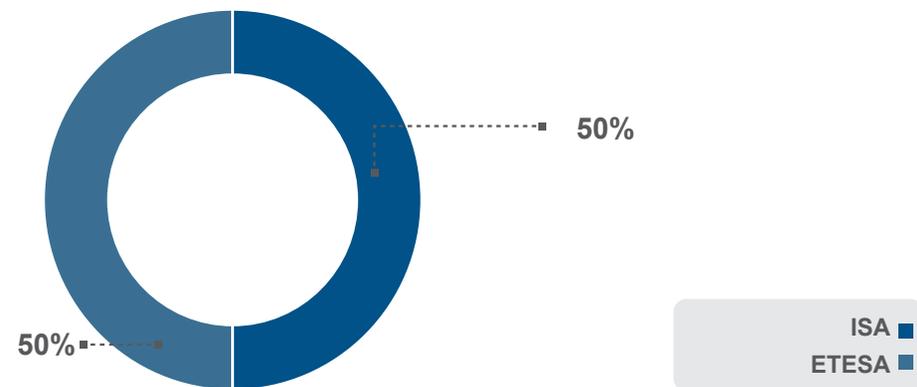
ISA Bolivia requested authorization from Autoridad de Fiscalización y Control Social de Electricidad to expand the Interconnection Trunk System –STI– by including the Sucre substation at 230/115 kV expansion project. The request was approved by Resolution AE No. 611/2013.

The project includes expansion of the substation to connect the Sucre – Padilla 115 kV transmission line that serves the demand of Sucre’s rural area and will require USD 8 million investment.

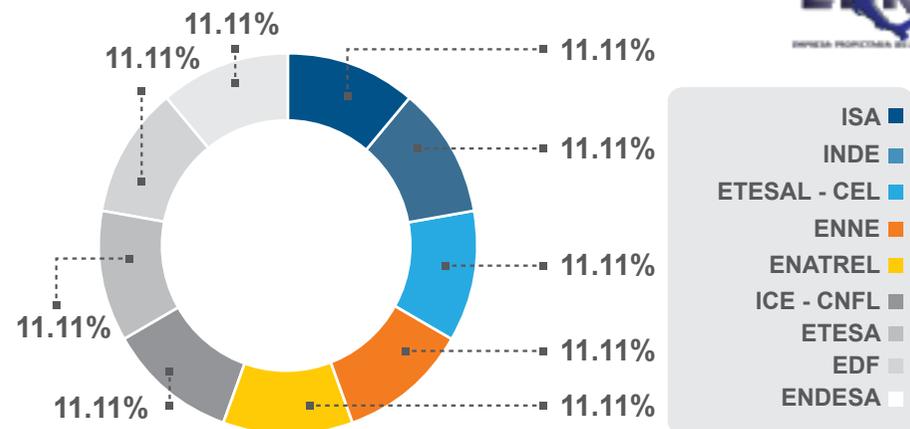
CENTRAL AMERICA

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INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ –ICP–



SHAREHOLDING



Interconexión Eléctrica Colombia – Panamá –ICP–

The company keeps on working in order to make viable, build and operate the transmission line between the two countries, uniting markets of the Andean Community and Central America.

Considering the relevance of the project for the region's advancement and integration of energy markets, ICP with the support of IDB, carried out the strategic revision of the scheme initially defined for the interconnection.

Several feasible scenarios to make viable the project were identified in the studies, under a conceptual frame consistent with the countries' regulations and a series of remuneration options and uncertainty reductions for participants (agents interested in acquiring line capacity rights) were proposed, with the aim of guaranteeing optimal investment and more competitive energy prices, allowing the consolidation of a short and long term market.

Key milestones achieved during 2013 were: update of both the Alternatives Environmental Diagnostics in Colombia and the project's basic design (lines and substations). Priority for 2014 is to prepare an optimal design (feasible from the operations, environmental and social point of view), thus minimizing risks to business' participants.

The Ministry Statement about progress achieved by the Mesoamerican Energy Integration (Washington, June 2013), signed by governments of countries members of the Electric Interconnection System for Central America –SIEPAC–, along with the governments of Belize, Colombia,

Mexico and the Dominican Republic, confirmed the commitment to evaluate options and mechanisms to bring to reality energy integration in the area. Additionally, specific boost was given to continue with actions in order to find technical, social, environmental and financial solutions, allowing the electrical interconnection between Colombia and Panama to be developed.

Empresa Propietaria de la Red –EPR–

SIEPAC project (230 kV, 1,800 km transmission line and works at 15 substations) was concluded. With the entry into operation of the project, the region has now a strong electric infrastructure going from Guatemala to Panama, complemented with an existing connection to Mexico and with a future transmission line to Colombia, thus integrating the safest electric network with the largest capacity in Central America. This consolidates the Regional Power Market –MER–, which will undoubtedly contribute to reduce the region's energy costs.

The project, conceived 25 years ago, had investments worth USD 494 million, of which USD 253.5 million were contributed by the IDB. Although there are 36 km not completed yet in Costa Rica, the line is in commercial operation and has served to provide electric energy to each country's electric power systems.

BEST PRACTICES

ISA's goal is to guarantee that all its companies provide services under high levels of reliability, availability and safety according to applicable regulation



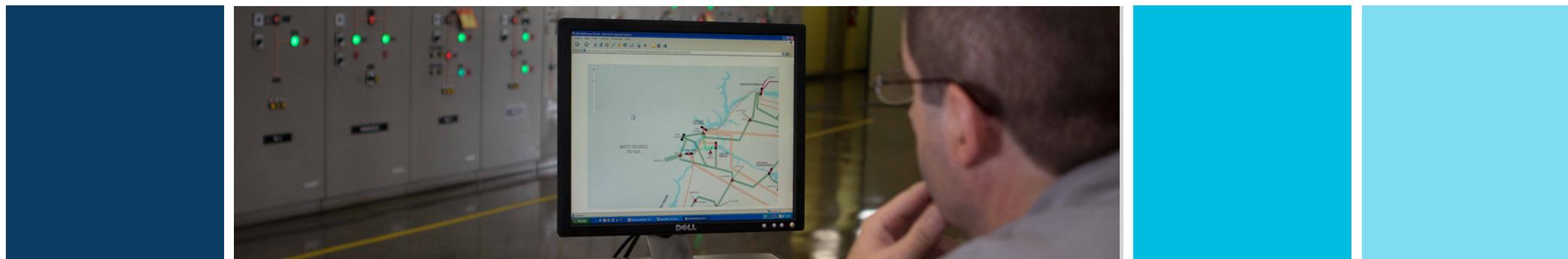
in each country. It is for this reason that energy transport companies support their network operation and maintenance management on strict and excellent processes, safe to people, and both environmentally balanced and socially responsible.

In order to evaluate these levels, the company has, among others, the following transmission network quality indicators:

- **Network availability:** Measures the percentage of time during the year when grid assets (substation bays, transformers, lines, etc.) were in service or available.
- **Unserved load –ENS–:** Measures energy not supplied to each country's electric system due to facts where the transporter is responsible.

SERVICE QUALITY INDICATORS

Country	Colombia		Peru			Bolivia	Brazil
Company	ISA	TRANSELCA	REP	Transmántaro	ISA Perú	ISA Bolivia	CTEEP
Network availability (%)	99.93	99.89	99.60	99.70	99.83	99.73	99.98
Unserved load –ENS– (MWh)	2,911	3,509	4,609	271	328	1,533	623



Looking to improve its businesses' profitability, ISA's subsidiaries take part in international benchmarking processes, allowing comparisons with world leaders to be performed, gaps in cost and quality to be identified and industry best practices to be adopted:

- ISA, CTEEP, REP and TRANSELCA took part in phase IV of CIER 11 international benchmarking study, identifying relevant signals of AOM costs, as well as good practices of administration, operation and maintenance among the 14 companies that took part in the study.
- ISA, CTEEP, REP, Transmantaro and ISA Perú took part in the 2013-2014 cycle of the International Transmission Operations & Maintenance Study –ITOMS–. During this benchmarking study, the best practices of operation and maintenance of energy transmission companies worldwide were identified.

In order to guarantee excellence and rigor in service provision, ISA and its companies adopt national and international standards in order to implement the best practices. Advances obtained along the period:

- New dispatch centers commissioned for ISA, TRANSELCA and REP. Monarch SCADA (Supervisory Control and Data Acquisition) systems from OSI (Open Systems International, Inc.) offer companies a strong, technologically updated and standardized solution for their control centers operation. Additionally, a new support and maintenance scheme

was configured (for ten years) with XM and an Evergreen scheme was configured with OSI in order to guarantee systems' hardware and software permanent maintenance and updating.

- With the support of consulting firm The Woodhouse Partnership Ltd. –TWPL–, a roadmap was defined to implement in ISA, REP and CTEEP the assets management model, under PAS 55 and ISO 55001 standards.
- For assets exposed to aggressive atmospheric conditions, from the point of view of corrosion, an action plan was defined in order to give a comprehensive approach to this phenomenon. It will be implemented focused with priority on assets located in the Northern zone of Colombia and in the Coastal zone of Peru.

Integrated Management System –SIG–

Consistent with its intention of applying international standards, helping to definitely raise competitiveness levels, ISA and its companies advanced in adopting ISO and OHSAS standards; for this purpose, they continued with the integral management of aspects like quality, safety, environment, occupational health and information safety.

It is worth mentioning that in 2013, ISA Bolivia was awarded ISO 9001, 14001 and 18001 standards certifications for the Electric Energy Transmission Service, receiving great recognition from the certification body, TÜV Rheinland.



INTEGRATED MANAGEMENT SYSTEM –SIG–

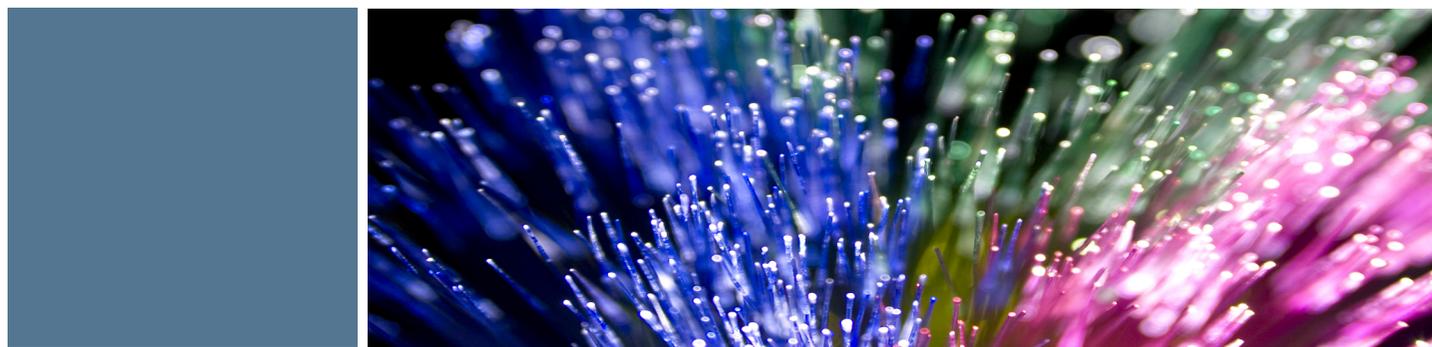
Companies	ISO 9001	ISO 14001	OHSAS 18001	ISO 27001
ISA		(1)	(1)	
CTEEP				
REP		(1)	(1)	
TRANSELCA				
ISA Bolivia				
PDI				

(1) "Construction of Infrastructure Projects" process pending

Certified	
In process	



Telecommunications Transport Business Unit



TELECOMMUNICATIONS CONNECTIVITY INFRASTRUCTURES



Country	Company	Optic fiber km in operation
Colombia	INTERNEXA	6,752
Perú	INTERNEXA	4,908
Chile	INTERNEXA	2,165
Brazil	INTERNEXA	6,206
Argentina	Internexa	2,531
Ecuador	TRANSNEXA	926
Venezuela	In association with local operator	1,977
Total		25,465

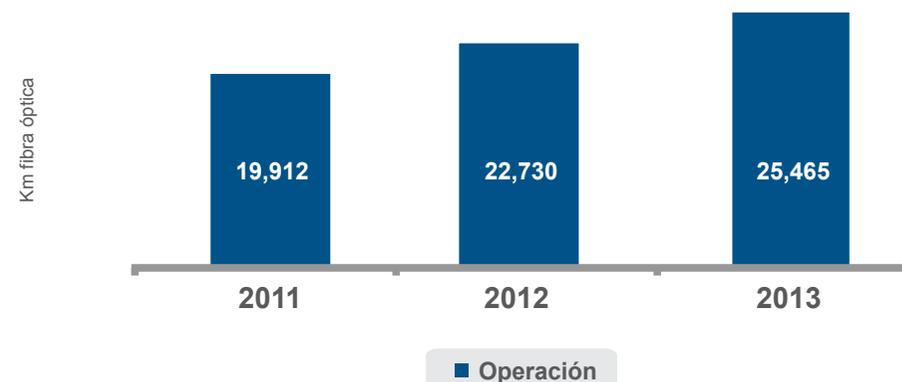
- ACTUAL NETWORK
- FUTURE NETWORK
- UNDERSEA CABLE

Telecommunications is one of the most thriving and promising commercial activities of modern economy encompassing companies engaged in media, content, Internet service providers, landline telephony, mobile telephony, data transmission and others. Innovation cycles in this industry are currently led by cloud storage, large number of smartphone applications and increase in mobile broadband. For this reason, telecommunications service providers are looking for integration in order to have a wider value offer and, while speeding up technological updating cycles.

ISA participates in this business unit through its subsidiary INTERNEXA, a leading company in connectivity infrastructures and telecommunication solutions in Latin America, focused on the information transport business.

The company has managed to extend a fiber optics network of 25,465 km, consolidating itself as the telecommunications service provider with the largest continuous land network in the continent, providing connectivity to approximately 100 cities in Venezuela, Colombia, Ecuador, Peru, Chile, Argentina and Brazil. The company complements land networks with access to seven undersea cable heads and is the owner of transport capacity in the ARCOS 1 undersea cable.

GROWTH OF CONNECTIVITY INFRASTRUCTURE FOR TELECOMMUNICATIONS



Finally, INTERNEXA's land fiber optics network is open to all service providers, implying that the company offers transport capacity over its networks to all players interested in contracting its services. This way, the company creates a wider competition scenario in regions reached by its networks, positively affecting the value chain efficiency of the telecommunications industry.

INTERNEXA develops, interconnects, operates and trades information transport infrastructures for different type of customers through a series of specialized products with value offers in three different strategic focal points:



The first focal point aims to offer access to information transport infrastructure to telecommunication service providers and integrators (Business Process Outsourcing –BPO– and Information and Communications Technology –ICT–), requiring a reliable infrastructure with high availability standards.

The second focal point aims to make INTERNEXA the largest IP service provider in South America. With this objective, the company is strengthening its Internet access service offer to operators, media companies and other players, configuring this way several data centers (Colombia, Peru, Chile and Brazil), migrating to them relevant digital contents hosted in the USA and Europe, available today in Latin America, thanks to agreements reached with the most important worldwide Content Delivery Networks –CDN–.

As far as CDNs are connected to the network, operators offer content to their customers with access times considerably shorter than when hosted

outside of the region. Currently, INTERNEXA has agreements with 15 CDNs, almost all of the largest worldwide players.

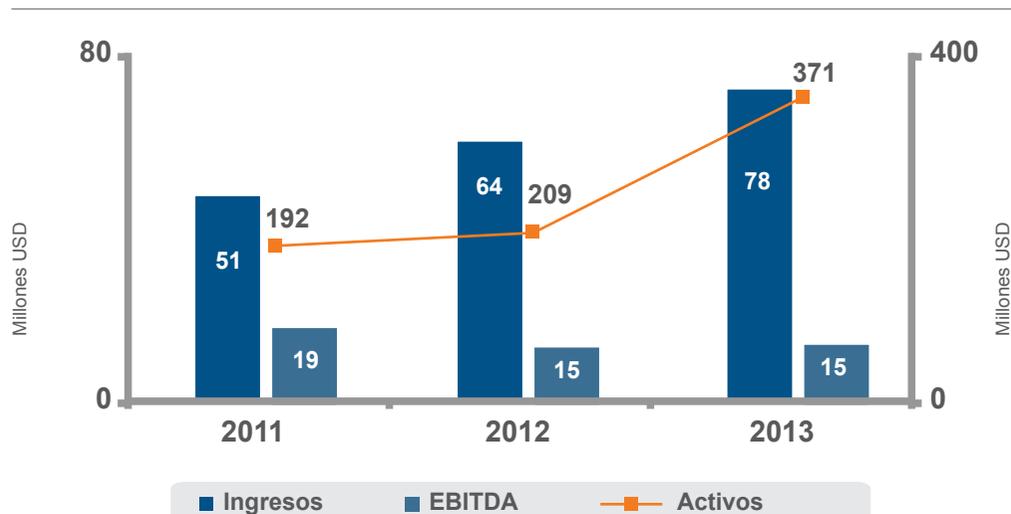
Finally, the company offers integrated ICT solutions, either independently or in partnerships with integrators, to specific industries located in places having synergy with INTERNEXA's network, where the company, for its geographical location, can offer the best value offer.

It is worth mentioning that INTERNEXA has been awarded ISO 9001:2008 international standard certification for its regional carrier service, offering high quality standards and supporting critical mission services required by customers.

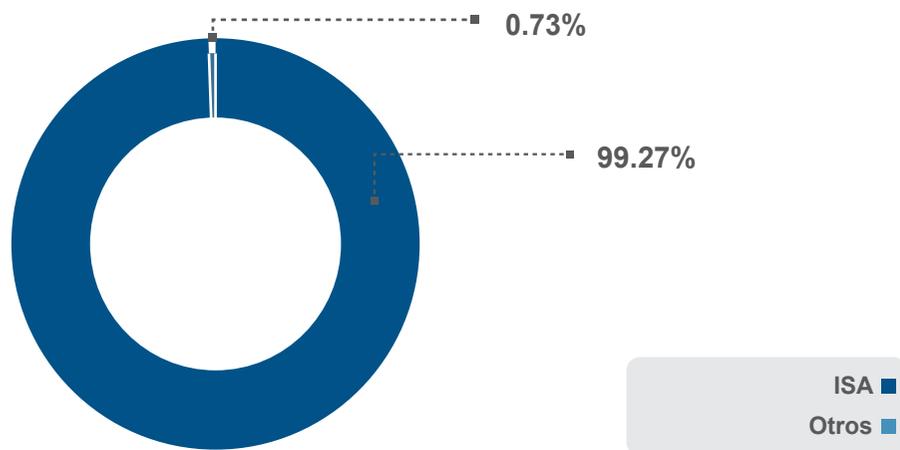
Also, it is worth mentioning that for third year in a row, the company was named by Metro Ethernet Forum as “Best Regional Service Provider of the Year”.



TELECOMMUNICATIONS TRANSPORT BUSINESS UNIT EVOLUTION



COLOMBIA
SHAREHOLDING



The company operates a 6,752 km network spread over seven fiber optics networks, covering the main cities in the country. At the same time, the network is integrated with microwave links, providing better redundancy and coverage in intermediate cities.

The company provides connection to Maya, Emergia, Panamericano and Arcos 1–CFX undersea cables, having also a “carrier class” Internet access platform with direct connection to the most important suppliers in the USA.

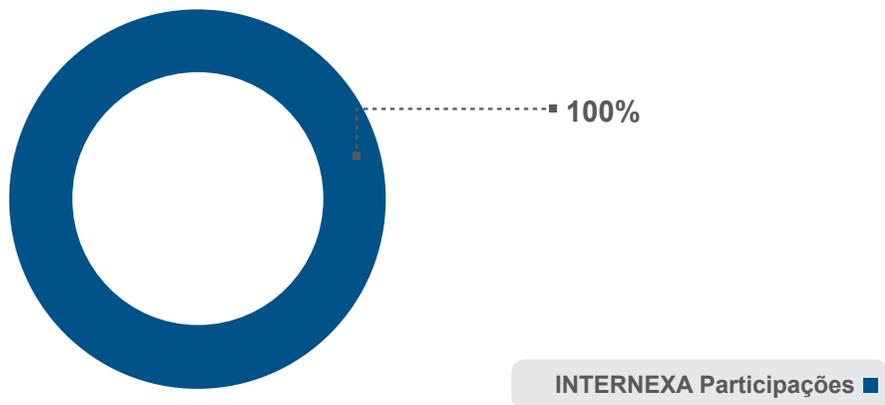
This network consolidates Colombia as INTERNEXA’s most important market, taking into account the number of customers and revenues and the second most important considering network length.

During 2013, aiming to bring closer services to customers and to provide better availability, the company worked on a project complementing the national network at metropolitan level in Bogotá. Additionally, the company increased network capacity, implementing 100 Gbps lambdas, thus becoming a pioneer in Colombia by providing broadband capacity to customers’ services.



BRAZIL

SHAREHOLDING



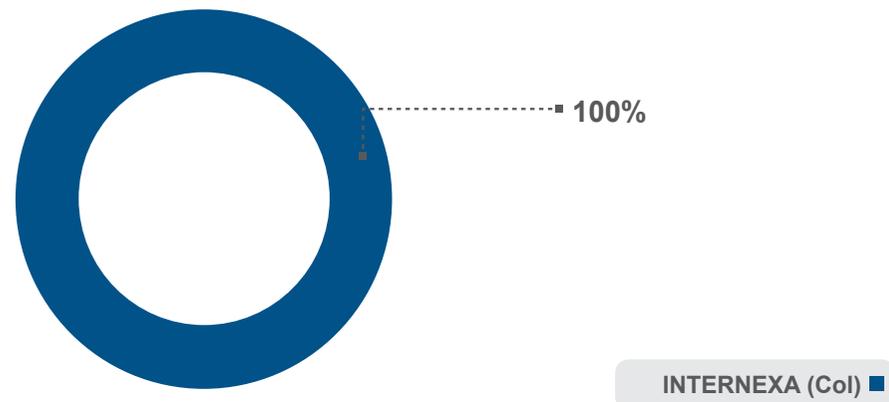
During 2013, INTERNEXA experienced a great boost by consolidating a 6,206 km fiber optics network and positioning Brazil as the country with the largest growth possibility and operating the most representative network, due to:

- The acquisition of Nelson Quintas Telecomunicações do Brasil –NQT–, operating in the wholesale data transport and Internet access market in Rio de Janeiro State. NQT, having approximately 2,000 km of fiber optics networks, will continue trading services with an improved value offer and with the possibility of adding international transport services.

- The company ended implementing rings between Rio de Janeiro, Belo Horizonte and São Paulo, and signed agreements with undersea cable operators in order to guarantee water connection protection between Buenos Aires and São Paulo, providing high redundancy and safety to its customers information transport.
- The company was granted authorization by ANEEL (Brazil regulator) to extend 4,000 km of fiber optics in São Paulo State, using CTEEP electric transmission infrastructure.

PERU

SHAREHOLDING



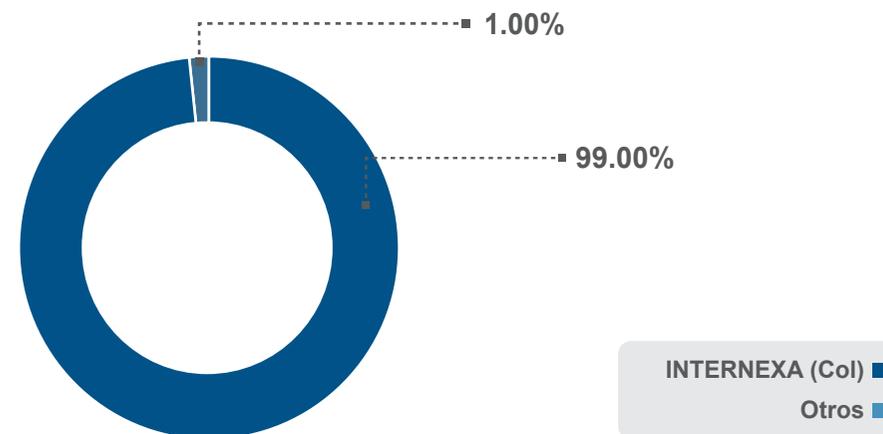
INTERNEXA has a 4,908 km land fiber optics network covering parts of Sierra, jungle regions and coastal regions, connecting Lima to the north with Trujillo and Tumbes (in the border with Ecuador), to the south with cities like Cusco, Pucallpa, Arequipa and Ayacucho, and with the international connection to SAC undersea cable. This network is the only open alternative in a highly concentrated market providing access to high-speed and state-of-the-art technology communication networks.

Peru is today the second largest operation from the point of view of revenues, thanks to a great commercial thrust performed during 2013, allowing to significantly expand its customers base, deepening its value offer in the energy-mining sector and deploying networks in places near its customer's presence.

Additionally, the company continues developing new fiber optics links to intermediate cities in order to include the largest possible number of Peruvians into the telecommunications system.

CHILE

SHAREHOLDING

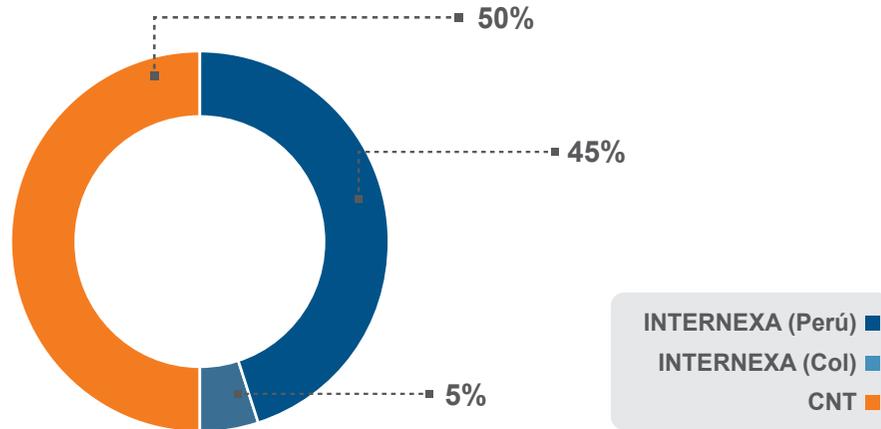


INTERNEXA consolidated the first land telecommunications network in a full ring configuration in this country (between Valparaíso and Bío Bío regions), covering nearly 25 cities in areas with historical low coverage. Chile has, this way, three fully closed rings in the central region, making up a 2,165 km fiber optics network, fully redundant and safe, providing a real “carrier-class” service (the highest worldwide qualification to information transport, totally safe and reliable, always guaranteeing customers’ critical processes) in a highly geologically complex region.



ECUADOR

SHAREHOLDING



TRANSNEXA has a 926 km fiber optics network over high-voltage electric transmission lines, providing data transmission services to the main telecommunications service providers, covering 13 cities in the country.

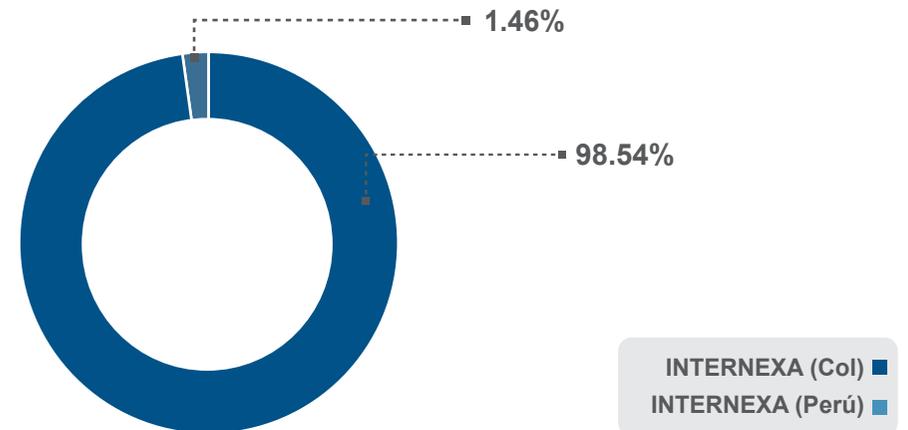
The network has a central ring connecting Guayaquil and Quito, providing connections to Colombia and Peru and integrating Ecuador to the world.

During 2013, the company implemented a DWDM technology network (this technology allows more efficient information traffic and allows transporting a larger quantity of packages in less time), enabling distributing IP services to the customer’s final destination, having a network with several service delivery points and improving performance in high density traffic areas. Additionally, the company expanded its network capacity with 100 Gpbs lambdas.

ARGENTINA

SHAREHOLDING

Internexa



The company has a 2,531 km fiber optics network connecting Chile with Brazil, crossing Mendoza, Córdoba and Buenos Aires and has commercial agreements with undersea cable operators providing a second redundant channel for its interconnection with Brazil.

VENEZUELA

INTERNEXA operates in Venezuela through a reciprocal distribution

agreement with the local operator, CANTV. Using a 1,977 km fiber optics network, the company provides services to operators in Caracas, Maracaibo and Barquisimeto, among others.

BOLIVIA

INTERNEXA has an IP capacity link between Peru and Bolivia, allowing high information traffic volume through the network.



Roads Concessions Business Unit





ROAD INFRASTRUCTURE



Country	Concessions	Road km in operation
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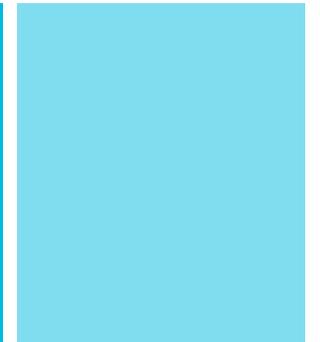
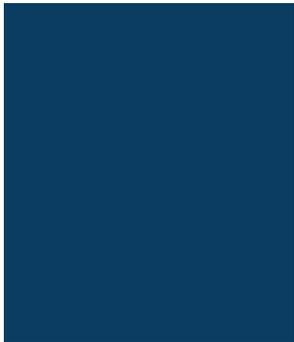
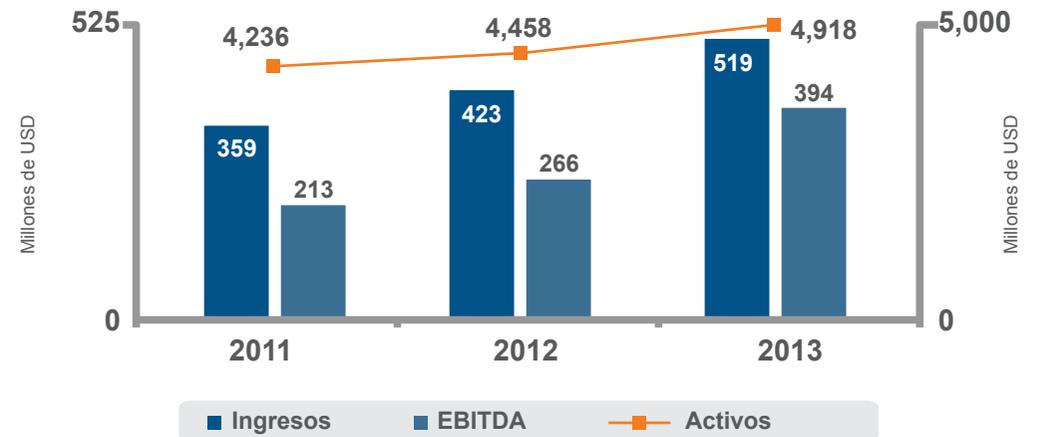
Chile:	Ruta del Maipo	237
	Ruta del Maule	193
	Ruta del Bosque	161
	Ruta de la Araucanía	144
	Ruta de los Ríos	172

Total: **907**

ROAD INFRASTRUCTURE
IN OPERATION 

ISA structures, designs, constructs, operates and maintains road infrastructure. For operation and maintenance, it considers standards previously established by the business regulators in each of the countries; it also supports its work on processes that guarantee operational excellence and safety for users.

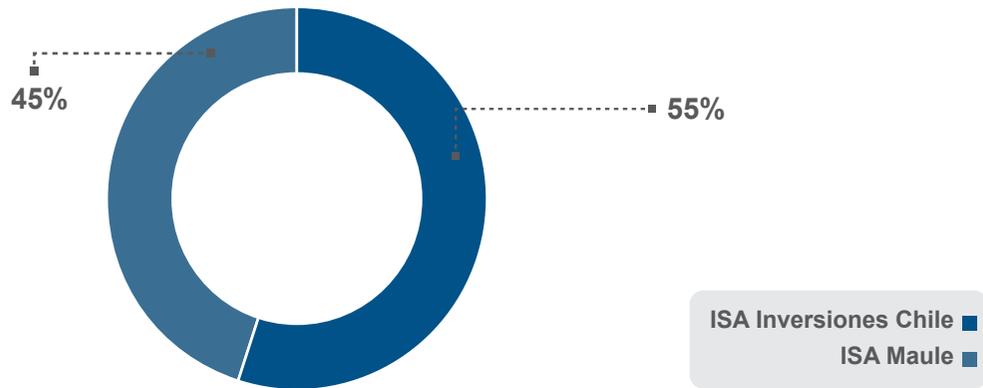
ROAD CONCESSIONS BUSINESS UNIT EVOLUTION



CHILE

INTERVIAL CHILE

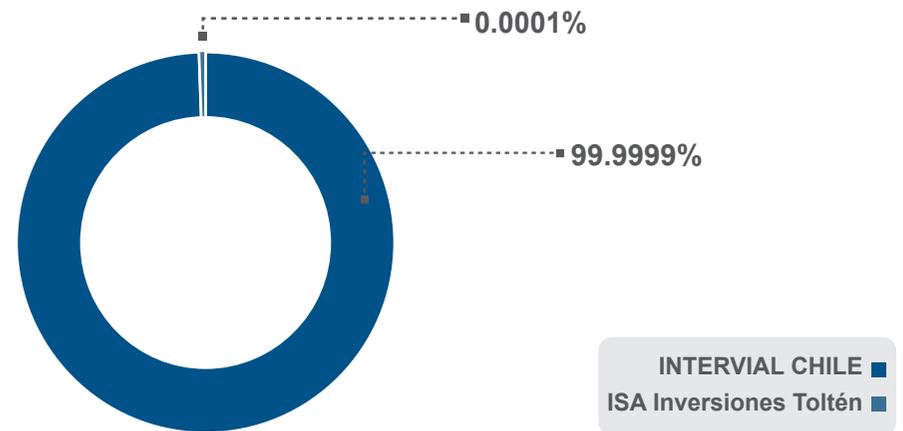
SHAREHOLDING INTERVIAL CHILE



INTERVIAL CHILE, through its five concessionaires, is the largest operator of interurban roads in the country and is responsible for the control, operation and management of five adjacent concessions, extended along Ruta 5 Sur, from Santiago to Rio Bueno city, covering six important regions of the country, all having great impact on economic sectors like agro-industry, fishing, forestry and tourism.

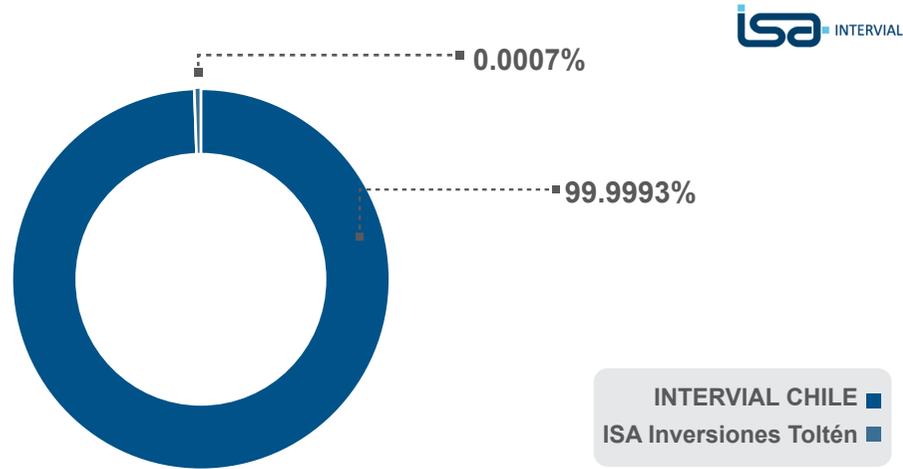
RUTA DEL MAIPO

SHAREHOLDING RUTA DEL MAIPO



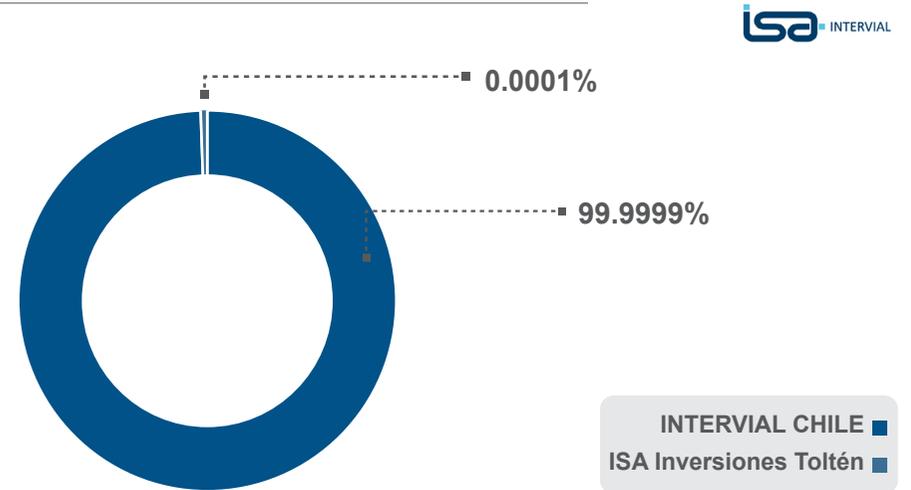
SHAREHOLDING RUTA DEL MAULE

RUTA DEL MAULE



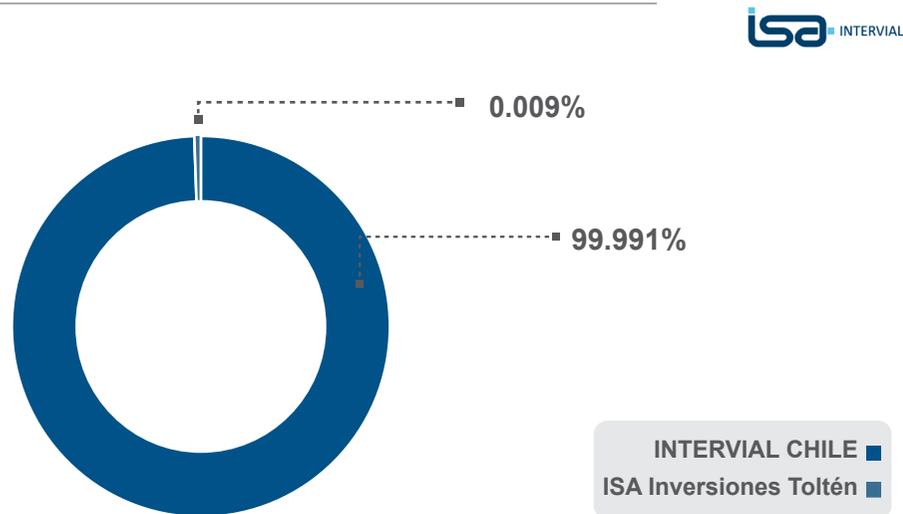
SHAREHOLDING RUTA DE LA ARAUCANÍA

RUTA DE LA ARAUCANÍA



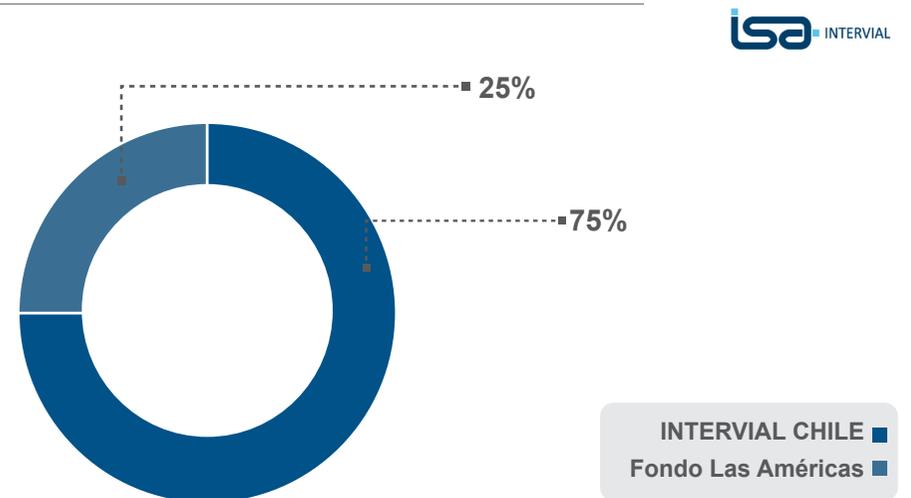
SHAREHOLDING RUTA DEL BOSQUE

RUTA DEL BOSQUE



SHAREHOLDING RUTA DE LOS RÍOS

RUTA DE LOS RÍOS



ROAD INFRASTRUCTURE IN CHILE

Concessionaires	Ruta del Maipo	Ruta del Maule	Ruta del Bosque	Ruta de la Araucanía	Ruta de los Ríos	Total
Stretch	Santiago - Talca	Talca - Chillán	Chillán - Collipulli	Collipulli - Temuco	Temuco - Río Bueno	Santiago - Río Bueno
Length (km)	237	193	161	144	172	907
Trunk road toll posts	3	2	2	2	2	11
Lateral road toll posts	39	16	16	8	5	84
Service areas	4	4	3	3	4	18

INTERVIAL CHILE's roads are designed to operate at 120 km/h and have 293 bridges, 368 structures, (among them grade crossings, junctions and other elements), 188 pedestrian walkways, and 95 toll plazas, with a transit of more than 99 million vehicles during 2013.

In order to help users, concessionaires have available services and infrastructure such as emergency centers, SOS signposts every two km, tow trucks, ambulance, patrols, control areas, service areas, truck parking lots, etc. They also maintain a fluent and timely communication with users and the community through campaigns in mass media, real-time information panels, a Website and Twitter accounts, among others, which provide information about the state of traffic and roads, weather conditions and specific advice for a safer trip.

The companies are certified for the service of exploitation of road concessions under UNE-EN-ISO 9001:2008 international quality standard. Such certification was certified in 2013 by Asociación Española de Normalización y Certificación –AENOR–, Chile section.

Traffic and revenues

Since 2003, concessionaires, with the exception of Ruta de los Ríos, joined the Revenue Distribution Mechanism (MDI), which makes variable the concession's term, and defines the concession's end as the moment when a certain present value of expected revenues is reached.

According to concession contracts, the Ministry of Public Works –MOP– recognizes an annual subsidy for those with low traffic flow, applicable to Ruta del Bosque and Ruta de los Ríos.

Additionally, concessionaires with a good safety management policy, decreasing the number of accidents and fatalities compared to a base year, are authorized by the MOP a raise in tariffs of up to 5%, known as the Road Safety Bonus –PSV–. With the exception of Ruta del Maule, PSV is not part of the regulated income base taken into account for the MDI.



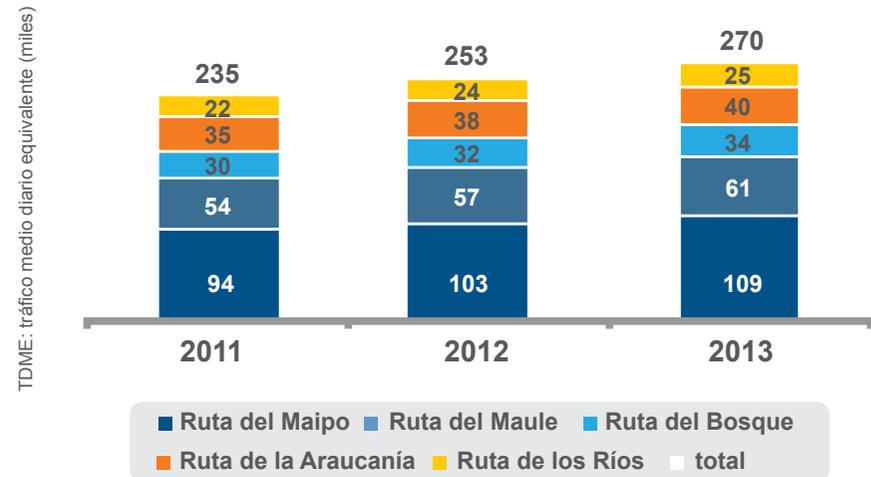
ROAD SAFETY BONUS –PSV– (%)

Concessionaires	Year of application			
	2011	2012	2013	2014
Ruta del Maipo	5	5	5	5
Ruta del Maule	5	5	5	5
Ruta del Bosque	2.8	4.2	3.1	3.6
Ruta de la Araucanía	2.2	2	3.4	5
Ruta de los Ríos	1.6	0.5	1.4	2.1

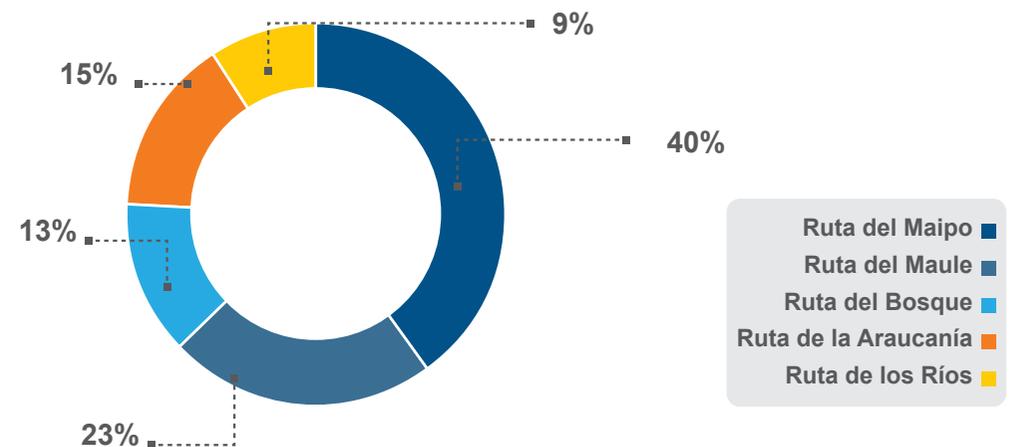
From 2009, annual traffic and toll revenues show a growing trend in line with the growth exhibited by the Chilean economy.

Traffic on the five concessionaires during 2013 increased by 7.9% compared to 2012, with the largest increments in Ruta del Maipo (7.5%) and Ruta de la Araucanía (7.3%). It is worth mentioning that the traffic compound annual growth rate since 2009 has been 8.1%.

TRAFFIC GROWTH

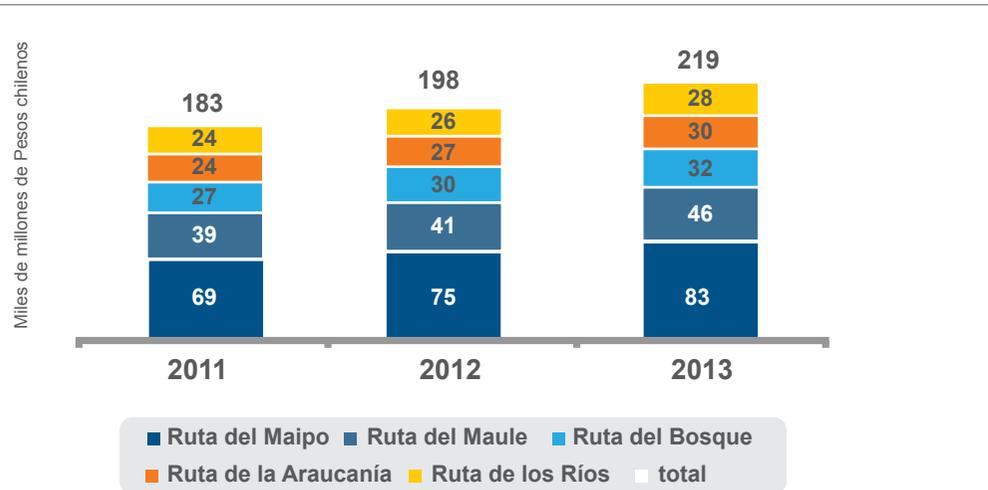


TRAFFIC COMPOSITION

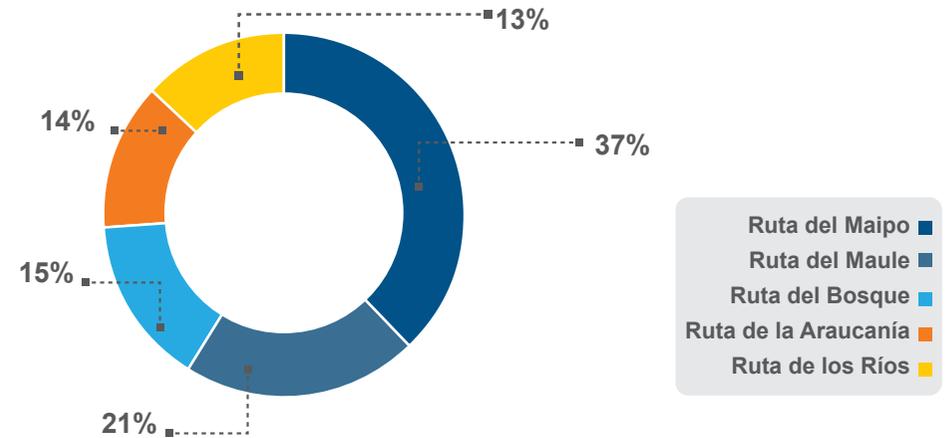


Additionally, concessionaires' revenues, in their original currency, increased by 10.8%, compared to 2012, showing the largest increments in Ruta del Maule (12.4%) and Ruta de la Araucanía (12.2%).

REVENUE GROWTH



COMPOSITION OF REVENUE



Ruta del Maipo – Third lanes

Southbound traffic (Santiago – Rancagua) has grown significantly in the last years giving rise to the need of increasing the capacity of the route by constructing a third lane in both directions. The project, to start in 2014, includes the following works:

- A 39 km third lane in both directions.
- Moving the Angostura toll, the largest in the country with the largest number of booths.
- Constructing an institutional building for the concessionaire and a toll control room.



Maintenance, safety and service works

Concessionaires carry out yearly routine and major maintenance plans in order to increase road lifetime and to guarantee high standards in service and in road safety. During 2013, major maintenance cost amounted to USD 18 million and routine maintenance cost to USD 16 million.

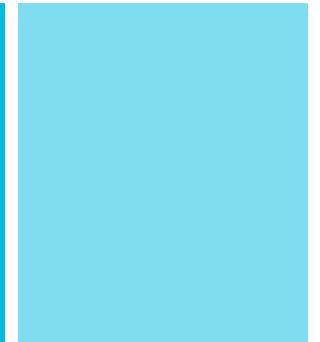
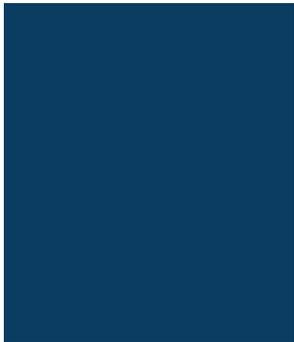
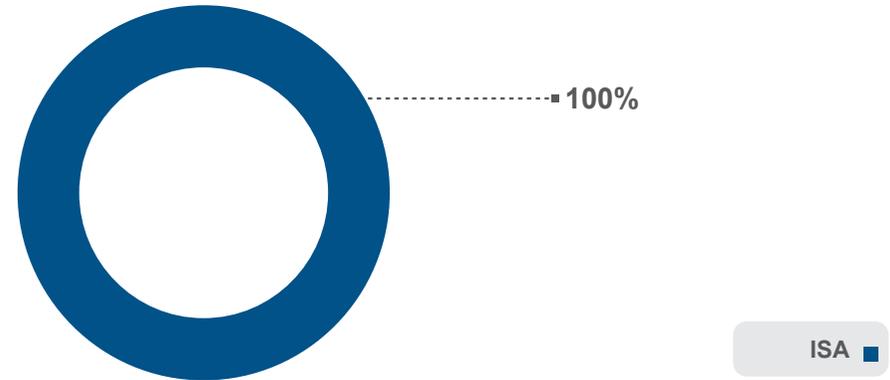
In order to strengthen road safety, concessionaires implemented a strategic plan, based on traffic accident analysis in different road sections and its origin. A series of strategies were defined with actions to be taken in the short, medium and long term.

COLOMBIA

INTERVIAL COLOMBIA



SHAREHOLDING INTERVIAL COLOMBIA



In order to make real its strategic intention of taking over opportunities in the region, focused on Colombia, ISA changed the company's name from Autopistas de la Montaña to INTERVIAL COLOMBIA, company that will be in charge of developing the Road Concessions Business Unit in the country.

During 2013, INTERVIAL COLOMBIA, under a plural structure scheme with Cintra Colombia Infraestructuras, took part in eleven pre-qualification processes, part of the fourth Generation Road Concessions Program promoted by Agencia Nacional de Infraestructura –ANI, for its Spanish initials–; being declared eligible in all of them, but, by means of a draw (*) mechanism, was pre-qualified in six of them.

(*) Footnote: according to the existing regulation, there must be a list of maximum ten pre-qualified proposals per bidding process and, in case there are more than ten eligible proposals, a drawing process is performed in order to select the final list or pre-qualified proposals.

Following is a list of projects where the plural scheme was pre-qualified:

(*) According to the existing regulation, there must be a list of maximum ten pre-qualified proposals per bidding process and, in case there are more than ten eligible proposals, a drawing process is performed in order to select the final list or pre-qualified proposals.

- **Group 1:** Girardot – Puerto Salgar – Honda project, named by the government as one of the “early success projects”, allowing the Ruta del Sol project to continue to the southern region. Estimated Cost COP 1,485,000 million (Capex and Opex).
- **Group 13:** Neiva – Girardot project, providing benefits to Huila, Tolima and Cundinamarca provinces. A key project to interconnect the northern region to the southern region through the Magdalena River Valley. Estimated cost COP 1,979,000 million (Capex and Opex).
- **Group 16:** Palmar de Varela – Puerta de Hierro and Carreto – Cruz del Viso project, providing benefits to the people of Sucre, Bolívar and Atlántico provinces. Estimated cost COP 1,250,000 million (Capex and Opex).
- **Group 17:** Santa Ana – Mocoa – Neiva project, providing benefits to the interconnection with Ecuador, and to the southern and central regions of the country. Estimated cost COP 2,580,000 million (Capex and Opex).
- **Group 18:** Popayán – Santander de Quilichao project. Estimated cost COP 1,700,000 million (Capex and Opex).
- **Group 19:** Bogotá – Villavicencio – El Tablón project. Estimated cost COP 2,310,000 million (Capex and Opex).



BID CHARACTERISTICS FOR ROAD PROJECTS – COLOMBIA

Group	Stretch	Length (km)	Four-lane (km)	Two-lane (km)	Existing toll posts	New toll posts
G1	Girardot – Puerto Salgar – Honda	200				3
G13	Neiva – Girardot	191	59	132	3	
G16	Palmar de Varela – Puerta de Hierro, Carreto – Cruz del Viso	204	52	152	2	4
G17	Santana – Mocoa – Neiva	422	22	383	2	4
G18	Popayán – Santander de Quilichao	76	76		1	2
G19	Bogotá – Villavicencio – El Tablón	30		30	1	



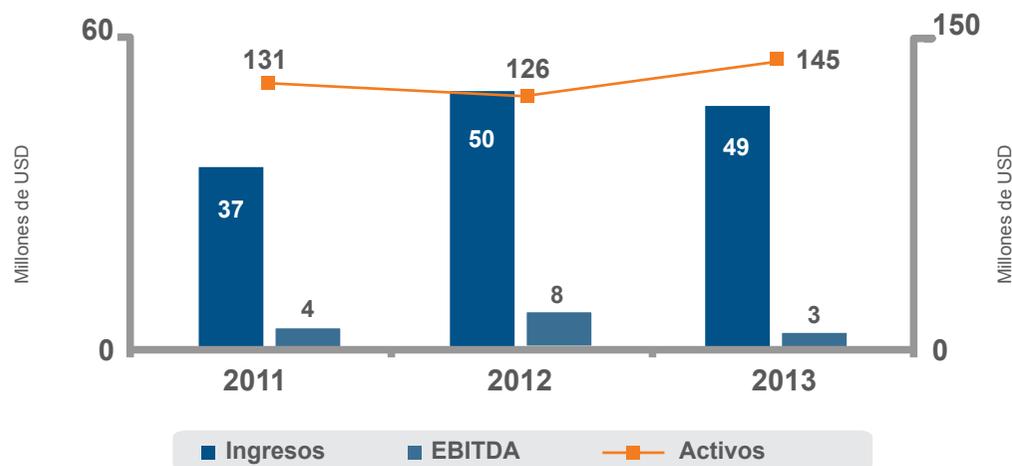
Real-time Systems Intelligent Management Business Unit



XM's experience and knowledge in operation of the power system and administration of the electricity market, permits it to offer, through its companies, intelligent solutions based on the technology and acquired knowledge, to the power, financial, transport and traffic sectors.

Based on its competencies, the company offers supervision, coordination and value added information by means of real-time intelligent systems associated with transactional infrastructure and platforms for goods and services markets.

REAL-TIME SYSTEMS INTELLIGENT MANAGEMENT BUSINESS UNIT EVOLUTION

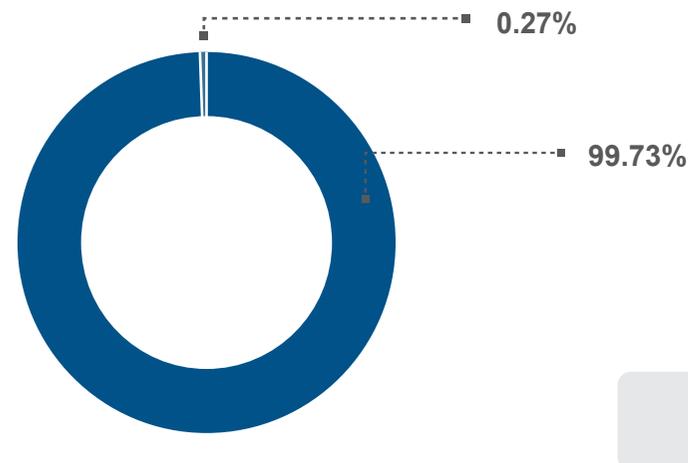


ELECTRICITY SECTOR



filial de isa

SHAREHOLDING



XM conducts planning and coordination of the resources of the National Interconnected System –SIN–, administers the electric power Commercial Settlement System –SIC– in the Wholesale Energy Market –MEM–, administers the International Electricity Transactions –TIE– with Ecuador, and carries out the settling and clearing of charges for use of the SIN's grids.

As operator of the SIN, it guarantees the continuous balance between electric energy production and consumption in the country. Based on electricity demand estimates, XM carries out the coordinated real-time operation of the generation plants and the electric grid in order to continuously match



generation with consumers' demand in an economic, reliable and safe manner under standards of quality.

Energy Generation

During 2013, SIN operation and MEM administration were impacted by

a high uncertainty in the hydroelectric generation offer, having a large variability of rainfall in SIN's reservoirs. At the end of the year, rainfall showed a small shortage (91% of the annual historic average), affecting hydraulic generation (6.9% lower than during 2012) compared to thermal generation (6.9% lower than during 2012) compared to thermal generation which showed an increase of 46.3%.

ENERGY GENERATION					
Resources	2011 (GWh)	2012 (GWh)	2013 (GWh)	%	Variation %
Hydraulic	45,583	44,924	41,836	67.26	-6.9
Thermal	9,384	11,506	16,839	27.07	46.3
Minor	3,337	3,213	3,170	5.10	-1.3
Co-generators	317	347	352	0.57	1.5
Total	58,620	59,989	62,197	100	3.7



As of December 31, the SIN had an effective net installed capacity of 14,559 MW, with an increase of 1.4% compared to 2012, mainly due to the entry into operation of Amoyá hydroelectric power station (80 MW) and

the second generation unit of Dario Valencia Samper hydroelectric power station (50 MW), as well as fuel update in thermal stations, backing firm energy obligations to support reliability charges.

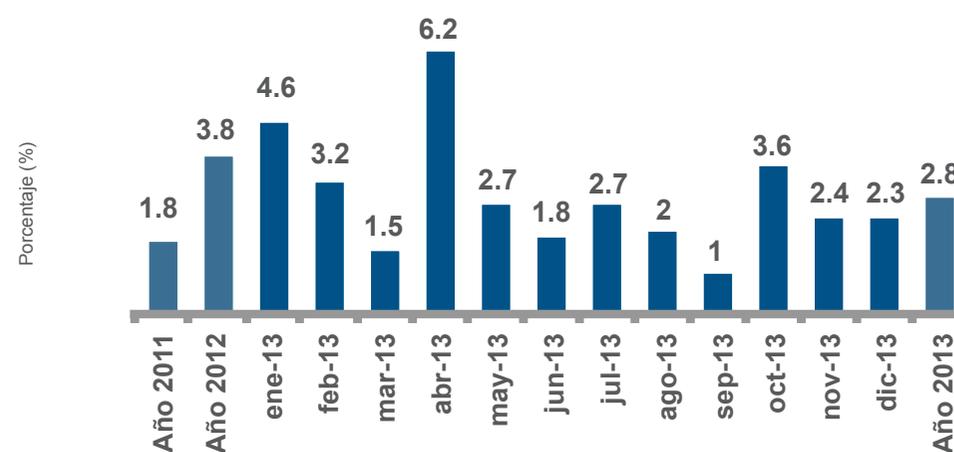
SIN'S NET EFFECTIVE CAPACITY

Resources	2011 (MW)	2012 (MW)	2013 (MW)	%	Variation %
Hydraulic	9,185	9,185	9,315	64	1.4
Thermal	4,545	4,426	4,515	31	2
Minor	635	693	662	4.5	-4.4
Co-generators	55	57	66	0.5	15.7
SIN's total	14,420	14,361	14,559	100	1.4

Energy demand

Energy demand reached 60,890 GWh, with an increase of 2.8% compared to 2012, equivalent to a growth rate of 2.5% in unregulated market demand (industry and commerce), and an increase of 3.1% in regulated demand (residential consumption and small businesses).

ENERGY DEMAND VARIATION



Behavior of the electric market

The Administrator of the Commercial Settlement System –ASIC, for its Spanish initials–, provides services to agents trading in the market.

The number of delivery points grew by 15%, mainly due to the increase in the number of delivery points of regulated consumers (23%). By the end of 2013, there were 14,950 delivery points of which, 8,872 corresponded to regulated users, 5,672 to unregulated users and 406 to public lighting.

MARKET AGENTS

Activity	Registered	Trading
Generators	53	43
Traders	94	67
Network operators	31	29(*)
Transmitters	11	9(*)

(*) Agents to whom charges for STN, STR and ADD Use are invoiced

MARKET BEHAVIOR

	2011	2012	2013	% Variación
Wholesale Energy Market –MEM– transactions				
Total market transactions (COP billion)	9.5	10.9	12.4	13.3
Purchases in the energy pool (COP billion)	1.3	1.9	2.7	42.7
Average pool price (COP / KWh)	76.2	116	178.9	54.2
Average contracts price (COP / KWh)	118	120.7	125.8	4.2
Account Settling and Clearing –LAC–				
STN use charges (COP billion)	1.35	1.25	1.26	1
FAER, FAZNI, FOES, PRONE Funds (COP thousand of million)	194.7	196.6	199.0	1.2

At COP 12.3 trillion, total energy traded in the MEM was COP 1.5 trillion more than in 2012 (COP 10.9 trillion).

Total purchases in the pool showed an increase of 42.7% compared to 2012 and the average pool price increased 54.2%, from COP 116/kWh to COP 178.9/kWh.



Invoicing collection through accounts administered by XM totaled COP 4,130,000 million for the SIC and charges for use of the National Transmission System Account Settling and Clearing (LAC), showing an increase of 24.5% compared to 2012 (COP 3,320,000 million).

International Electricity Transactions –TIE–

Colombia has the capability to export and import energy to and from Ecuador and Venezuela. Since implementation of TIE in 2003, 11,646 GWh have been exported to Ecuador at an approximate value of USD 974 million. Likewise, 269 GWh have been imported at a value of USD 11 million.

INTERNATIONAL ELECTRICITY TRANSACTIONS –TIE–				
Year	Energy (GWh)		Value (USD thousand)	
	Exports	Imports	Exports	Imports
2011	1,294.6	8.2	92,996	231
2012	236.1	6.5	24,151	243
2013	662.3	28.5	78,442	1,683

Additionally, in 2013, 715 GWh were exported to Ecuador, 49.5% more than in 2012 (478.4 GWh).

MEM Administration

As part of its duties as MEM administrator, XM had to face a controversy during 2013 with the representative agent of Termocol generation plant. During the 2008 energy auction, Termocol was allocated Firm Energy Obligations (OEF) for the period between December 2012 and November 2032. Later, as a result of the OEF sales acquired by the agent during the reconfiguration auction, the initial date was postponed until December 2013.

According to the auditing report, Termocol generation plant could not meet its estimated commissioning date and, additionally, XM did not have registered backing contracts enough to guarantee OEF commitments; for these reasons, according to regulation, a serious and insurmountable non-compliance was incurred by the agent. As a result, CREG Resolution 061 of 2007 was enforced, having as a consequence a bank guarantee for approximately USD25 million.

On June 2013, Termocol's representative filed a demand for restoration of fundamental rights against XM. Thanks to legal actions taken by XM together with the electric sector authorities, control entities and business associations, the Market Administrator won the case.

It is worth mentioning that revenues coming from the guarantee (COP 48,000 million) were distributed among the electric demand through restrictions relief.



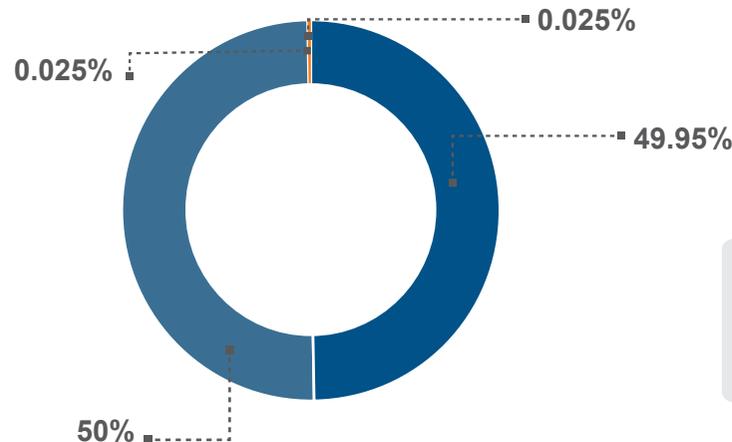
Integrated Management System

XM has ISO 9001-2008 certifications for services of interconnected electric systems operation and energy markets administration (including information services and training) as well as for electronic invoicing services in the processes of invoice acceptance, conservation and exhibition resulting from the transactions in the wholesale energy market. Certifications were renewed at the end of 2013.

During 2013, XM was awarded the Information Security Management System certification, based on ISO/IEC 27001 standards for the economic dispatch programming process.

FINANCIAL SECTOR

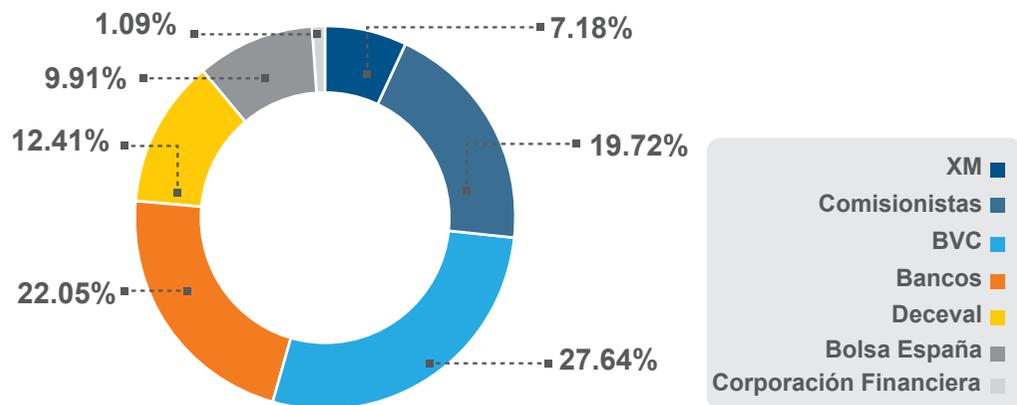
SHAREHOLDING



- XM ■
- BVC ■
- INTERNEXA ■
- Otros ■



SHAREHOLDING



Derivex

Derivex is the company administering in Colombia the electricity futures trading and registering system by means of derivative financial contracts valued with reference to the price of electric energy in the Energy Pool. These contracts are traded in the Derivex Security Trading System and cleared and settled by the Cámara de Riesgo Central de Contraparte (CRCC), acting as a counterpart for all trading.

Electricity derivatives are a complement to MEM bilateral trading, hedging risks coming from price volatility in the energy pool, offering standardized trading conditions thus encouraging a better market liquidity, with the additional guarantee that all operations are backed by the CRCC, minimizing, this way, the risk of electric market agents not fulfilling their obligations.

This way, generators and energy trading agents can indistinctly use futures traded by Derivex and bilateral energy contracts in order to support their capacity to back-up market operations, hedging credit, price and counterparty risks. Generators can guarantee energy sale price and hedge against low rainfall that makes difficult to fulfill contract obligations. At the same time, energy trading agents can guarantee energy purchase price, avoiding getting exposed to high prices during shortage periods.

At the moment, Derivex has nine financial members acting as intermediary agents for trading. Since its entry into operation in 2010, 1,051 monthly future contracts for 360,000 kWh-month and 5,002 contracts for 10,000 kWh-month have been traded. This amount to a total of 438 GWh traded.

During 2013, the futures curve period was extended to 18 months in order to ease coverage in more extended periods of time. Additionally, XM continued with an intense training schedule by means of real market cases simulation workshops.



Cámara de Riesgo Central de Contraparte de Colombia –CRCC–

CRCC is a financial entity managing risks resulting from financial instruments trading. It settles and clears instruments traded in Derivex providing total hedging against counterparty credit risk when trading electric energy future contracts, which in turn results in efficient price setting for those who could be affected by variations in electric energy prices.

After five years in operation, in 2013, CRCC had an average daily trading of COP626,000 million (an increase of 29% compared to 2012), an open position at the end of the year of COP15,000,000 million (an increase of 129% compared to 2012) and is offering 14 different products.

These results show the energy market interest in trading through the CRCC given the safety, liquidity, transparency and optimal management of financial risk provided.

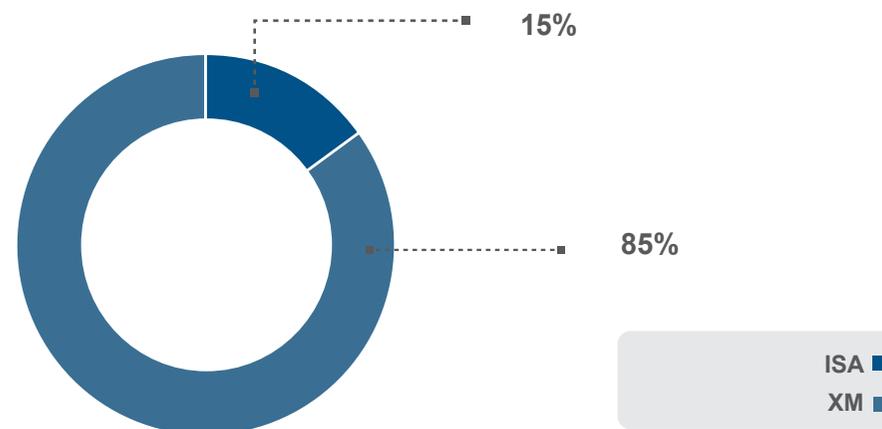
TRAFFIC AND TRANSPORT SECTOR

Control Center for Antioquia’s Road Infrastructure

Antioquia Governor’s Office awarded XM the contract to develop the project “Strategy definition for managing road’s primary information based on collaborative management and public government”. This project will design Antioquia’s road Infrastructure Control Center.

SHAREHOLDING

SISTEMAS INTELIGENTES EN RED



This Control Center will have collaborative management devices and technological tools allowing citizens to follow in an interactive way road works, interventions and events in the Antioquia’s roads network. The Control Center will collect a large amount of information, which, after processing, will provide guidelines to improve decision making in order to benefit quality of life and competitiveness.



Sistemas Inteligentes en Red

SIER supervises and coordinates the Traffic Control Center, a part of Medellin Mobility Intelligent System (SIMM) by means of traffic, supervision and information specialized tools. During 2013, SIER performed planning and analysis activities in strategic places in the city in order to give hints and

proposals to the Medellin Mobility Office to help management and decision making with the aim of reducing road accidents, deaths related to traffic incidents and optimizing urban mobility and improving performance of public transport in Medellin.



Corporate Management



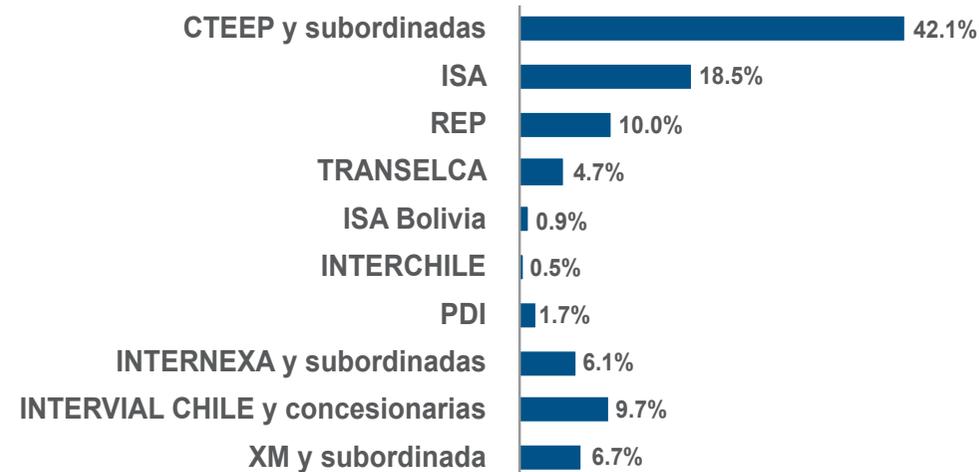
HUMAN TALENT

The human talent of ISA and its companies is the cornerstone of the business strategy, which is why the organization works tirelessly to attract, retain and train its people. In order to guarantee sustainable results over time, an environment of trust and respect is created to reinforce the mutual commitment between the people and the organization.

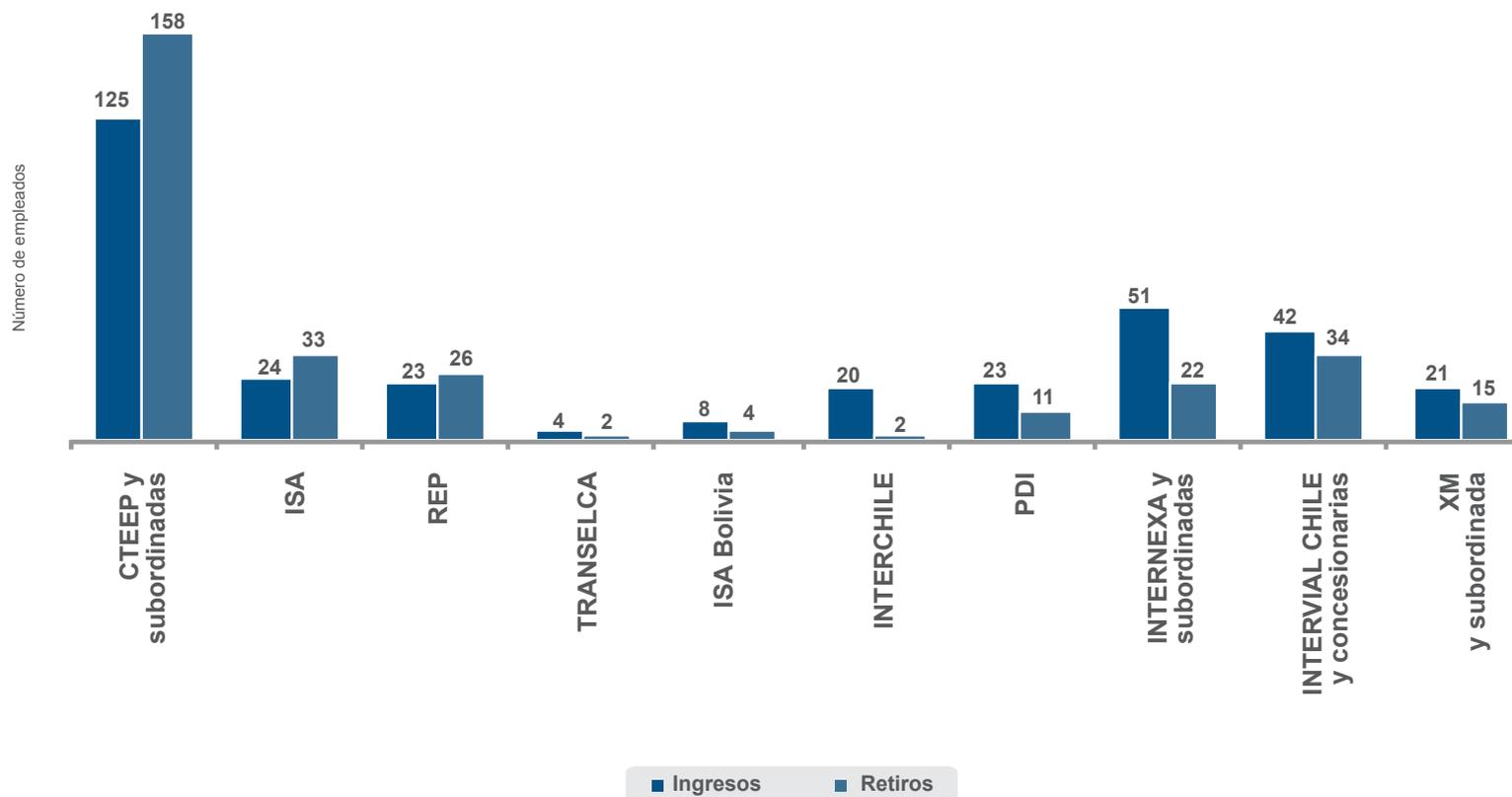
Workforce

By the end of 2013, ISA and its companies employed 3,765 people, throughout the year 341 people were hired and 307 left.

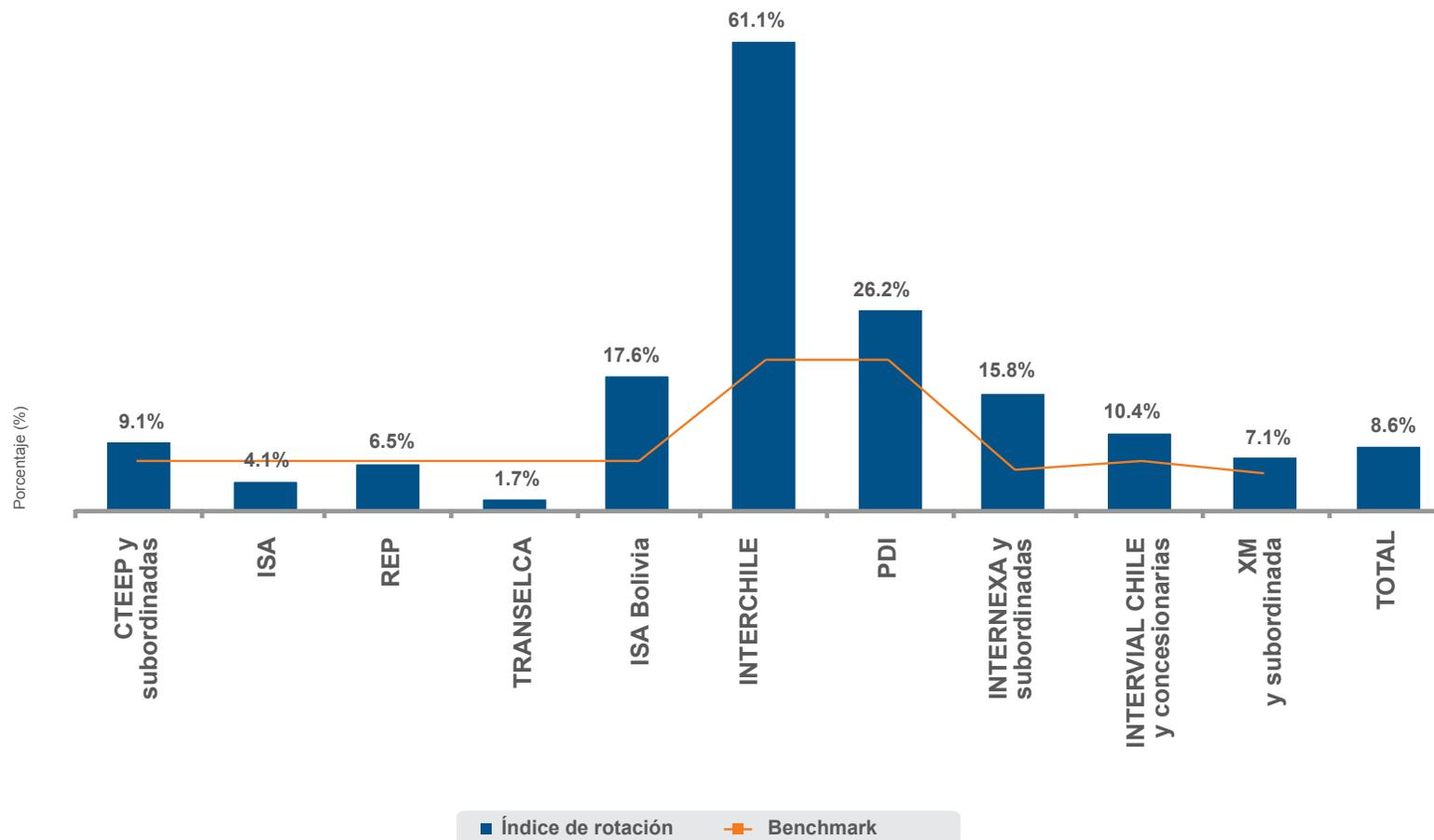
WORKFORCE DISTRIBUTION



PERSONNEL RECRUITMENT AND DEPARTURES



TURNOVER INDEX



The turnover index, calculated as the average of arrivals plus departures, went from 9.6% in 2012 to 8.7% in 2013.



Learning

ISA and its companies developed a training plan valued at USD 4.5 million, which is equivalent to an average of USD 1,265 per person. It is worth

highlighting that, in the search for equity and coverage in the assignment of the training programs, 94% of employees received at least one day of training during the year.

TRAINING PLAN

Business Units	Companies	Training hours(hours/person)		Investment (USD/person)		Coverage (% trained people)	
		Indicator	Benchmark	Indicator	Benchmark	Indicator	Benchmark
Electric Energy Transport	ISA	45	45	1,634	307	89	82
	CTEEP and subordinate companies	76		1,057		100	
	REP	45		907		86	
	TRANSELCA	71		1,383		97	
	ISA Bolivia	81		656		100	
	PDI	26	18	503	278	42	91
Telecommunications Transport	INTERNEXA and subordinate companies	75	39	729	417	100	81
Road Concessions	INTERVIAL CHILE and concessionaires	55	45	675	307	91	82
Real-Time Systems Intelligent Management	XM and subordinate company	88	45	3,461	434	92	84

Mobility

The mobility scheme focuses on the development, dissemination and transfer of knowledge and best practices to strengthen the learning curve.

During 2013, ISA hosted 16 internships and made 15 temporary international transfers and 21 national transfers, four staff transfer processes, one expatriation process and one repatriation process.



Organizational climate

ISA and its companies are constantly interested in increasing their employees' satisfaction, because they believe that an appropriate work environment contributes significantly to the development of their human talent, to productivity and to the achievement of goals.

In order to understand their associates' perceptions regarding work-related issues, ISA and its companies conduct an annual organizational climate assessment, which in 2013 had 89% participation by the workers.

This assessment includes four dimensions: commitment, company effectiveness, individual effectiveness and effectiveness of work recognition. The contemplated dimensions cover 17 factors that measure autonomy, communication, benefits, workload, satisfaction with position, perception of immediate supervisor and of senior management, commitment, pay, development possibilities, equitable workloads, among others.

EVALUATION OF ORGANIZATIONAL CLIMATE

Business Units	Companies	2011	2012	2013
Electric Energy Transport	ISA	68	75	73
	CTEEP and subordinate companies	57	62	58
	REP	71	74	71
	TRANSELCA	74	78	82
	ISA Bolivia	77	80	83
	PDI	61	69	74
Telecommunications Transport	INTERNEXA and subordinate companies	68	73	70
Road Concessions	INTERVIAL CHILE and concessionaires	59	65	59
Real-Time Systems Intelligent Management	XM	82	81	83
	Sistemas Inteligentes en Red		92	93
TOTAL		64	69	67

Assessment results are classified into: clear strength, over 75%; moderate strength, between 50% and 75%; opportunity for improvement, between 20% and 50%; and alert, under 20%.

The organizational climate average for ISA and its companies decreased by two points relative to last year, but it is still considered moderately strong and it remains consistent with assessments from previous years.

INFORMATION AND COMMUNICATIONS TECHNOLOGY –TIC–

Information and Communications Technology –TIC– seeks to drive the achievement of the challenges and results of ISA and its companies through an aligned, comprehensive, proactive and technologically innovative management to contribute to the addition of value and sustainability. By using technology as a vehicle for the integration of businesses and companies, a high degree of competitiveness is made possible while at the same time supporting critical processes and achieving synergies and scale economies.

During the year, the following projects were developed:

- Implementation of technological adjustments to make corporate separation possible, enabling the start of operations of INTERCOLOMBIA and the adjustments associated with ISA as the group's parent company.
- Enabling basic IT and SAP infrastructure for INTERCHILE for financial and project management processes.

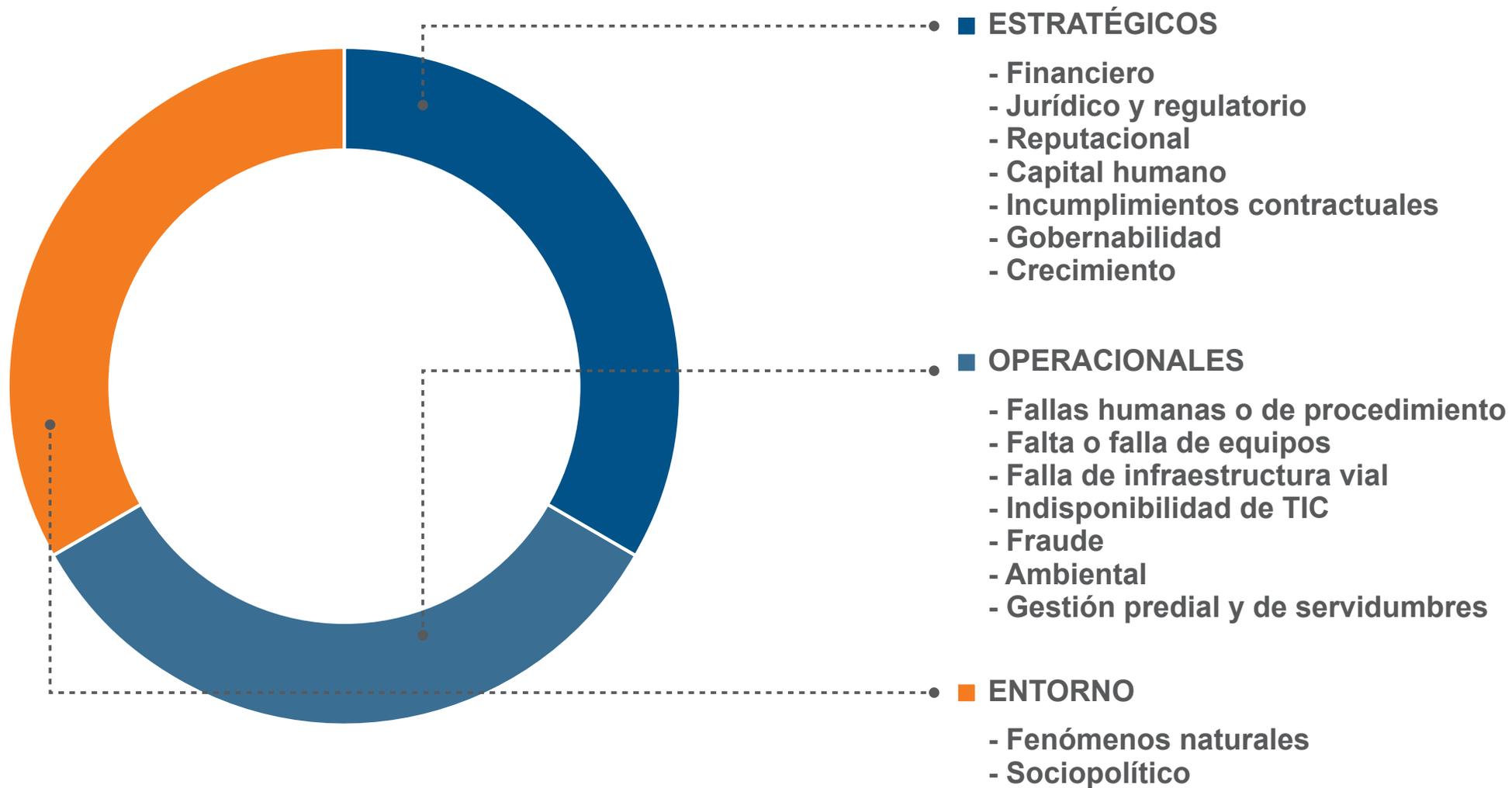
- Implementation of a tool to support the human resource processes of ISA and its companies through a unified technological solution that facilitates the incorporation of best practices and the consolidation of information for more timely decision-making.
- Strengthening of geo-referencing capabilities for the transport of energy: new features enable a better management of the data associated with the design of lines and the optimization of involved resources, as well as a higher quality of information inherent to the process.
- Increased functionality of the Automatic Event Diagnostic –DAE, for its Spanish initials– system, which eases operational decision-making, which in turn allows the generation of correctives to increase STN's reliability.
- Implementation of the Device Management Automatic System –SAGES, for its Spanish initials– in 28 ISA substations, which optimizes information acquisition and analysis times for network events.

RISK MANAGEMENT

The risk map of ISA and its companies consolidates 16 risks, classified as strategic, operating and environmental.



RISK MAP



The priority risks, which management and monitoring focused on throughout the year, were as follows:

Legal and Regulatory: Related to impact of changes and deficiencies in legislation, precedent or regulatory frame; increased demands from regulators, or supervisory or controlling entities; differences in application or interpretation of regulation among entities or between entities and the companies. Events along the year:

- **Colombia:** CREG issued a new resolution that modifies the service quality scheme and non-operating assets in energy transmission by establishing more restrictive availability goals and defining a more demanding methodology to calculate unserved load. Additionally, it published a new set of Technical Regulations for Electrical Installations –RETIE, for its Spanish initials– which may affect project construction and maintenance.
- **Brazil:** the Agência Nacional de Energia Elétrica –ANEEL– published the definition of the criteria to calculate the compensation of assets due to the early renewal of the concession.

Main administration actions:

- Constant analysis of regulatory and normative changes.
- Direct interaction and through industry associations with regulatory agencies.

- External consulting and advising to interpret and apply regulation.
- Adaptation of internal procedures to new regulations.
- Constant interaction with control agencies.
- Definition of strategies to mitigate the financial impact.

Sociopolitical: Understood as the dynamics of the armed conflict, social context, and decisions and situations with a political nature that affect the companies.

This risk materialized mainly in Colombia due to the increase in social protests, road blocks, farmer and miner strikes, and the increase in the last quarter of the year of attacks against electrical infrastructure.

Main administration actions:

- Permanent analysis of social, political and economical situation in the countries where we are present and/or growth strategy development is being planned.
- Endeavors with state entities.
- Sociopolitical risk management and social-environmental management programs.



- Strategy for company viability in the midst of the armed conflict in Colombia.

LEGAL AFFAIRS MANAGEMENT

No litigations or contingencies with the potential to materially affect ISA arose in 2013. Judiciary and administrative actions against it were timely and adequately countered to defend the company's interests, and to comply with its duties and responsibilities.

In turn, and on its own behalf, the company undertook the judicial and administrative actions necessary to further its corporate purpose and the defense of its interests, respecting all binding regulation.

Additional information regarding litigations and claims is available in the Notes to ISA's Financial Statements.

ACCOLADES

ISA

- ISA improved by 2 points its rating in the survey of transparency mechanisms and policies among utilities companies conducted by Corporación Transparencia por Colombia. ISA went from scoring 92 to 94 points out of 100, positioning itself in the low risk range.

- The Colombian Stock Exchange delivered ISA the "IR Recognition", an initiative that while ratifying the commitment of the company to the market implies an increased commitment to a management style based on best practices.
- ISA's Antifraud Code was recognized in the Fourth Round of Good Corporate Transparency Practices, an event led by Corporación Transparencia por Colombia. This good practice, adopted by ISA since 2011, formalizes the strategic will of the company and its subsidiaries in Latin America regarding fraud.

REP

The company obtained the ABE Seal from Asociación de Buenos Empleadores, sponsored by the American Chamber of Commerce in Peru, which recognizes companies that stand out for their labor practices.

INTERNEXA

For third year in a row, the company was named by Metro Ethernet Forum as "Best Regional Service Provider of the Year" and "Best Wholesale Ethernet Service Provider".

XM

This company received the ANDESCO award for Corporate Social Responsibility in the category of Best Small Company of Utilities and Communications.



Economic and Financial Results



CONSOLIDATED RESULTS

CONSOLIDATED RESULTS FOR THE PERIOD (COP MILLION)	2013	2012	VARIATION	% VARIATION
Balance Sheet				
Operating revenue	3,601,325	4,303,075	(701,750)	-16.3
Operating costs and expenses	2,050,226	2,300,358	(250,132)	-10.9
AOM costs and expenses (excluding pensions)	1,589,651	1,399,968	189,683	13.5
Provisions, depreciation, amortization and pensions	460,575	900,390	(439,815)	-48.8
Operating income	1,551,099	2,002,717	(451,618)	-22.6
Non-operating results	(889,508)	(370,902)	(518,606)	139.8
Income before taxes	661,591	1,631,815	(970,224)	-59.5
Income tax provision	91,648	666,488	(574,840)	-86.2
Income before minority interest	569,943	965,327	(395,384)	-41
Minority interest	136,895	692,389	(555,494)	-80.23
Net income	433,048	272,938	160,110	58.7
Balance Sheet				
Assets	25,567,362	25,770,989	(203,627)	-0.8
Liabilities	14,411,340	15,487,053	(1,075,713)	-6.9
Minority interest	3,704,545	4,173,321	(468,776)	-11.2
Equity	7,451,477	6,110,615	1,340,862	21.9

CONSOLIDATED RESULTS FOR THE PERIOD(COP MILLION)	2013	2012	VARIATION	% VARIATION
Ratios				
EBITDA (COP million)	2,011,674	2,903,107	(891,433)	-30.7
EBITDA margin (%)	55.9	67.5		
Operating margin (%)	43.1	46.5		
Income before minority interest (%)	15.8	22.4		
Return on assets after minority interest (%)	1.7	1.1		
Return on equity (%)	5.8	4.5		
Leverage (%)	56.4	60.1		
Net Debt / EBITDA (times)	3.4	2.7		
EBITDA / Interest (times)	3.6	4.3		

The most relevant economic facts that had impact on consolidated financial results were:

Early termination of CTEEP's concession contract 059/2001.

Although this fact occurred in 2012, the impact of the early termination materialized in 2013 by implying a decline in revenue for CTEEP, company which received revenue close to COP 455,000 million (BRL 525 million) from assets administration, operation and maintenance.

Additionally, this company received in January 2013, 50% of compensation of assets corresponding to new investments (after May 2000) for COP 1,297,000 million (BRL 1,445 million); the remaining 50% will be received in monthly installments extending until June 2015.

On the other hand, Brazil's government is preparing the appropriate studies in order to define the pending amount of compensation related to the existing system assets (before May 2000), as well as improvements made.

Recognition of provision associated to Brazil's State Law 4819

CTEEP management made a provision on an account receivable from the Treasury equivalent to COP 298,097 million (BRL 341 million) net of taxes, regarding items over which there had not been any judicial observation or acceptance by the Treasury and whose recovery has extended along time.

ISA Capital do Brasil earns through the equity method 37.8% of the provision made in CTEEP, and in order to avoid duplication of the provision for liabilities



of Law 4819, it recognizes revenue net of taxes of COP 97,618 million (BRL 112 million), thus creating a negative net effect of COP 15,078 million (BRL 17 million) on its financial statements.

Additional information regarding State Law 4819 is available in the Consolidated Financial Statements.

Recognition of concessions as financial assets

In Colombia, the General Accounting Office, aiming to adequately reflect the concessions' economic reality, issued a technical opinion^(*) that permits, based on an analysis of the business model and the rights and guarantees arising from the conditions agreed upon in the concession contract, to determine if the asset of a concession operator corresponds to an account receivable (financial asset) or to an intangible^(**).

^(*) Technical opinion No. 2013200017991 of 28-05-2013 of the General Accounting Office.

^(**) "In light of the above, the operator shall recognize an account receivable as long as it has an unconditional contractual right to receive from the grantor cash or other financial asset for the services agreed upon in the concession contract, given that the grantor is legally and contractually bound to recognize the payments. On the other hand, an intangible asset shall be recognized as long as the operator receives a right to make charges to the users of the public utility, in which case, no unconditional right to receive cash exists, but rather the amounts to be received are conditioned to the exploitation of the service."

For this reason, the road concessions in Chile and the electric energy transmission concessions in Brazil were classified as financial assets, given that in the remuneration mechanisms established in their contracts, the grantor guarantees the operator the recovery of the investment.

Until December 31, 2012, recognition of concessions as intangible asset implied:

- Recognizing intangible assets for the amount of the investment.
- Increased intangible asset value for assets under construction.
- Recognizing, as an asset and as a liability, the aggregate of payments for preexisting road infrastructure.
- That operating revenues originated in tolls collected through the road concessions in Chile, and the regulatory remuneration for energy services in the Brazil concessions.
- Amortizing the intangible asset in the income statement along the concession term.
- Considering payments of pre-existing infrastructure as operating expenses.

Starting 2013, recognition of concessions as intangible asset implies:



- Recognizing an account receivable for the value of the investment and its associated margin.
- Including as operating revenues the financial yields associated with the account receivable (financial asset), construction services and revenues from administration, operation and maintenance services.
- Including as operating expenses the costs associated with construction.
- That the tolls collected in the road concessions in Chile, and the regulatory remuneration for energy services in the Brazil concessions, be considered as cash holdings.
- That the amortization of the financial asset is made in the balance sheet for the difference between the financial yield of the account receivable and the toll collection in Chile or the regulatory remuneration in the Brazil concessions.

- That pre-existing road infrastructure is part of the financial asset and a financial liability is recognized for payments of such infrastructure.

Consolidation of new subsidiaries

The financial statements of the period include consolidation of the energy transmission company EVRECY (a subsidiary of CTEEP), and as from last quarter of 2013, the telecommunications company ITX Capital Participações with its affiliates Nelson Quintas Investimentos Globais –NQIG–, IPNET Serviços de Internet and Nelson Quintas Telecomunicações do Brasil –NQT–. Consolidation of these companies meant additional income for COP 4,327 million.

Macroeconomic effects

Translation into Pesos of the financial information of the subsidiaries and affiliates abroad resulted in variations in the financial statements' different line items due to the effect of the devaluation of the Peso versus the US Dollar and the revaluation of the Peso versus the Brazilian Real. Nonetheless, the effect of variations in exchange rates tends to be neutralized in net income.



EXCHANGE RATE VARIATION

Rates	Year average			Year end		
	2012	2013	% Variación	2012	2013	% Variación
Peso / Dollar	1,798.23	1,868.89	3.9	1,768.23	1,926.83	9.0
Peso / Real	897	866	-3.5	865	823	-4.9
Peso / Chilean Peso	3.70	3.77	2.1	3.68	3.67	-0.3
Real / Dollar	2.00	2.16	7.7	2.04	2.34	14.6
Chilean Peso / Dollar	486.49	495.31	1.8	479.96	524.61	9.3

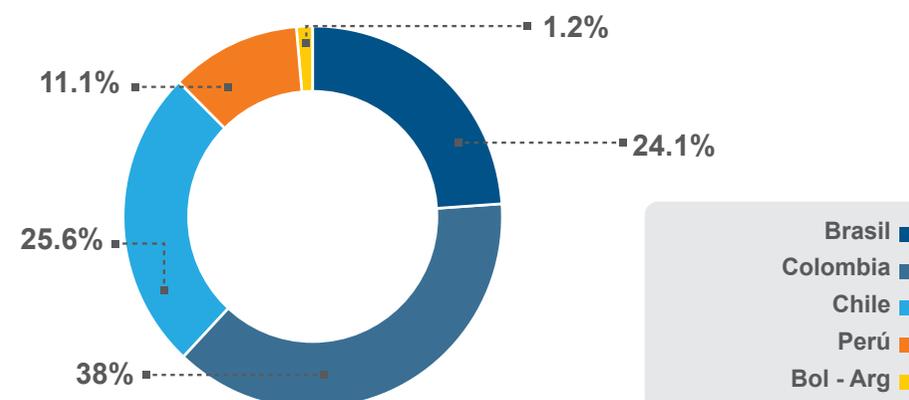
Lastly, the period's important generation of funds permitted compliance with all commitments and made possible a decrease in the group's debt levels ending the year with COP 1,800,000 million cash holdings in the consolidated figures, and COP 315,233 million in ISA.

Consolidated income statement

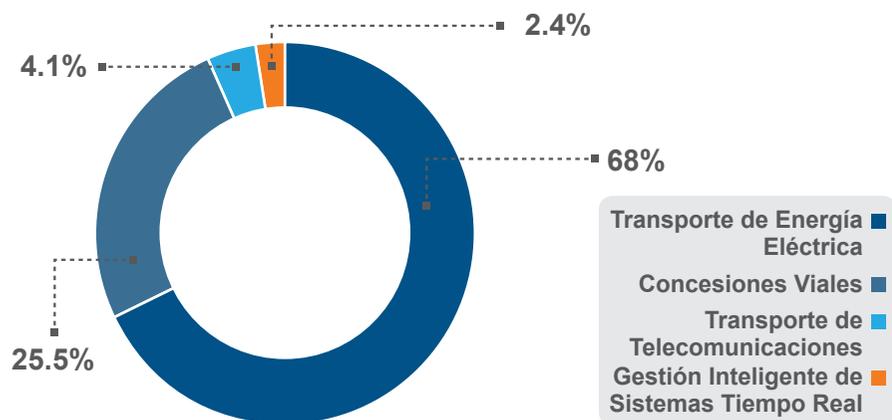
Operating results

Operating revenues closed the year at COP 3,600,000 million versus COP 4,300,000 million in 2012, equivalent to 16.3% decline. Such decline was due to the reduced revenue of CTEEP as a result of the Concession Contract 059/2001 early termination, in turn compensated by the account receivable's financial yields, the recognition of construction revenues of the Chilean and Brazilian concessions, and the start of operations of the Zapallal-Trujillo project (Transmantaro) at the end of 2012.

CONSOLIDATED REVENUES BY COUNTRY



CONSOLIDATED REVENUE BY BUSINESS UNIT



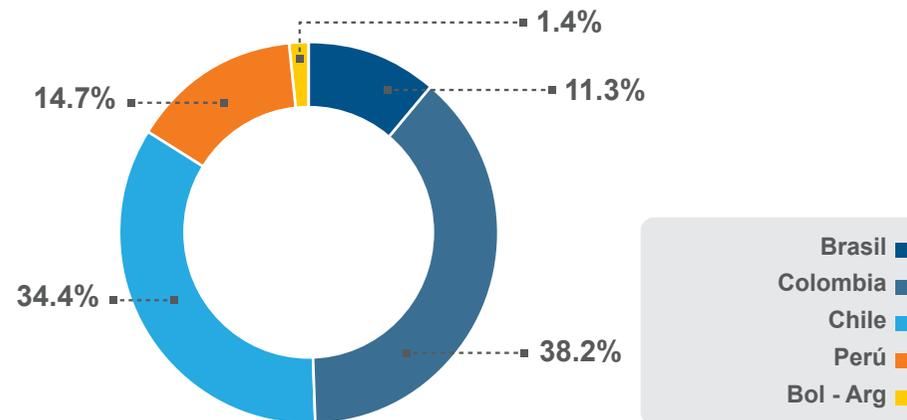
Operating costs and expenses, in turn, dropped 10.9% with respect to last year. This result is due mainly to:

- Increase of 13.5% in AOM costs and expenses explained by the construction costs recognition of the concessions in Chile and Peru, and by increased maintenance expenses due to commissioning of the Zapallal-Trujillo project (Peru).
- Decline of 48.8% in provisions, depreciation, amortization and pensions as a consequence of the no amortization of intangible assets after considering the Chile and Brazil concessions as financial assets.

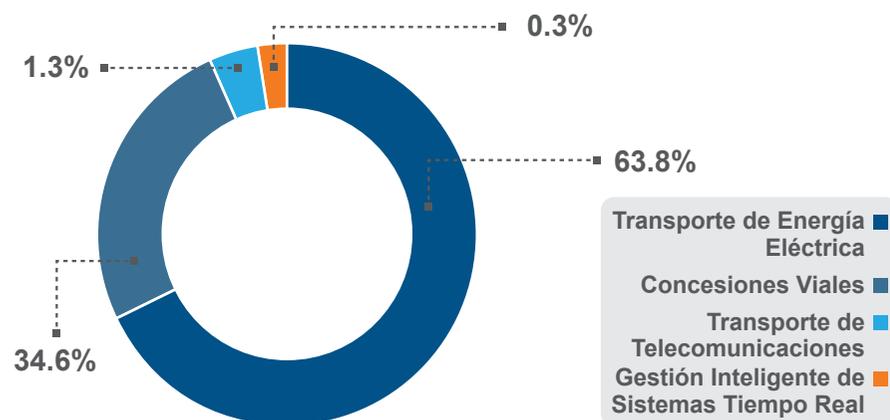
As a consequence of the lower growth of revenues relative to costs and expenses, EBITDA closed at COP 2,000,000 million, 30.7% down on 2012 (COP 2,900,000 million). EBITDA margin fell from 67.5% in 2012 to 55.9% in 2013.

Consolidated operating income closed at COP 1,550,000 million, 22.6% down on 2012; operating margin dropped from 46.5% in 2012 to 43.1%.

CONSOLIDATED EBITDA BY COUNTRY



CONSOLIDATED EBITDA BY BUSINESS UNIT



Non-operating results

Non-operating results (net expense) increased by 139.8% with respect to 2012. Such behavior is explained by:

- **Brazil:** higher expenses from the net effect of provision of the account receivable from the State of São Paulo associated with Law 4819 in CTEEP and ISA Capital do Brasil.
- **Chile:** higher financial expenses due to financial update of preexisting infrastructure liability with the Ministry of Public Works –MOP–.

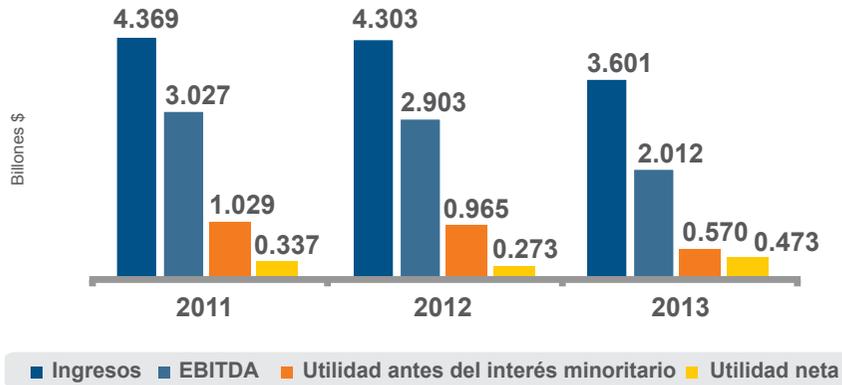
- **Peru:** higher financial expenses from amortization of capitalized debt costs (Transmantaro's debt prepayment), higher interest of Zapallal - Trujillo project's debt, and higher exchange difference expense associated with fiscal liability.

Income tax expense decreased by 86.2% from COP 666,488 million in 2012 to COP 91,648 million in 2013. This variation is explained mainly by the lower taxes in CTEEP due to its lower revenue, and by the deferred tax in favor arising from the provision of the account receivable from the State of São Paulo associated with Law 4819.

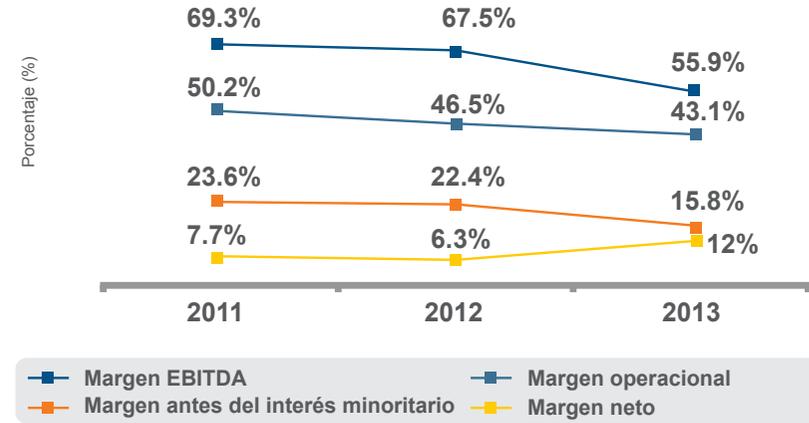
Consolidated income before minority interest reached COP 569,943 million, of which, 24.1% (COP 136,895 million) corresponded to minority shareholders.

Finally, net income, at COP 433,048 million, is 58.7% higher than in 2012.

CONSOLIDATED FINANCIAL FIGURES

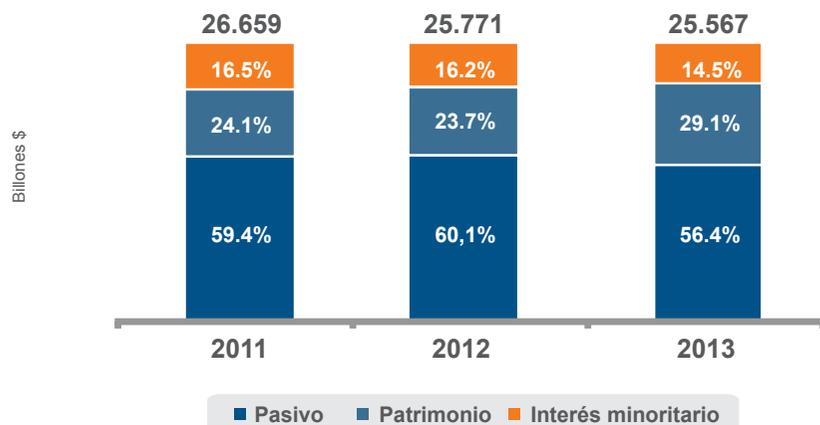


CONSOLIDATED FINANCIAL RATIOS



Consolidated balance sheet

CONSOLIDATED BALANCE SHEET STRUCTURE



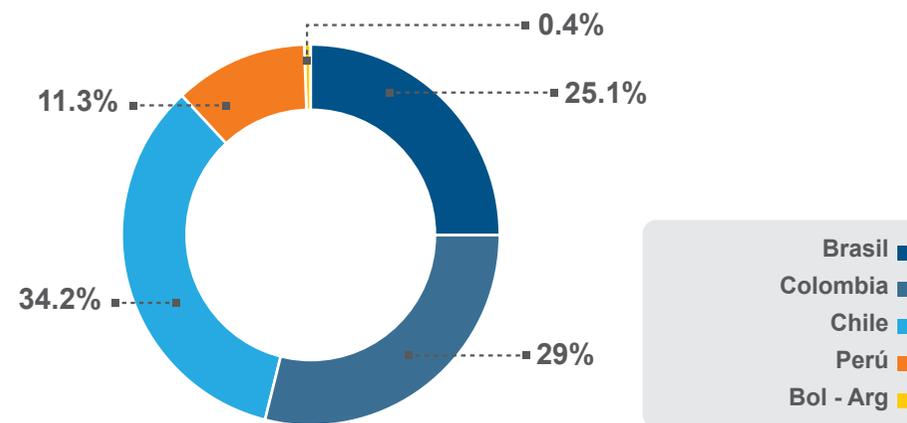
Assets closed at COP 25,600,000 million, 0.8% down on 2012.

Liabilities went from COP 15,500,000 million in 2012 to COP 14,400,000 million in 2013 (6.9% reduction) as a consequence of the decline in both CTEEP's debt and liabilities for preexisting infrastructure in Chile.

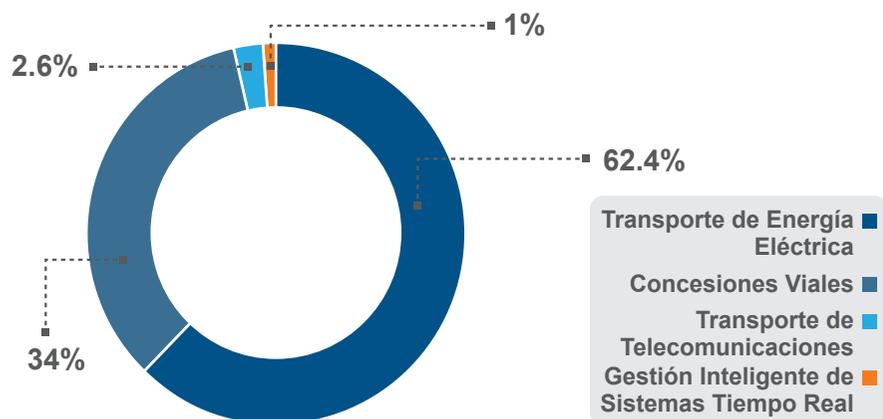
Minority interest totaled COP 3,700,000 million, 11.2% less than in 2012, due to the partial repurchase of preferred stock of ISA Capital do Brasil and to CTEEP's smaller results.

Equity closed at COP 7,500,000 million, 21.9% up on 2012 (COP 6,100,000 million), due mainly to the recognition as financial assets of the Chile and Brazil concessions and to the period's results.

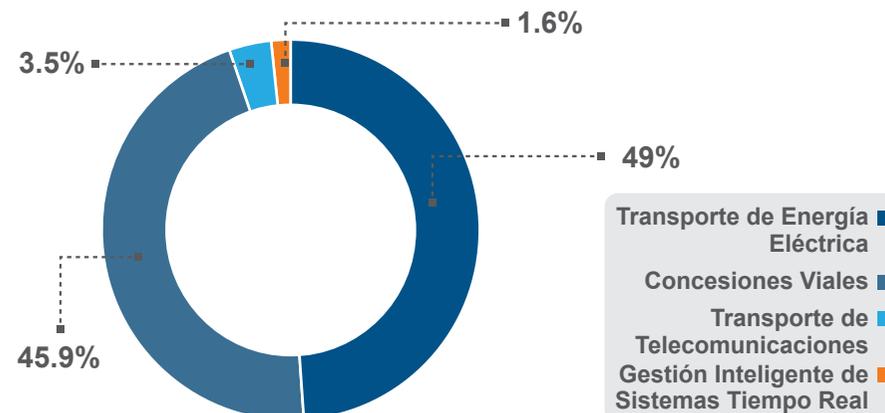
CONSOLIDATED ASSETS BY COUNTRY



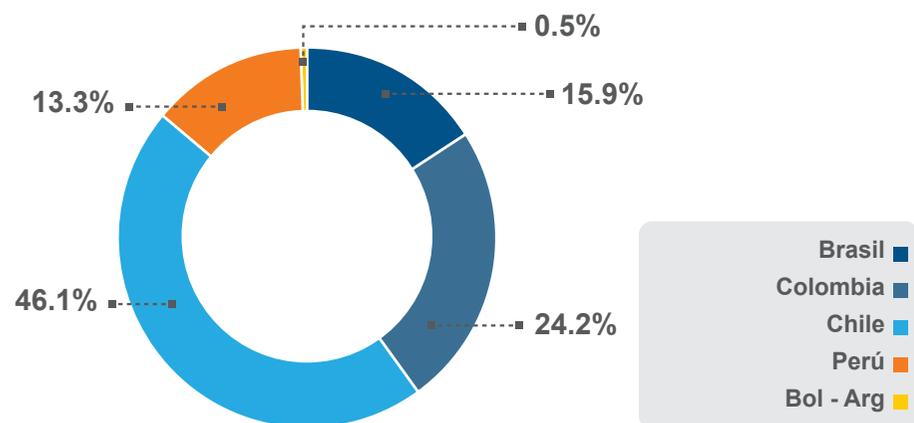
CONSOLIDATED ASSETS BY BUSINESS UNIT



CONSOLIDATED LIABILITIES BY BUSINESS UNIT



CONSOLIDATED LIABILITIES BY COUNTRY



Financial liabilities

At the end of 2013, consolidated financial liabilities amounted to COP 8,700,000 million with 7.4% decrease with respect to previous year (COP 9,400,000 million). Important facts during the period that had effect on such result were:

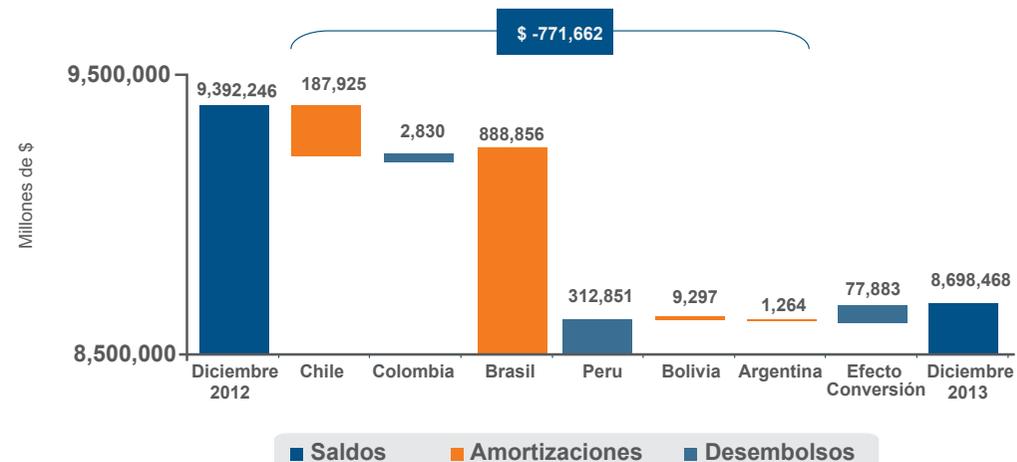
- **Chile:** Ruta de la Araucanía restructured its debt with Banco de Chile, Banco del Estado and Corpbanca leading to a rate decrease and to a release of funds through adjustment of reserve funds for debt payment.
- **Colombia:** To fund its cash flow, ISA, with charge to its securities program, placed bonds for COP 220,000 million (in two series at 9 and 15 years) that were 2.9x over-demanded, exercised the prepayment option of the



third tranche bonds for COP 108,865 million, and re-paid the fifth tranche bonds for COP 110,000 million.

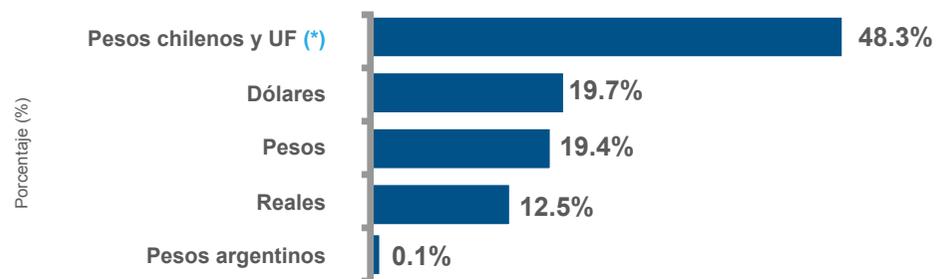
- **Brazil:** CTEEP repaid loans for BRL 400 million and USD 149 million. Additionally, seeking to reduce indebtedness and debt's average life, it prepaid in advance bonds for BRL 700 million and made a new issue for BRL 500 million. INTERNEXA's affiliates in Brazil hired new loans for BRL 90 million and USD 23 million earmarked for investment and cash flow.
- **Peru:** Transmantaro, to repay bank liabilities and subordinated debt with REP, conducted international bond issue for USD 450 million at 10 years that was 3.1 over-demanded. Additionally, through a trust scheme, it structured the Trujillo – Chiclayo project financing with a syndicated loan from Banco de Crédito. In turn, REP carried out two issues of the third corporate bond program for USD 10 million and PEN 77.3 million; with these funds it repaid in advance the issues of the first program and the third issue of the second program.

DEBT EVOLUTION



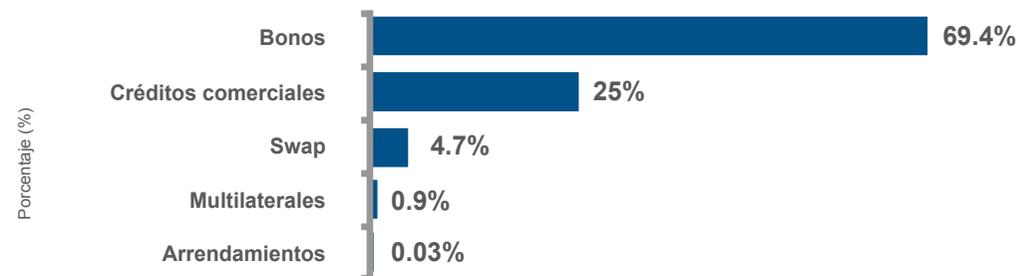
In order to obtain a natural hedge against exchange risk, ISA and its companies seek to hire their debt in the same currency of their revenue, and considering that the projects they carry out are remunerated in the long-term, a large part of their debt is obtained in the capital markets (bonds) at highly competitive rates.

CONSOLIDATED DEBT BY CURRENCY



(*) Unidades de Fomento de Chile

CONSOLIDATED DEBT BY SOURCE



Credit risk ratings

Ratings for corporate risk and local and international bond issues granted by specialized agencies ratified the strength and financial soundness of ISA and its companies, the stability and predictability of their cash flows, the

prominent position as energy transporter in Latin America, and its role as participant in the Chilean road concession business.



COMPANY	RATING TYPE	S&P	MOODY'S	FITCH	FELLER RATE	APOYO Y ASOCIADOS	EQUILIBRIUM
ISA	Corporate	BBB- (Stable) Jul.2013	Baa3 (Stable) Dec. 2013	BBB (Stable) May. 2013			
	Bond issues			AAA (Stable) May.2013			
	Commercial papers			F1+ May. 2013			
TRANSELCA	Bond issues			AAA (Stable) Apr. 2013			
ISA Capital do brasil	Corporate			BB + (Stable) Aug. 2013			
	International bond issues			BBB - (Stable) Aug. 2013			
CTEEP	Corporate			AA+ (Stable) Aug. 2013			
	Bond issues			AA+ (Stable) Aug. 2013			
Trasmantaro	International bond issues		Baa3 (Stable) Apr. 2013	BBB- (Stable) Apr. 2013			
REP	Bond issues					AAA (Stable) Nov. 2013	AAA (Stable) Dec. 2013
Ruta del Maipo	Bond issues	BBB- (Stable) Apr. 2013	Baa3 (Stable) Dec. 2013		A (Stable) Jun. 2013		
Ruta del Maule	Bond issues	BBB- (Stable) Apr. 2013	Baa2 (Stable) Nov. 2013		A (Stable) Jun. 2013		
Ruta del Bosque	Bond issues	BB+ (Stable) Apr. 2013	Baa3 (Stable) Dec. 2013	A - (Stable) Dec. 2012	A (Stable) Jun. 2013		

Investments

ISA and its companies carried out investments worth COP 1,200,000 million, in accordance with their expansion plans.

- **ISA:** COP 276,381 million for construction of transmission projects, assets replacement and contributions to corporations.

Colombia: investments for COP 386,091 million:



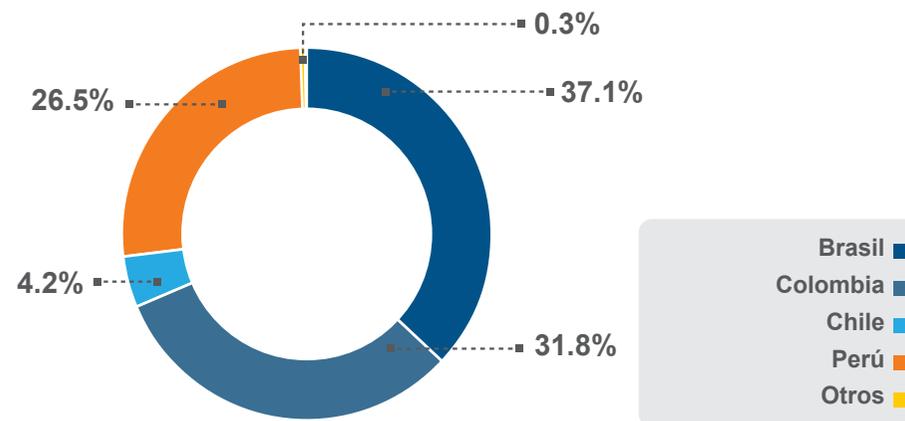
- **TRANSELCA:** COP 38,143 million for expansion of Fundación and Santa Marta substations and construction of connection of Gecelca 3 to the STN.
- **INTERNEXA:** COP 57,903 million for expansion of its fiber optics network and contributions to its subsidiaries in Argentina and Brazil.
- **XM:** COP 13,664 million in new technological developments and capitalizations in Derivex and CRCC.

Brazil: investments for COP 450,232 million, of which COP 396,097 million were carried out by CTEEP for grid reinforcements and capital contributions to the companies where it has stakes. Additionally, affiliates PINHEIROS, SERRA DO JAPI, EVRECY and IEMG invested COP 51,762 million.

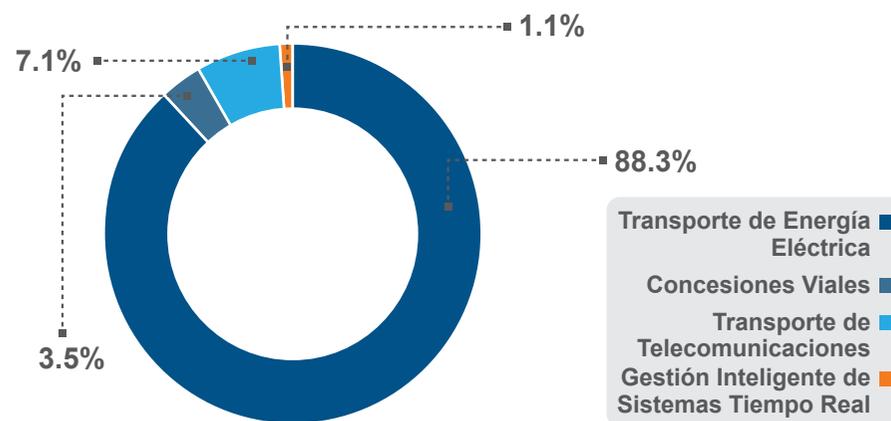
Peru: COP 213,343 million, mostly invested by TransMantaro, in execution of projects awarded by the Peruvian government, and REP invested COP 91,931 million in expansion of its electric grid. INTERNEXA in turn, invested COP 14,347 million in expansion of its fiber optics network.

Chile: investments for COP 51,515 million most of them executed by Ruta del Maipo in the urban landscaping project in the Santiago South Access; INTERNEXA invested COP 8,725 million in expansion of its fiber optics networks.

INVESTMENTS BY COUNTRY



INVESTMENTS BY BUSINESS UNIT



Figures include ISA's cash investments and those of the companies that are consolidated for accounting purposes. Translation into Colombian Pesos is done at each quarter's closing date rate.

INDIVIDUAL RESULTS OF ISA

ISA'S RESULTS DURING THE PERIOD (COP MILLION)	2013	2012	VARIATION	% VARIATION
Income Statement				
Operating revenue	997,128	1,008,858	(11,730)	-1.2
Operating costs and expenses	507,580	519,678	(12,098)	-2.3
AOM costs and expenses (excluding pensions)	392,772	398,796	(6,024)	-1.5
Provisions, depreciation, amortization and pensions	114,808	120,882	(6,074)	-5
Operating income	489,548	489,180	368	0.1
Non-operating results	60,587	(114,717)	175,304	152.8
Income before taxes	550,135	374,463	175,672	46.9
Income tax provision	117,087	101,525	15,562	15.3
Net income	433,048	272,938	160,110	58.7
Balance Sheet				
Assets	10,266,517	8,912,305	1,354,212	15.2
Liabilities	2,818,975	2,792,599	26,376	0.9
Equity	7,447,542	6,119,706	1,327,836	21.7



ISA'S RESULTS DURING THE PERIOD (COP MILLION)	2013	2012	VARIATION	% VARIATION
Ratios				
EBITDA (COP million)	604,356	610,062	(5,706)	-0.9
EBITDA margin (%)	60.6	60.5		
Operating margin (%)	49.1	48.5		
Net margin (%)	43.4	27.1		
Return on assets (%)	4.2	3.1		
Return on equity (%)	5.8	4.5		
Leverage (%)	27.5	31.3		
Net Debt / EBITDA (times)	1.84	1.95		
EBITDA / Interest (times)	5.13	4.39		

Income statement

Operating results

At COP 489,548 million, ISA's operating income was similar to 2012; operating margin went from 48.5% in 2012 to 49.1%.

These figures are the result of lower operating costs and expenses (2.3% less than in 2012) due to lower costs of maintenance and lower costs in projects for third parties, and also to a decrease in depreciation resulting from revision and update of remaining useful life of substation assets.

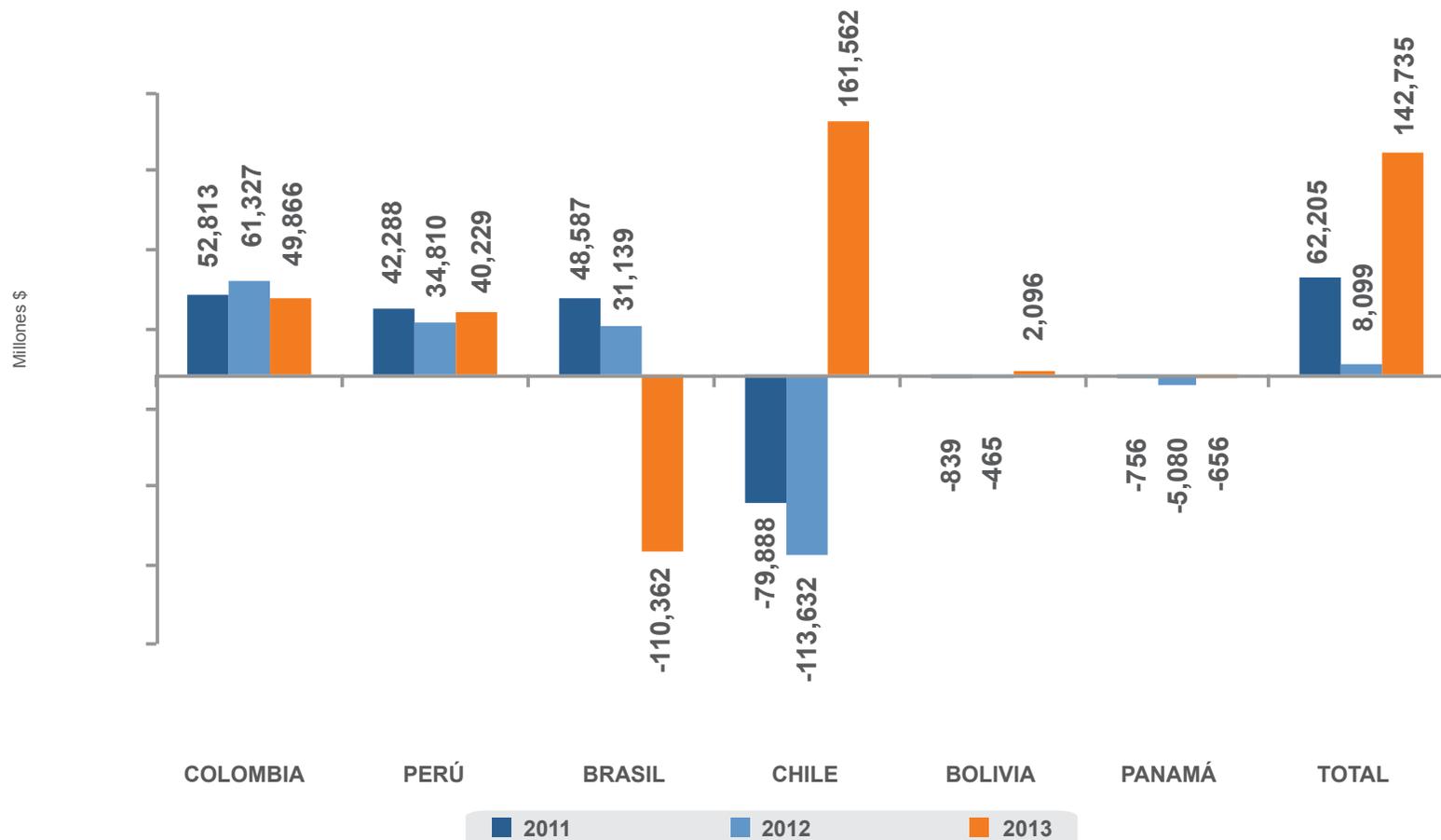
As a consequence of growth of effective AOM costs and expenses being higher than the variation in revenue, EBITDA fell by 0.9% and EBITDA margin was 60.6%.

Non-operating results

This item improved by 152.8% from –COP 114,717 million in 2012 to COP 60,587 million in 2013, mainly as a result of higher revenues from equity method of the Chilean concessions.



REVENUE FROM EQUITY METHOD

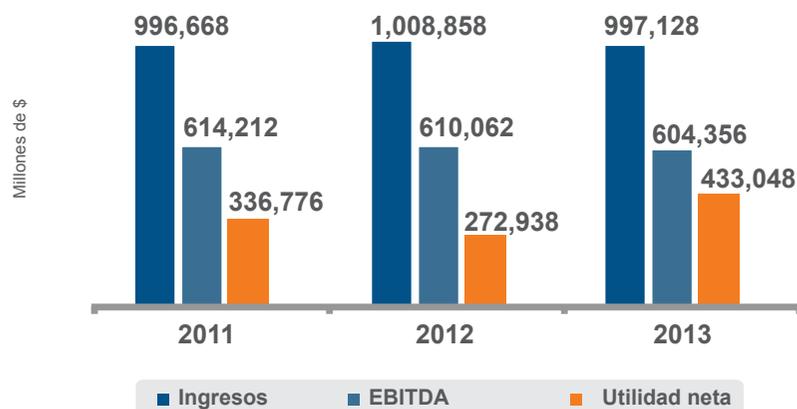


Income tax provision increased by 15.3% due to larger fiscal income derived, mainly, from lower financial expenses and higher revenues from exchange difference of loans granted to subsidiaries.

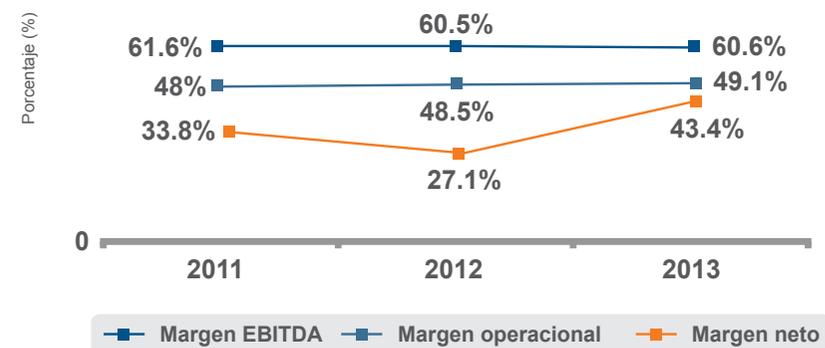
Lastly, net income at COP 433,048 was 58.7% up on 2012, and net margin grew from 27.1% in 2012 to 43.4%.



ISA'S FINANCIAL FIGURES



ISA'S FINANCIAL RATIOS



Balance sheet

Assets were equal to COP 10,300,000 million and 15.2% up on 2012 as a consequence of the increase in long-term investments originated in recognition as financial asset of the concessions in Chile and Brazil.

Liabilities closed at COP 2,800,000 million with a slight increase of 0.9% due to the increase in other liabilities resulting from UPME deferred revenue.

Equity closed at COP 7,400,000 million, 21.7% up on 2012, as a result of the change to financial assets of the Chilean and Brazilian concessions and of the improved results of the period.



ISA'S BALANCE SHEET STRUCTURE



In compliance with Law 1676 of 2013 that amended articles 2, 7 and 8 of Law 1231 of 2008, ISA permitted free circulation of invoices issued by sellers or suppliers.

Financial liabilities

At December 31, financial debt stood at COP 1,400,000 million, 0.2% down on 2012. To fund its cash flow, ISA, with charge to its securities program, placed bonds for COP 220,000 million (in two series at 9 and 15 years) that were 2.9x over-demanded, exercised the prepayment option of the third tranche bonds for COP 108,865 million, and re-paid the fifth tranche bonds for COP 110,000 million.

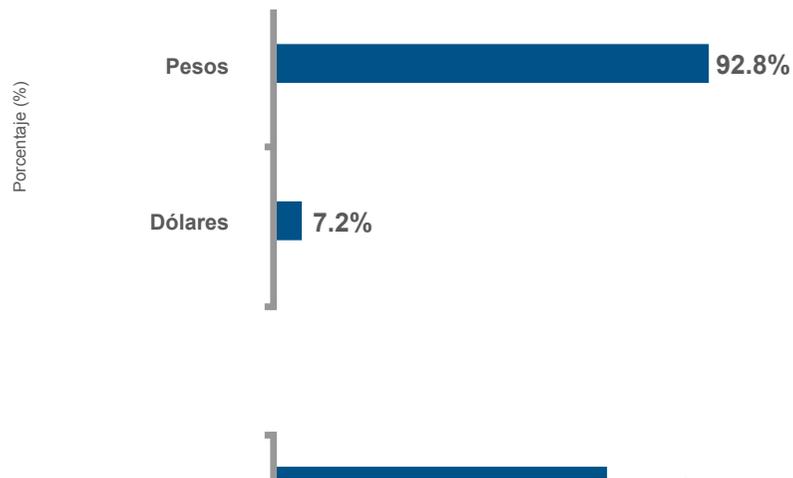
Most of the debt (92.8%) is hired in Pesos because a large portion of revenues of ISA are expressed in this currency.

In order to obtain a natural hedge for revenues of UPME bids (set in US Dollars), it holds a portion of its debt in this currency.

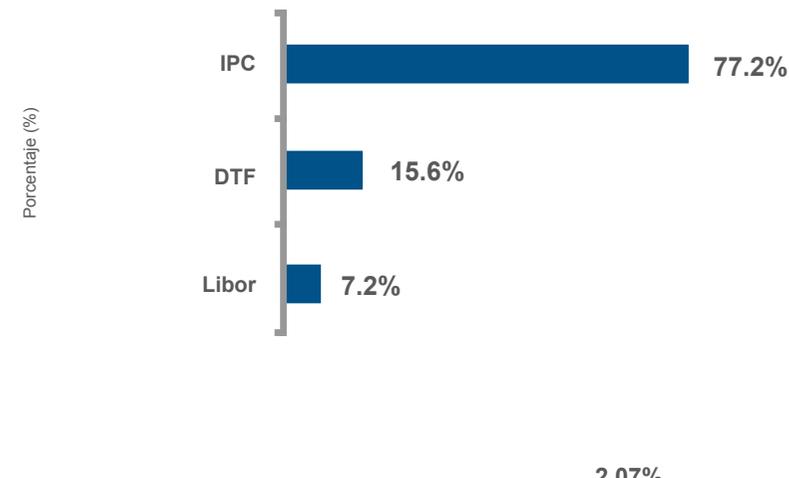
In the same manner, since most of revenues are indexed to the PPI, and there exists an average correlation between CPI and PPI, most of the debt hired is indexed to the CPI.

Additionally, considering that the projects carried out by the company are remunerated in the long-term, a large part of the debt is hired in the capital markets (bonds) at highly competitive rates.

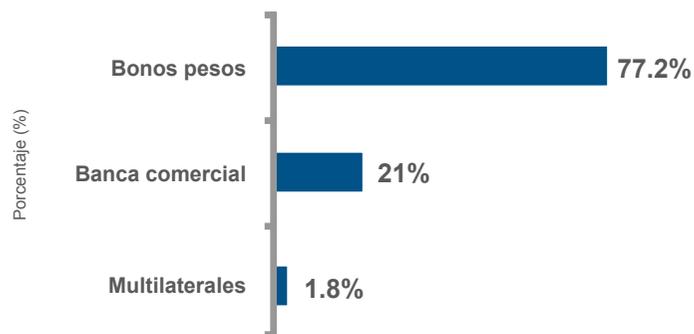
ISA'S DEBT BY CURRENCY



ISA'S DEBT BY CURRENCY



ISA'S DEBT BY SOURCE



EVOLUTION OF THE STOCK

Behavior of the stock market

By the end of 2013, the main stock exchanges in Latin America reported significant drops in their indices, with impact on the Morgan Stanley Capital International Emerging Markets –MSCI EM– Latin America, designed to evaluate performance of the stock markets in Brazil, Chile, Colombia, Mexico and Peru; such index closed with 15.72% devaluation.



VARIATION OF ISA STOCK QUOTE VS. OTHER INDICES



LATIN AMERICAN STOCK EXCHANGES

Index	Country	Variation %
MEXBOL	Mexico	-2.2
IPSA	Chile	-14
IGBVL	Peru	-23.6
IBOV	Brazil	-15.5
COLCAP	Colombia	-12.4

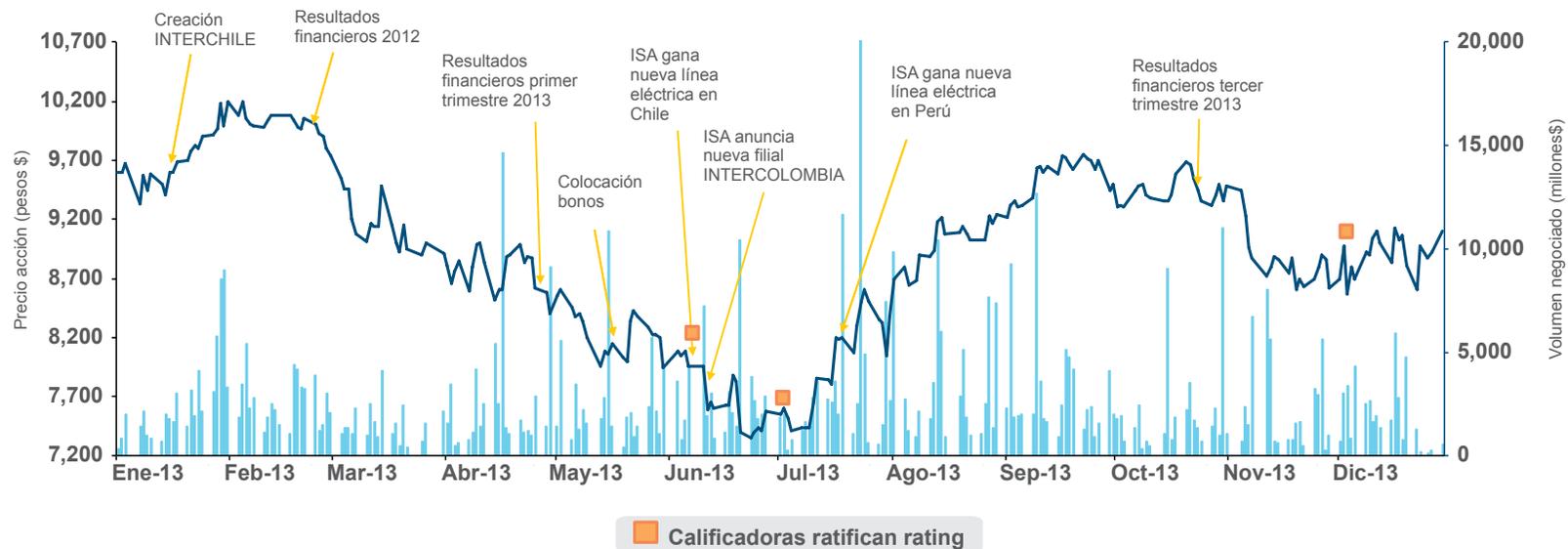
Performance of the Stock

In 2013, the maximum quote of ISA share was COP 10,200, the average quote COP 8,873, and the closing quote COP 9,100, with accumulated drop of 5.21% for the year.

The volume of shares traded was 75,056,894 shares, 2.6% down on 2012. The daily average number of shares of the company traded at the Colombian Stock Exchange rounds was 307,072, with an average value per round of COP 2,725 million.

By year's end, ISA stock occupied 10th place in the Market Capitalization Index (Colombian Financial Superintendency).

PERFORMANCE OF THE STOCK



Main indicators

The company's market capitalization as of December 31, 2013 stood at COP 10,100,000 million, with 1,107,677,894 outstanding shares.

STOCKMARKET INDICATORS			
	2011	2012	2013
ISA Stock			
Outstanding shares (No.)	1,107,677,894	1,107,677,894	1,107,677,894
Free - Float (%)	31.44	31.44	31.33
Shareholders (No.)	48,168	43,986	40,562
Par value (COP)	32.80	32.80	32.80
Closing quote (COP)	11,200	9,600	9,100
Book value including appreciation (COP)	5,774.55	5,524.81	6,723.56
Market capitalization (COP billion)	12,405,992	10,633,708	10,079,869
Average traded (COP million)	2,337	3,260	2,725
BVC indices			
Colcap (points)	1,571.55	1,832.75	1,606.33
Coleqty (points)		1,121.35	1,034.66
Ratios			
Dividend Yield %	1.54	1.86	2.07
EPS	304.04	246.41	390.95
P/E	36.84	38.96	23.28
Tobin's Q (P/BV)	1.94	1.74	1.35



Shareholding

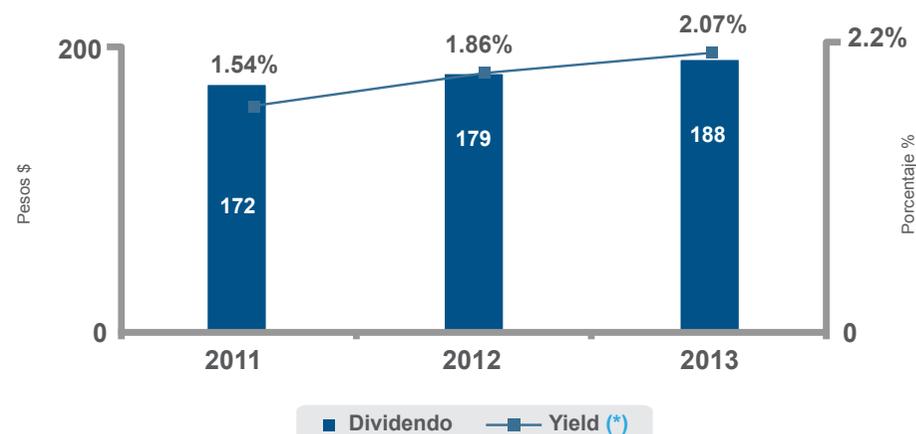
Main purchasers during the year were foreign investment funds, the ADR program and insurance companies; main sellers, in turn, were investment funds and individuals. This trend is similar to that of the variable-income market in Colombia.

SHAREHOLDING (DEC 31, 2013)		
Shareholders	Shares	%
State investors	682,078,108	61.58
The State	569,472,561	51.41
Empresas Públicas de Medellín	112,605,547	10.17
State and private capital investors	78,586,530	7.09
ECOPETROL	58,925,480	5.32
Empresa de Energía de Bogotá	18,448,050	1.67
Empresa de Energía del Pacífico	1,213,000	0.11
Private investors	347,013,256	31.33
Institutional investors	208,761,035	18.85
Individuals	67,137,820	6.06
Legal entities	13,804,266	1.25
Foreign investment funds	56,392,985	5.09
ISA ADR Program	917,150	0.08
Subscribed and paid share capital	1,107,677,894	100.00%

Dividends

The Shareholders' Meeting held on March 22, 2013, approved distribution to shareholders of earnings and reserves for COP 208,243 million (92.4% of distributable income for 2012) to pay COP 188 dividend per share (5.03% more than previous year), in one single installment.

DIVIDEND PER SHARE



(*) Yield: return of annual dividend on the stock's closing quote.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED DECEMBER DECEMBER
BALANCE SHEETS **2013** **2012**

In millions of
Colombian Pesos

ASSETS	NOTES	DECEMBER 2013	DECEMBER 2012
Current assets			
Cash	(5)	479,739	429,455
Marketable investments	(5)	1,340,450	1,247,451
Accounts receivable – net	(7)	2,287,334	2,988,625
Inventories – net	(8)	111,129	112,043
Deferred charges and other assets	(10)	129,359	119,410
TOTAL CURRENT ASSETS		4,348,011	4,896,984
Non-current assets			
Long-term investments – net	(6)	956,785	707,607
Long-term accounts receivable	(7)	8,964,725	1,914,598
Inventories – net	(8)	59,503	58,428
Property, plant and equipment – net	(9)	3,208,813	3,031,437
Deferred charges and other assets	(10)	5,147,845	12,148,548
Reappraisals	(11)	2,881,680	3,013,387
TOTAL NON-CURRENT ASSETS		21,219,351	20,874,005
TOTAL ASSETS		25,567,362	25,770,989
Memorandum accounts			
Debit	(19)	3,602,977	3,615,185
Credit	(19)	8,878,987	8,448,635

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED DECEMBER DECEMBER
BALANCE SHEETS **2013** **2012**

In millions of
Colombian Pesos

Cont'd

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2013	2012
Current liabilities			
Outstanding bonds	(12)	300,097	412,934
Financial liabilities	(13)	284,054	936,531
Accounts payable	(14)	838,539	1,017,421
Labor liabilities	(15)	32,220	20,919
Accrued liabilities and estimated provisions	(16)	201,856	176,773
Other liabilities	(17)	380,538	259,299
TOTAL CURRENT LIABILITIES		2,037,304	2,823,877
Non-current liabilities			
Outstanding bonds	(12)	6,145,715	5,574,696
Financial liabilities	(13)	1,968,602	2,468,086
Accounts payable	(14)	1,120,718	1,554,263
Labor liabilities	(15)	1,483	1,433
Accrued liabilities and estimated provisions	(16)	791,543	767,931
Other liabilities	(17)	2,345,975	2,296,767
TOTAL NON-CURRENT LIABILITIES		12,374,036	12,663,176
TOTAL LIABILITIES		14,411,340	15,487,053

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED DECEMBER DECEMBER
BALANCE SHEETS **2013** **2012**

In millions of
Colombian Pesos

Cont'd 

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2013	2012
Minority interest		3,704,545	4,173,321
Shareholders' equity	(18)		
Subscribed and paid share capital		36,916	36,916
Capital surplus		1,445,509	1,445,509
Reserves		999,186	934,492
Net income		433,048	272,938
Cumulative translation adjustment		3,935	(9,091)
Equity revaluation		415,645	415,645
Revaluation surplus		2,542,404	2,563,287
Surplus from equity method		1,574,834	450,919
TOTAL SHAREHOLDERS' EQUITY		7,451,477	6,110,615
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY		25,567,362	25,770,989
Memorandum accounts			
Credit	(19)	8,878,987	8,448,635
Debit	(19)	3,602,977	3,615,185

See accompanying notes to Consolidated Financial Statements



Luis Fernando Alarcón M.
Chief Executive Officer
(See attached certification)



John Bayron Arango V.
Chief Accounting Officer
Professional Card N° 34420 - T
(See attached certification)



Jorge Enrique Múnera Durango
Statutory Auditor
Professional Card N° 25295 - T
(See attached report)
Designated by Deloitte & Touche Ltda.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, DECEMBER DECEMBER
ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY **2013** **2012**

In millions of
Colombian Pesos

	NOTES	2013	2012
OPERATING REVENUE	(20)		
Electric energy transmission services		2,226,573	2,919,517
Connection charges		176,499	356,399
Roads		918,131	747,369
Dispatch and CND-MEM coordination		46,146	41,712
MEM Services (STN, SIC, SDI)		34,109	41,126
Telecommunications		148,630	113,810
Other operating revenue		51,237	83,142
TOTAL OPERATING REVENUE		3,601,325	4,303,075
OPERATING COSTS AND EXPENSES			
Operating costs	(21)	1,382,870	1,611,470
Administration expenses	(22)	667,356	688,888
TOTAL OPERATING COSTS AND EXPENSES		2,050,226	2,300,358

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, DECEMBER DECEMBER
ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY **2013** **2012**

In millions of
Colombian Pesos

Cont'd 

	NOTES	2013	2012
OPERATING INCOME		1,551,099	2,002,717
NON-OPERATING REVENUES (EXPENSES)	(23)		
Non-operating revenues		889,634	3,114,154
Non-operating expenses		(1,779,142)	(3,485,056)
NON-OPERATING LOSS		(889,508)	(370,902)
INCOME BEFORE TAXES		661,591	1,631,815
Income tax provision	(16.2)	(91,648)	(666,488)
INCOME BEFORE MINORITY INTEREST		569,943	965,327
Minority interest		136,895	692,389
NET INCOME		433,048	272,938

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CHANGES DECEMBER DECEMBER
IN SHAREHOLDERS' EQUITY **2013** **2012**

In millions of
Colombian Pesos

	CAPITAL SURPLUS				RESERVES									
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	For repurchase of shares	For reinforcement of equity	For rehabilitation and replacement of STN assets	TOTAL	Income for the year and cumulative translation adjustment	Equity revaluation	Surplus from revaluation and equity method	Total
Balances at December 31, 2011	36,916	1,428,128	17,381	1,445,509	18,458	407,843	38,100	294,155	37,434	795,990	365,120	415,645	3,365,507	6,424,687
Transfers approved by the Shareholders' Meeting	-	-	-	-	-	68,549	-	69,953	-	138,502	(138,502)	-	-	-
Dividends declared at \$179 per share on 1,107,677,894 outstanding shares, payable in one installment in June 2012	-	-	-	-	-	-	-	-	-	-	(198,274)	-	-	(198,274)
Cumulative translation adjustment	-	-	-	-	-	-	-	-	-	-	(37,435)	-	-	(37,435)
Decrease in re-appraisals of the year	-	-	-	-	-	-	-	-	-	-	-	-	(122,185)	(122,185)
Decrease in surplus from equity method	-	-	-	-	-	-	-	-	-	-	-	-	(229,116)	(229,116)
Net income at December of 2012	-	-	-	-	-	-	-	-	-	-	272,938	-	-	272,938
Balances at December 31, 2012	36,916	1,428,128	17,381	1,445,509	18,458	476,392	38,100	364,108	37,434	934,492	263,847	415,645	3,014,206	6,110,615

See accompanying notes to Consolidated Financial Statements



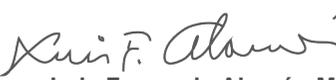
INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CHANGES DECEMBER DECEMBER
IN SHAREHOLDERS' EQUITY **2013** **2012**

In millions of
Colombian Pesos

Cont'd

	CAPITAL SURPLUS				RESERVES									
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	For repurchase of shares	For reinforcement of equity	For rehabilitation and replacement of STN assets	TOTAL	Income for the year and cumulative translation adjustment	Equity revaluation	Surplus from revaluation and equity method	Total
Transfers approved by the Shareholders' Meeting	-	-	-	-	-	47,487	-	17,207	-	64,694	(64,694)	-	-	-
Dividends declared at \$188 per share on 1,107,677,894 outstanding shares, payable in one installment in May 2013	-	-	-	-	-	-	-	-	-	-	(208,244)	-	-	(208,244)
Cumulative translation adjustment	-	-	-	-	-	-	-	-	-	-	13,026	-	-	13,026
Increase in re-appraisals of the year	-	-	-	-	-	-	-	-	-	-	-	-	1,123,915	1,123,915
Decrease in surplus from equity method	-	-	-	-	-	-	-	-	-	-	-	-	(20,883)	(20,883)
Net income at December of 2013	-	-	-	-	-	-	-	-	-	-	433,048	-	-	433,048
Balances at December 31, 2013	36,916	1,428,128	17,381	1,445,509	18,458	523,879	38,100	381,315	37,434	999,186	436,983	415,645	4,117,238	7,451,477

See accompanying notes to Consolidated Financial Statements


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 Chief Executive Officer
 (See attached certification)


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 Professional Card N° 34420 -T
 (See attached certification)


Jorge Enrique Múnera Durango
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 Designated by Deloitte & Touche Ltda.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER DECEMBER
2013 2012

In millions of
Colombian Pesos

	2013	2012
CASH FLOW FROM OPERATION ACTIVITIES		
Net income	433,048	272,938
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	136,895	692,389
Depreciation of property, plant and equipment	156,827	155,971
Amortization of deferred charges and other assets	205,340	655,753
Amortization of retirement pensions and fringe benefits	35,014	32,492
Provision for doubtful accounts	451,987	1,002
Provision for inventory protection	300	-
Investment allowance	349	(64)
Income tax provision	91,648	666,488
Loss on sale and retirement of property, plant and equipment	4,058	1,553
Cost of retirement of rights because of early renewal of contract 059/2001 in CTEEP	-	2,300,318
Exchange difference expense	316,401	33,973
Joint control equity method	(152,118)	-
Recovery of provisions	-	(1,458)
Interest and commissions accrued	451,753	639,512
	2,131,502	5,450,867

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd

	2013	2012
Changes in operating assets and liabilities:		
Accounts receivable	(413,334)	(164,325)
Collection (accrual) of compensation for early renewal of 051/2001 contract	1,896,606	(2,551,859)
Inventories	449	(77,441)
Deferred charges and other assets	(8,840)	13,510
Accounts payable and other liabilities	37,980	219,713
Labor liabilities	11,351	2,997
Accrued liabilities and estimated provisions	30,870	5,192
Collections for third parties	27,854	215,759
Minority interest	(534,347)	(291,584)
Equity variation	-	666
Cash flow in other operations:		
Payment of retirement pensions	(26,873)	(26,327)
Payment of taxes	(459,242)	(646,582)
Net cash provided by operation activities	2,693,976	2,150,586
Cash flow from investment activities:		
Variation in long-term investments	(63,178)	6,105
Sale of property, plant and equipment	970	612
Acquisition of intangible assets	(533,313)	(818,612)
Acquisition of property, plant and equipment	(337,862)	(245,485)
Net cash used in investment activities	(933,383)	(1,057,380)

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER DECEMBER
2013 2012

In millions of
Colombian Pesos

Cont'd

	2013	2012
Cash flow from financing activities:		
Interest received in cash	124,646	44,045
Interest and commissions paid in cash	(616,617)	(926,607)
Cash dividends paid	(208,244)	(245,904)
Increase in financial liabilities	370,894	1,427,340
Bond issues	1,567,686	767,727
Payment of financial liabilities	(1,666,112)	(1,434,917)
Bond payment/decrease	(1,189,563)	(460,935)
Net cash used in investment activities	(1,617,310)	(829,251)
Increase in cash and cash equivalents – net	143,283	263,955
Cash and cash equivalents at the beginning of the year	1,676,906	1,412,951
Cash and cash equivalents at the end of the year	1,820,189	1,676,906

See accompanying notes to Consolidated Financial Statements


Luis Fernando Alarcón M.
 Chief Executive Officer
 (See attached certification)


John Bayron Arango V.
 Chief Accounting Officer
 Professional Card N° 34420 - T
 (See attached certification)


Jorge Enrique Múnera Durango
 Statutory Auditor
 Professional Card N° 25295 - T
 (See attached report)
 Designated by Deloitte & Touche Ltda.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
NOTES TO THE CONSOLIDATED DECEMBER DECEMBER
FINANCIAL STATEMENTS **2013** **2012**

(Amounts expressed in millions
of Colombian Pesos and original
currencies)

I. GENERAL NOTES

NOTE 1: CORPORATE PURPOSE OF PARENT COMPANY AND SUBSIDIARIES AND AFFILIATES

Interconexión Eléctrica S.A. E.S.P. –ISA–, the parent company, was incorporated by public deed No. 3057 of the Notary Public Office No. 8 of Bogotá on September 14, 1967.

On November 22, 1996, by Public Deed No. 746 of the Single Notary Public Office of Sabaneta, ISA changed its legal nature to a mixed-ownership public utility corporation of the national order, with indefinite term, ascribed to the Ministry of Mines and Energy, and subject to the legal regime established by Law 142 of 1994. This process was completed on January 15, 1997, with the arrival of private investment.

As provided by the Constitutional Court in decision C-736 of September 19, 2007, ISA has a special legal nature and is defined as a decentralized mixed-ownership public utility company that is part of the executive branch under a special legal regime of private law.

ISA's main corporate purpose is:

1. The operation and maintenance of its own transmission network.
2. The expansion of the national interconnection grid.
3. The planning and operation coordination of the resources of the National Interconnected System –SIN–.
4. The administration of the financial settlement system and commercialization of energy in the wholesale energy market.
5. The development of telecommunications systems, activities and services.
6. The direct and indirect participation in activities and services related to the transport of other energy sources, except for those restricted by law.
7. The provision of technical services in activities related to its corporate purpose and professional services required by ISA's companies.



8. The development for third parties of any other activity related to the provision of electric power and telecommunications services within the regulation in force.
9. The direct and indirect participation in activities, services and investments related to engineering works.

DIRECTION AND MANAGEMENT

As to direction and management, the companies have directive and administrative bodies that legally and statutorily set the guidelines for their corporate endeavors and execute and carry out every act in pursuit of their corporate purpose.

The Shareholders' Meeting is the company's upper directive body, consisting of every natural and legal person that holds subscribed shares, either present or represented, gathered in regular or special meetings.

The companies' administration consists of the Board of Directors, the Chief Executive Officer, the Area Managers and the Directors.

The Board of Directors occupies second position after the Shareholders' Meeting and before the Legal Representative. It is an administrative body for cooperation with the legal representative that circumscribes its activities to achieving compliance with the goals for which the company was established.

The Chief Executive Officer is in charge of carrying out the decisions and orders of the Shareholders' Meeting and the Board of Directors, conducts

and administers the company, and holds its legal representation. The Chief Executive Officer shall have three alternates appointed by the Board of Directors, who shall replace him(her) in his(her) absolute, temporary or accidental absences.

In the hierarchical structure of the companies and depending from the Chief Executive Officer, the area managers have as their mission ensuring the permanence, profitability and integrated growth of the organization by means of the strategic direction of their management area. Their responsibilities include creation of conditions for development and integral satisfaction of human talent, assuring efficient use of the organization's resources by applying cost-benefit criteria, and guaranteeing the creation of economic value for the companies.

BRANCHES

Peru ISA Branch (under liquidation)

ISA established a branch in Peru on September 4, 2002. The branch's term is indefinite; it has no legal personality and does not carry out any activities independently from ISA. It is an extension of the company in Peru.

In meeting No. 737 of the Board of Directors held on August 30, 2013, ISA approved dissolution of the Peru Branch and appointed a liquidator, in compliance with procedure established by the Peruvian General Law of Corporations, Law 26887, to extinguish the branch office. This fact was filed with the Superintendencia Nacional de los Registros Públicos (National



Superintendency of Public Registry) –SUNARP– and the Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal Administration) with the branch’s denomination being changed to: “In Liquidation”.

Argentina ISA Branch

ISA established a branch in Argentina on January 24, 2007. Creation of this branch originated in the fact that corporations incorporated outside of Argentina willing to have a business presence in that country must have a registered office there. This branch is not in commercial operation.

ISA AND ITS COMPANIES

The company was filed as an economic group in the mercantile register of Medellín City Chamber of Commerce in October of 2001. For these purposes the parent company is Interconexión Eléctrica S.A. E.S.P. –ISA–, and the subordinate companies are:

ISA Capital do Brasil S.A., and its subsidiary Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– and its affiliates Interligação Elétrica de Minas Gerais S.A. –IEMG–, Interligação Elétrica Pinheiros S.A. and Interligação Elétrica Serra do Japi S.A. and Evrecy Participações Ltda.; Interconexión Eléctrica ISA Perú S.A., Red de Energía del Perú S.A. –REP–, Consorcio Transmantaro S.A., Proyectos de Infraestructura del Perú –PDI–, Interconexión Eléctrica ISA Bolivia S.A., TRANSELCA S.A.E.S.P., XM Compañía de Expertos en Mercados S.A. E.S.P., and its affiliate Sistemas

Inteligentes en Red S.A.S., INTERNEXA S.A., and its affiliates INTERNEXA in Peru and Chile, Transamerican Telecommunication S.A. in Argentina, INTERNEXA Participações S.A. and its affiliates INTERNEXA Brasil Operadora de Telecomunicações S.A., INTERNEXA Capital Participações Ltda., Nelson Quintas Investimentos Globais Ltda. –NQIG–, IPNET Serviços de Internet Ltda. and Nelson Quintas Telecomunicações do Brasil Ltda.–NQT–; ISA Inversiones Chile Ltda., ISA Inversiones Maule Ltda. and its affiliate INTERVIAL CHILE S.A., who in turn owns the concessionaires: Ruta de la Araucanía Sociedad Concesionaria S.A., Ruta del Maule Sociedad Concesionaria S.A., Ruta del Bosque Sociedad Concesionaria S.A., Ruta del Maipo Sociedad Concesionaria S.A. and Ruta de los Ríos Sociedad Concesionaria S.A.

In addition to the aforementioned, the following are subordinate companies of ISA that are at pre-operating stage: INTERVIAL COLOMBIA S.A.S., INTERCHILE S.A. and INTERCOLOMBIA S.A.

Following is a detail for each subsidiary of its date of incorporation, corporate purpose, and main domicile, as well as the participation of ISA’s companies.

INVESTMENTS IN THE ELECTRIC POWER TRANSPORT BUSINESS

ISA Capital Do Brasil S.A.

ISA Capital Do Brasil Ltda. was established on April 28 2006 as an investment vehicle with registered office located in São Paulo, Brazil. Its



corporate purpose includes participation in the capital of other corporations and in other undertakings either as partner or as shareholder, as party in a joint venture, as member of a consortium, or under any other type of business cooperation. ISA owns 63.32% (2012: 58.60%) of capital stock and 99.99% of common shares. The corporation's term is indefinite.

▪ **Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–**

CTEEP is a Brazilian corporation with main offices in the city of São Paulo, Brazil. It entered commercial operation on April 1, 1999 and it is authorized to operate as an electric energy utility concessionaire. The term of the corporation is indefinite; its main activities include planning, construction and operation of electric energy transmission systems, execution of research and development programs related to energy transport and other activities in connection with currently available technology. ISA Capital do Brasil S.A. currently owns 37.81% of this corporation's capital stock, and 89.5% of its common shares.

▪ **Interligação Elétrica de Minas Gerais S.A. –IEMG–**

Established on December 13, 2006, IEMG is a company engaged in exploitation of concessions of the electric power transmission service, delivered through implementation, construction, operation and maintenance of electric energy transmission facilities, including support and administrative services, equipment and reserve materials supply, programming, metering, and all other supplementary services called for by

electric energy transmission, in accordance with the parameters set in the concession contract, legislation, and applicable regulation. CTEEP owns 100%; concession term is 30 years.

▪ **Interligação Elétrica Pinheiros S.A.–IE PINHEIROS–**

Corporation established on July 22, 2008; it is engaged in the exploitation of concessions of the electric power transmission service, delivered through implementation, construction, operation and maintenance of electric energy transmission facilities. CTEEP owns 100% of this company's capital stock; concession term is 30 years.

▪ **Interligação Elétrica Serra do Japi**

Corporation domiciled in São Paulo –Brazil–, established on July 1, 2009 for exploitation of concessions of the electric energy transmission service, through the erection, construction, operation and maintenance of electricity grids. CTEEP controls 100% of capital stock, and concession term is 30 years.

▪ **Evrecy Participações Ltda.**

Corporation established on November 21, 2006, for exploitation of electric power transmission concessions for 154 km of transmission line and one substation in the states of Espírito Santo and Minas Gerais. CTEEP controls 100% of capital stock; concession expires on July 17, 2025.



Interconexión Eléctrica ISA Perú S.A.

ISA Perú is a Peruvian corporation with main offices in the city of Lima. It was incorporated on February 16, 2001 and its main activities are the transmission of electric energy and the operation and maintenance of transmission grids. The corporation's term is indefinite.

In May 2013, ISA acquired 11,304,604 shares corresponding to 17.07% of ISA Perú that were owned by Fondo de Inversiones en Infraestructura, Servicios Públicos y Recursos Naturales administrated by AC Capitales SAFI. This transaction makes ISA the owner of 45.15% stake, while TRANSELCA keeps 54.85%.

Red de Energía del Perú S.A. –REP–

It was incorporated on July 3, 2002. Its main corporate purpose is the transmission of electric power from generating companies and the provision of maintenance services for the electric infrastructure of the Peruvian Transmission Systems. Its legal domicile is in Lima, Peru. ISA owns 30%, and through TRANSELCA, 30%. The corporation's term is indefinite.

Consortio Transmantaro S.A. –CTM–

Established in January 1998. Its main activities are electric energy transport as well as delivery of operation and maintenance services. Its main domicile is located in the city of Lima, Peru. ISA participates with 60% ownership. The corporation's term is indefinite.

Proyectos de Infraestructura del Perú S.A.C. –PDI–

PDI is a Peruvian corporation with main offices in the city of Lima. It was established on November 15, 2007 with indefinite term. It has as its purpose the conduction of all kinds of activities related to the construction of transmission lines and electricity projects, and in general, any activity in the construction sector. Commercial operation started in February of 2008. ISA has control of and owns directly 99.97%, plus 0.03% through TRANSELCA.

Interconexión Eléctrica ISA Bolivia S.A.

Bolivian company with main offices in the city of Santa Cruz. It was incorporated on July 14, 2003. The corporation's term is indefinite and its main activities are the transmission of electric energy and the construction, operation and maintenance of transmission grids. ISA owns directly 51.00% of capital stock, and indirectly, through TRANSELCA and INTERNEXA, 48.99% and 0.01%, respectively.

TRANSELCA S.A. E.S.P.

It is a mixed-ownership utility company, incorporated on July 6, 1998, whose activities include the provision of energy transmission services, coordination and control of the Regional Dispatch Center, connection to the National Transmission System –STN– and provision of telecommunication services. Its main offices are located in Barranquilla, Colombia, and its term is indefinite. ISA participates with 99.99% ownership.



INVESTMENTS IN THE BUSINESS UNIT OF REAL-TIME SYSTEMS INTELLIGENT MANAGEMENT

XM Compañía de Expertos en Mercados S.A. E.S.P.

XM is a Colombian mixed-ownership utility with main offices in Medellín. It was established on September 1, 2005 and its term is indefinite. Its main purpose are activities related to the operation, planning, and coordination of the resources of the National Interconnected System and the Administration of the Commercial Settlement System in the wholesale energy market; ISA owns directly 99.73% of capital stock.

Sistemas Inteligentes en Red S.A.S.

Established on August 10, 2011 and domiciled in Medellín, Colombia. It is engaged in the planning, design, optimization, commissioning, operation, administration and management of goods and services markets requiring the development of information systems and technological platforms that involve value added information exchange, as well as in the operation of road toll collection centers, under concession or not, including activities related to design, procurement, installation and commissioning of technological equipment required, and the planning, operation and administration of the service of calculation, invoicing, collection and distribution of tolls, both national and international. XM and ISA respectively own 85% and 15% of capital stock in this company.

INVESTMENTS IN THE TELECOMMUNICATIONS TRANSPORT BUSINESS UNIT

INTERNEXA S.A.

INTERNEXA is a Colombian mixed-ownership utility with main offices in Medellín. It was incorporated on January 4, 2000, with indefinite term. Its corporate purpose is the organization, administration, commercialization and rendering of telecommunications services and activities. ISA owns 99.27% of capital stock.

- **INTERNEXA Perú S.A.**

It is a Peruvian company with main offices in the city of Lima. It was incorporated on October 12, 2006. Its term is indefinite. Its main corporate purpose is the organization, administration, commercialization and delivery of telecommunications services such as carrier, IP-based and value added services. INTERNEXA S.A. owns 99.99% stake at this corporation.

- **INTERNEXA Chile S.A.**

Chilean company with main offices in the city of Santiago de Chile. It was incorporated on July 28, 2009. Its term is indefinite. Its corporate purpose is the installation, operation, exploitation, organization, administration, commercialization and delivery of every type of telecommunications services. INTERNEXA S.A. owns 99% stake at this corporation (2012: 97.21%).



- **Transamerican Telecommunication S.A.**

Incorporated on September 16, 2002 and domiciled in Buenos Aires, Argentina, this corporation has as corporate purpose carrying out on its own name or for third parties or associated with third parties, import, export, production and trading of all kinds of parts, devices and instruments dedicated to telecommunications as well as to servicing them. The corporation has one single telecommunications services license. INTERNEXA S.A. owns 98.54% stake at this corporation (2012: 97.36%) and INTERNEXA Perú 1.46%. Its term is 99 years.

- **INTERNEXA Participações S.A.**

Corporation domiciled in the State of São Paulo, Brazil. Established on July 23, 2008, and acquired by Internexa on August 8, 2013; its corporate purpose includes: i) management of telecommunications assets in different forms and modalities; ii) study, development, implementation and administration of telecommunications initiatives in different forms and modalities; (iii) assistance and consulting services for telecommunications initiatives; and (iv) participation, as partner or shareholder, in other corporations, consortia and commercial initiatives of any kind. INTERNEXA S.A. owns 99.99% of this company; its term is indefinite.

- **INTERNEXA Brasil Operadora de Telecomunicações S.A.**

Corporation established on January 4, 2010 with main offices in São Paulo, Brazil. Its main activities are exploration, delivery, organization, admin-

istration and trading of general telecommunications and communications services, according to the definition of legislation in force, development of telecommunications services ancillary activities, such as operation, maintenance, planning, construction, development and administration of telecommunications networks, as well as delivery of assistance and consulting services in the telecommunications sector business; participation, as either a partner or shareholder, in other corporations and consortia and commercial partnerships related to its corporate purpose. INTERNEXA Participações S.A. owns 100% of its capital stock.

- **INTERNEXA Capital Participações Ltda.**

Corporation established as investment vehicle on November 1, 2013. Its corporate purpose includes participation in the capital of other corporations and in other undertakings either as partner or as shareholder. INTERNEXA Participações S.A. owns 100% of capital stock.

- **Nelson Quintas Investimentos Globais Ltda.–NQIG–**

Corporation established on April 26, 1999, and purchased on October 30, 2013; its corporate purpose includes participation in the capital stock of other corporations or enterprises, as either a partner or a shareholder, whose corporate purpose is holding of non-financial institutions. INTERNEXA Capital Participações Ltda. owns 100% of capital stock.



- **IPNET Serviços de Internet Ltda.**

Corporate purpose is to offer Internet website services, content providers and other Internet information related services. It was established on January 27, 2009 and it was acquired on October 30, 2013. INTERNEXA Capital Participações Ltda. owns 100% of capital stock.

- **Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–**

It was established on October 19, 1998 and it was acquired on October 30, 2013. Corporate purpose is to offer land line telephone exchange services –STFC, for its Spanish initials–. NQIG owns 87.56% participation and INTERNEXA Capital Participações Ltda. 12.44%.

INVESTMENTS IN THE ROADS CONCESSIONS BUSINESS UNIT

ISA Inversiones Chile Ltda.

Corporation with main offices in the city of Santiago de Chile, Chile. It was established on February 22, 2010 and its main activity is the long-term investment for profit in any type of real and personal property, including participation in other legal entities and associations of any type, investment in options and participations and rights in every type of corporations, communities and/or associations, mutual funds, term deposits, bonds, agreements and other commercial interests and documents of credit. ISA has 99.99% participation, and through INTERNEXA, 0.01%.

ISA Inversiones Maule Ltda.

Corporation with main offices in the city of Santiago de Chile. It was established on February 1, 2013 and was born upon the split of ISA Inversiones Chile.

Its purpose is the long-term investment for profit in any type of real and personal property, including the establishment and participation in other legal entities and associations of any type, investment in options and participations and rights in every type of corporations, communities and/or associations, mutual funds, term deposits, bonds, agreements and other commercial interests and documents of credit. ISA has 99.99% participation in ISA Inversiones Maule, and through INTERNEXA, 0.01%.

- **INTERVIAL CHILE S.A.**

The company, established by public deed of November 9, 1994, has as its purpose the conduction of for-profit activities such as investment in real estate and personal property, shares, bonds, joint ventures, rights in any type of corporation and the execution and construction of works corresponding to public infrastructure concessions. Its main offices are located in the city of Santiago de Chile. ISA Inversiones Chile S.A. owns 54.99% of shares, ISA Inversiones Maule Ltda. owns 45% participation and INTERNEXA 0.01%.



- **Ruta de la Araucanía Sociedad Concesionaria S.A.**

Corporation established on September 04, 1998 with main offices in the city of Santiago de Chile. Its main activity is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 4 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta del Maipo Sociedad Concesionaria S.A.**

Corporation established on October 30, 1998 with main offices in Santiago de Chile. Its main activity is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 4 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta del Maule Sociedad Concesionaria S.A.**

Corporation established on April 10, 1996 with main offices in the city of Santiago de Chile. The purpose of the corporation is the design,

construction, maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 5 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta del Bosque Sociedad Concesionaria S.A.**

Corporation established on November 26, 1998 with main offices in the city of Santiago de Chile. Its main activity is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 3 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta de los Ríos Sociedad Concesionaria S.A.**

Corporation established on December 17, 1997 with main offices in the city of Santiago de Chile. Concession ends in 2023. Its main activity is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. INTERVIAL CHILE S.A. owns 74.99% shareholding in this corporation.



RELEVANT INFORMATION

In compliance with External Circular Letter 002 of 1998 issued by the Colombian Financial Superintendency, the following table shows the senior

level staff and other personnel together with their associated expenses, for the parent company and the controlled companies included in the consolidation of the financial statements:

2013						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	No. PERSONS	VALUE	No. PERSONS	VALUE	No. PERSONS	VALUE
Interconexión Eléctrica S.A. E.S.P. –ISA–	517	61,593	223	19,627	740	81,220
ISA Capital Do Brasil S.A.	2	1,190	1	81	3	1,271
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	16	2,226	1,438	127,401	1,454	129,627
Interligação Elétrica de Minas Gerais S.A. –IEMG–	-	-	3	113	3	113
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	-	-	53	2,015	53	2,015
Interligação Elétrica Serra do Japi S.A.	2	472	26	1,073	28	1,545
Evrecy Participações Ltda.	-	-	10	90	10	90
Interconexión Eléctrica ISA Perú S.A.	1	50	-	-	1	50
Red de Energía del Perú S.A. –REP–	204	24,304	172	12,449	376	36,753
Consortio Transmantaro S.A.	1	53	-	-	1	53
Proyectos de Infraestructura del Perú S.A.C. –PDI–	43	2,701	35	1,149	78	3,850
Interconexión Eléctrica ISA Bolivia S.A.	4	1,246	50	963	54	2,209
TRANSELCA S.A. E.S.P.	16	3,670	184	15,792	200	19,462
XM Compañía de Expertos en Mercados S.A. E.S.P.	214	25,627	3	167	217	25,794



Cont'd

2013						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	No. PERSONS	VALUE	No. PERSONS	VALUE	No. PERSONS	VALUE
Sistemas Inteligentes en Red S.A.S.	39	1,565	-	-	39	1,565
INTERNEXA S.A.	20	4,344	156	11,904	176	16,248
INTERNEXA Perú S.A.	2	366	17	1,402	19	1,768
INTERNEXA Chile S.A.	11	1,673	-	-	11	1,673
Transamerican Telecommunication S.A.	7	758	-	-	7	758
INTERNEXA Participações S.A.	-	-	-	-	-	-
INTERNEXA Brasil Operadora De Telecomunicações S.A.	2	281	16	2,240	18	2,520
INTERNEXA Capital Participações Ltda.	-	-	-	-	-	-
Nelson Quintas Investimentos Globais Ltda. –NQIG–	-	-	-	-	-	-
IPNET Serviços de Internet Ltda.	1	6	3	124	4	130
Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–	4	6,367	24	1,520	28	7,887
INTERVIAL CHILE S.A.	5	4,394	60	7,381	65	11,776
Ruta de la Araucanía Sociedad Concesionaria S.A. (*)	-	-	26	801	26	801
Ruta del Maipo Sociedad Concesionaria S.A. (*)	-	-	173	8,346	173	8,346
Ruta del Maule Sociedad Concesionaria S.A. (*)	-	-	43	2,167	43	2,167
Ruta del Bosque Sociedad Concesionaria S.A. (*)	-	-	29	1,006	29	1,006
Ruta de los Ríos Sociedad Concesionaria S.A.(*)	-	-	27	907	27	907
TOTAL	1,111	142,886	2,772	218,718	3,883	361,604



2012						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	No. PERSONS	VALUE	No. PERSONS	VALUE	No. PERSONS	VALUE
Interconexión Eléctrica S.A. E.S.P. –ISA–	507	59,725	225	18,469	732	78,194
ISA Capital Do Brasil S.A.	2	1,518	1	80	3	1,598
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	19	7,133	1,506	136,313	1,525	143,445
Interligação Elétrica de Minas Gerais S.A. –IEMG–	-	-	7	205	7	205
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	-	-	48	1,422	48	1,422
Interligação Elétrica Serra do Japi S.A.	2	441	25	957	27	1,398
Interconexión Eléctrica ISA Perú S.A.	1	68	-	-	1	68
Red de Energía del Perú S.A. –REP–	209	57,502	168	28,127	377	85,629
Consortio Transmantaro S.A.	2	175	-	-	2	175
Proyectos de Infraestructura del Perú S.A.C. –PDI–	40	2,503	34	678	74	3,181
Interconexión Eléctrica ISA Bolivia S.A.	4	673	29	843	33	1,516
TRANSELCA S.A. E.S.P.	16	3,746	179	12,151	195	15,897
XM Compañía de Expertos en Mercados S.A. E.S.P.	214	25,627	3	167	217	25,794
Sistemas Inteligentes en Red S.A.S.	35	1,313	-	-	35	1,313

Cont'd

2012						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	No. PERSONS	VALUE	No. PERSONS	VALUE	No. PERSONS	VALUE
INTERNEXA S.A.	18	3,683	153	11,169	171	14,852
INTERNEXA Perú S.A.	2	185	14	1,129	16	1,314
INTERNEXA Chile S.A.	10	1,353	-	-	10	1,353
Transamerican Telecommunication S.A.	7	1,011	-	-	7	1,011
INTERNEXA Participações S.A.	-	-	-	-	-	-
INTERNEXA Brasil Operadora De Telecomunicações S.A.	2	291	7	1,358	9	1,649
INTERVIAL CHILE S.A.	8	3,866	57	4,833	65	8,699
Ruta de la Araucanía Sociedad Concesionaria S.A. (*)	-	-	26	650	26	650
Ruta del Maipo Sociedad Concesionaria S.A. (*)	-	-	169	6,881	169	6,881
Ruta del Maule Sociedad Concesionaria S.A. (*)	-	-	53	2,090	53	2,090
Ruta del Bosque Sociedad Concesionaria S.A. (*)	-	-	30	897	30	897
Ruta de los Ríos Sociedad Concesionaria S.A.(*)	-	-	28	710	28	710
TOTAL	1,098	170,813	2,762	229,129	3,860	399,941

Some figures of 2012 were reclassified for comparative purposes

(*) The concessionaire lacks senior level staff, since they are hired directly by INTERVIAL CHILE S.A. (formerly, Cintra Chile S.A.)



NOTE 2: BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 CONSOLIDATION OF FINANCIAL STATEMENTS

2.1.1 Currency

Financial statements are presented in the currency of the main economic operation setting of the parent company. To the end of the financial statements, results and financial position are expressed in Colombian Pesos, which is the currency in which all of ISA's operations must be recorded.

2.1.2 CONSOLIDATION PRINCIPLES

Consolidated financial statements include the accounts of Interconexión Eléctrica S.A. E.S.P. parent company) ISA Capital do Brasil S.A., and its subsidiary Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– and its affiliates Interligação Elétrica de Minas Gerais S.A., Interligação Elétrica Pinheiros S.A., Interligação Elétrica Serra do Japi S.A. and Evrecy Participações Ltda.; Interconexión Eléctrica ISA Perú S.A., Red de Energía del Perú S.A. –REP–, Consorcio Transmantaro S.A., Proyectos de Infraestructura del Perú –PDI–, Interconexión Eléctrica ISA Bolivia S.A., TRANSELCA S.A. E.S.P., XM Compañía de Expertos en Mercados S.A. E.S.P., and its affiliate Sistemas Inteligentes en Red S.A.S., INTERNEXA S.A., and its subsidiaries INTERNEXA in Peru and Chile, Transamerican Telecommunication S.A. in Argentina, INTERNEXA Participações S.A. and

its affiliates INTERNEXA Brasil Operadora de Telecomunicações S.A., INTERNEXA Capital Participações Ltda., Nelson Quintas Investimentos Globais Ltda.–NQIG–, IPNET Serviços de Internet Ltda. and Nelson Quintas Telecomunicações do Brasil Ltda.–NQT–; ISA Inversiones Chile Ltda., ISA Inversiones Maule Ltda. and its subsidiary INTERVIAL CHILES.A., who in turn own the following concessionaires: Ruta de la Araucanía Sociedad Concesionaria S.A., Ruta del Maule Sociedad Concesionaria S.A. Ruta del Bosque Sociedad Concesionaria S.A., Ruta del Maipo Sociedad Concesionaria S.A. and Ruta de los Ríos Sociedad Concesionaria S.A., corporations in which the parent company owns stake directly and indirectly (hereinafter the subordinate companies).

All significant balances and operations between ISA and the subsidiaries were deleted during consolidation. Consolidation is made through the global integration method for companies over which the parent company has control and which are in the operating stage. Minority interests corresponding to equity and the period's results, are recognized and presented in the consolidated financial statements.

Investments in foreign subordinated companies are recorded on the basis of their financial statements at December 31 of each year, homologated to the accounting standards applicable to ISA and translated into Colombian pesos, as provided by International Accounting Standard –IAS– 21, using the United States Dollar as functional currency previously defined.

Minority interest corresponds to participation of third parties not in the group. For ISA Capital do Brasil, it includes participation over preferred stock with



repurchase agreement with HSBC, and its participation is 36.68% (2012: 41.40%) of its capital stock. It also includes preferred dividends related to this participation.

The following figures were taken from the financial statements of ISA and its subsidiaries at December 31, reported in accordance with regulations in force in each country, and homologated to the Colombian standard:

FINANCIAL INFORMATION 2013				
COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
Interconexión Eléctrica S.A. E.S.P. –ISA–	10,266,517	2,818,976	7,447,541	433,048
ISA Capital Do Brasil S.A.	1,992,155	1,233,799	758,356	(110,362)
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	5,480,613	1,419,539	4,061,074	27,228
Interligação Elétrica de Minas Gerais S.A. –IEMG–	140,252	52,349	87,903	2,989
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	446,659	190,357	256,302	16,637
Interligação Elétrica Serra do Japi S.A.	202,324	87,040	115,284	26,135
Evrecy Participações Ltda.	37,878	6,857	31,021	4,135
Interconexión Eléctrica ISA Perú S.A.	85,679	28,514	57,165	8,087
Red de Energía del Perú S.A. –REP–	960,040	615,960	344,080	35,660
Consortio Transmantaro S.A.	1,683,942	1,121,845	562,097	38,018
Proyectos de Infraestructura del Perú S.A.C. –PDI–	80,137	70,264	9,873	3,070
Interconexión Eléctrica ISA Bolivia S.A.	113,637	72,012	41,625	4,109
TRANSELCA S.A. E.S.P.	1,236,348	562,610	673,738	76,074
XM Compañía de Expertos en Mercados S.A. E.S.P.	254,118	228,451	25,667	2,466



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FINANCIAL INFORMATION 2013

COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
Sistemas Inteligentes en Red S.A.S.	11,316	7,823	3,493	488
INTERNEXA S.A.	295,164	223,290	71,874	(28,012)
INTERNEXA Perú S.A.	135,883	129,200	6,683	516
INTERNEXA Chile S.A.	38,695	35,645	3,050	(8,246)
Transamerican Telecommunication S.A.	12,142	9,794	2,348	(6,977)
INTERNEXA Participações S.A.	185,854	156,350	29,504	(24,698)
Internexa Brasil Operadora de Telecomunicações	29,696	23,420	6,276	(8,778)
INTERNEXA Capital Participações Ltda.	200,568	49,780	150,788	192
Nelson Quintas Investimentos Globais Ltda. –NQIG–	458	-	458	444
IPNET Serviços de Internet Ltda.	641	111	530	557
Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–	451	(72)	523	551
ISA Inversiones Chile Ltda.	1,166,572	134	1,166,438	107,699
ISA Inversiones Maule Ltda.	884,931	211,626	673,305	55,744
INTERVIAL CHILE S.A.	1,819,822	61,782	1,758,040	207,071
Ruta de la Araucanía Sociedad Concesionaria S.A.	1,267,784	1,023,931	243,853	13,559
Ruta del Maipo Sociedad Concesionaria S.A.	4,399,002	3,483,714	915,288	149,013
Ruta del Maule Sociedad Concesionaria S.A.	1,031,289	796,104	235,185	5,701
Ruta del Bosque Sociedad Concesionaria S.A.	825,386	741,451	83,935	25,612
Ruta de los Ríos Sociedad Concesionaria S.A.	606,681	464,230	142,451	29,490



FINANCIAL INFORMATION 2012

COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
Interconexión Eléctrica S.A. E.S.P. –ISA–	8,912,305	2,792,599	6,119,706	272,938
ISA Capital Do Brasil S.A.	2,445,425	1,457,919	987,506	31,139
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	7,014,199	2,594,167	4,420,032	904,673
Interligação Elétrica de Minas Gerais S.A. –IEMG–	117,910	47,066	70,844	1,157
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	330,460	123,986	206,474	978
Interligação Elétrica Serra do Japi S.A.	162,265	84,522	77,743	2,780
Interconexión Eléctrica ISA Perú S.A.	77,722	31,486	46,236	8,254
Red de Energía del Perú S.A. –REP–	1,039,134	600,684	438,450	42,774
Consortio Transmantaro S.A.	1,379,689	899,829	479,860	27,860
Proyectos de Infraestructura del Perú S.A.C. –PDI–	92,078	82,418	9,660	2,946
Interconexión Eléctrica ISA Bolivia S.A.	101,479	66,931	34,548	(911)
TRANSELCA S.A. E.S.P.	1,312,919	546,637	766,282	74,833
XM Compañía de Expertos en Mercados S.A. E.S.P.	221,847	194,900	26,947	4,058
Sistemas Inteligentes en Red S.A.S.	12,314	9,309	3,005	1,576
INTERNEXA S.A.	272,811	185,350	87,461	(16,694)
INTERNEXA Perú S.A.	124,090	125,789	(1,699)	(6,668)
INTERNEXA Chile S.A.	34,484	30,410	4,074	(8,468)
Transamerican Telecommunication S.A.	10,735	8,723	2,012	(5,110)
INTERNEXA Participações S.A.	7,597	516	7,081	(8,838)
INTERNEXA Brasil Operadora de Telecomunicações	32,444	24,867	7,577	(8,262)
ISA Inversiones Chile Ltda.	680,905	302,882	378,023	(113,632)

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FINANCIAL INFORMATION 2012				
COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
INTERVIAL CHILE S.A.	597,466	120,064	477,402	(131,866)
Ruta de la Araucanía Sociedad Concesionaria S.A.	872,646	853,743	18,903	(10,772)
Ruta del Maipo Sociedad Concesionaria S.A.	3,071,462	2,912,437	159,025	(90,149)
Ruta del Maule Sociedad Concesionaria S.A.	1,070,074	982,262	87,812	16,231
Ruta del Bosque Sociedad Concesionaria S.A.	685,327	681,730	3,597	(47,469)
Ruta de los Ríos Sociedad Concesionaria S.A.	451,804	439,969	11,835	8,848

2.1.3 CONSOLIDATION EFFECTS ON ASSETS, LIABILITIES, EQUITY AND RESULTS OF ISA

	2013		2012	
	FIGURES BEFORE CONSOLIDATION	FIGURES AFTER CONSOLIDATION	FIGURES BEFORE CONSOLIDATION	FIGURES AFTER CONSOLIDATION
Assets	10,266,517	25,567,361	8,912,305	25,770,989
Liabilities	2,818,976	14,411,340	2,792,599	15,487,053
Equity	7,447,541	7,451,476	6,119,706	6,110,615
Minority interests – Equity	-	3,704,545	-	4,173,321
Income before minority interest	433,048	569,943	272,938	965,327
Minority interests – Results	-	136,895	-	692,389
Total year results	433,048	433,048	272,938	272,938



2.2 CLASSIFICATION OF ASSETS AND LIABILITIES

Assets and liabilities are classified according to their use or degree of realization, demand or liquidation, in terms of time and value. Accordingly, current assets and liabilities (short-term) are understood as such amounts that will be realizable or callable, respectively, within a term not longer than one year.

2.3 ADJUSTMENTS FOR INFLATION

Until December 31, 2000, non-monetary assets and liabilities and shareholders' equity, except for the surplus from revaluation of assets and income statement accounts, were monetarily updated on a prospective basis, using general consumer-price index (or Tax Year's Adjustment Percentages –PAAG, for its Spanish initials–). The respective adjustments were recorded in the income statement's monetary correction account. As of January 1, 2001 the Colombian General Accounting Office –CGN–, through Resolution No. 364 of November 29, 2001, suspended the system of integral inflation adjustments for accounting effects, without reverting the inflation adjustments accounted until December 31, 2000.

According to Resolution No. 041 of 2004 and to External Circular Letter No. 056 of 2004, issued by the CGN, inflation adjustment accounts were eliminated from the General Plan of Public Accounting –PGCP– as part of the cost, thereby obligating to incorporate accumulated amounts for adjustments until 2000. In order to comply with regulations in force, since 2001, integral

inflation adjustments continue to be applied for tax effects, giving rise to accounting differences that are recorded in the tax memorandum accounts. Law 1111 of 2006 derogated integral inflation adjustments for tax effects beginning in fiscal year 2007. ([See Note 3.11.2](#))

2.4 MATERIALITY

Recognition and presentation of economic facts are made according to their relative importance.

An economic fact is material when due to its nature or amount, knowing or not knowing it, considering the circumstances, could significantly change the economic decisions of the users of that information.

In preparing the consolidated financial statements, it was determined for presentation purposes that an event would be material if it represented 5% of total assets, current assets, total liabilities, current liabilities, working capital, equity, or income.

NOTE 3: SUMMARY OF MAIN ACCOUNTING POLICIES AND PRACTICES

For the preparation and presentation of its financial statements, the company, as required by law, observes the Public Accounting General Plan defined by the CGN, the accounting regulations issued by the Superintendency of Domiciliary Public Utilities –SSPD– and other applicable regulation.



For keeping, preservation and custody of the accounting books and supporting documents, the regulation applicable to support documents, vouchers, and accounting books, established by the CGN, is observed.

The company's Financial Statements are identified, classified, registered, valued, prepared and disclosed in accordance with the accounting principles of the CGN contained in Resolutions No. 354, 355 and 356 of September 5 of 2007, as amended, through which the Public Accounting Regime was implemented in order to harmonize its provisions with the criteria established by International Public Sector Accounting Standards –IPSAS–.

Following is a description of the main accounting policies and practices adopted by the company:

3.1 FOREIGN CURRENCY TRANSLATION AND BALANCES

Transactions in foreign currency are recorded at the applicable exchange rates in force on the date of the transaction. At the close of each year, balances of assets and liabilities accounts are adjusted to current exchange rates ([See Note 4](#)). Exchange differences resulting from asset balances (other than controlled investments abroad) are recorded in the income statement. With regard to liability accounts, only exchange differences that are not imputable to costs of acquisition of assets are recorded in the income statement. Exchange differences imputable to the acquisition cost of assets include exchange differences while such assets are under construction or installation, and until they become operational.

3.2 CASH EQUIVALENTS

For purposes of preparing the statement of cash flows, marketable investments redeemable within the next 90 days are considered to be cash equivalents.

3.3 INVESTMENTS

Investments are recorded at their historic cost and are updated in accordance with the intention of realization, the availability of market information, and the degree of control held over the issuing entity by applying methodologies that approximate their value to economic reality. Methodologies to update their value include Stock Exchange quotes, net present value to determine market price or the security's internal rate of return, the equity method, and the cost method.

The Public Accounting Regime establishes that for matters of their valuation, the company's investments are classified in three categories: i) investments for liquidity management, ii) investments for policy purposes and iii) equity investments.

In the consolidated financial statements, investments are classified as marketable and long-term, and they are reported respectively within current and non-current assets. The former include investments for liquidity management, and the latter, investments with policy purposes and equity investments in controlled and non-controlled companies.



Investments for liquidity management

Liquidity management investments in debt titles and securities, as well as derivatives with the purpose of obtaining earnings from short-term price fluctuations, are initially recorded at cost and are updated monthly through methodology issued by the Colombian Financial Superintendency. Changes arising from each valuation made in investments for liquidity management are recognized in the income statement.

Investments with policies purpose

Investments with policies purpose include debt securities issued by local or foreign entities acquired in compliance with macroeconomic policies or the company's internal policies.

Investments for compliance with macroeconomic policies correspond to debt titles acquired under agreed or mandatory subscription.

Investments to comply with the entity's internal policies include investments held to maturity and investments for sale, the latter understood as investments held for at least one year. In both cases, the intention to hold the securities during the stated term, as well as the legal, contractual, financial and operative capacity, are required.

Investments held to maturity are updated on the basis of the internal rate of return foreseen in the methodologies adopted by the Colombian Financial Superintendency.

Equity investments

Equity investments correspond to funds placed in equity securities of national and international entities, represented by shares or participation rights that may permit the company to control, share control or exercise significant influence on the decisions of the issuer.

a. Equity investment in controlled companies

Equity investments in controlled companies include investments made with the intention of exercising or sharing control, as well as those in which the company exercises significant influence. These investments are updated by the equity method, according to CGN Resolution No. 356 of 2001 and its amendments. Under the equity method investments in subsidiaries are recognized at cost and subsequently adjusted as follows:

- Credit or charge to the investment's cost equal to the participation of the company in net profits and losses of the subsidiary, with a matching entry in the income statement.
- Credit or charge to the investment equal to the participation of the company in the subsidiary's equity variation with a matching entry in the surplus from equity method account in the event of an increase; in the event of a decrease, as surplus from equity method, until its exhaustion, and the excess charged to the income statement, except when originated in equity variations from translation effect and the effective



portion of earnings and losses obtained from valuation of foreign entities derivatives, resulting from accounting of the hedging.

- Credit or charge to the investment equal to the amount of dividends received from the subsidiary that correspond to periods during which the company applied the equity method.

If the difference between intrinsic value and book value of the investment recorded on equity basis is:

- Positive, re-appraisal of assets is increased, and the revaluation surplus included in the equity accounts is credited.
- Negative, re-appraisal of assets is decreased with a charge to revaluation surplus until its exhaustion. Any additional deficit is recognized in the income statement as a loss.

Investments in subordinated companies abroad are recorded on the basis of their financial statements at December 31 of each year, translated into Colombian Pesos, using the United States Dollar as functional currency. Accordingly, when translating financial statements, the following principles are observed: balance sheet items are calculated using the closing exchange rate; income statement items are calculated using the accumulated average exchange rate for each month's closing; net effect with respect to closing rate is recognized as translation adjustment in equity.

b. Equity investments in non-controlled companies

The other variable-income equity investments in non-controlled companies that are not listed in stock exchanges or have low or minimal market capitalization, are recorded at cost plus the dividends received in shares. If at year's end, the intrinsic value of investments is greater than the book value, a charge is recorded in the re-appraisals account with a contra entry in re-appraisal surplus in equity; otherwise, the re-appraisal established is decreased until its exhaustion, and beyond that value, a provision is charged to the income statement.

3.4 DERIVATIVE INSTRUMENTS FOR HEDGING PURPOSES

In order to reduce exposure to exchange rate and interest rate fluctuations of financial liabilities with local and international commercial banks and multilateral agencies and of bond issues, among others, the company uses derivative instruments such as swaps, forwards and options.

According to the rules issued by the CGN, derivative instruments for hedging purposes are recognized for the amount of the right or of the liability on the date of commencement of the contract, are monthly updated using methodologies of recognized technical value, and the difference is recorded as derivative valuation revenue or expense, as the case may be.



3.5 ACCOUNTS RECEIVABLE – CONCESSION AGREEMENTS

The Colombian General Accounting Office, aiming to adequately reflect the concessions' economic reality, issued a technical opinion¹ establishing that prior to homologation of financial information and to application of the equity method, the business model and the rights and guarantees arising from the conditions agreed upon in the concession contract must be analyzed in order to determine if the asset of a concession operator corresponds to an account receivable (financial asset) or to an intangible.

In light of the above, the operator recognizes an account receivable (financial asset) as long as it has an unconditional contractual right to receive from the grantor cash or other financial asset for the services agreed upon in the concession contract, given that the grantor is legally and contractually bound to recognize the payments.

In accordance with the aforementioned, as of 2013, ISA classified the assets of the road concessions in Chile and the electric concessions in Brazil as financial assets (account receivable), given its contractual unconditional right to receive cash or other financial assets for the services rendered along the concession term because in the remuneration mechanisms set in their contracts, the grantor guarantees the operator will recover its investment.

¹ Technical opinion No. 2013200017991 of 28-05-2013 issued by the Colombian General Accounting Office.

The financial asset recognized is classified under customers and presented in the financial position statement as account receivable. This asset accrues interest under the effective interest rate methodology. The financial asset is depleted through toll collection payments received, payments directly received from the grantor, and also regulatory remuneration.

3.6 ALLOWANCE FOR DOUBTFUL ACCOUNTS

On each quarter's closing date, the associated credit risk of the accounts receivable from customers and other debtors is examined in order to determine the respective provisions, which range between 10% and 100%, according to aging analysis and evaluations of the collection of individual accounts.

For the debts of companies subject to reorganization or under liquidation, the provision for accounts receivable must be adjusted to 100% of nonperforming accounts receivable, regardless of debt age.

3.7 INVENTORIES

Inventories are recorded at cost, and at end of the year, through a provision charged to the income statement, are reduced to their sale value, if it is lower than their book value. Spare parts, materials and other consumables are valued by the weighted average method.

On the basis of the technical analysis of obsolescence and deterioration, a provision is registered for inventory protection.



3.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, which, where relevant, may include:

- a. Indebtedness costs directly related to purchase or construction of assets that are not in use conditions and may take a substantial period to be available for use or sale and,
- b. Until year 2000, includes inflation adjustments on costs, excluding capitalized exchange differences and the portion of capitalized interest corresponding to inflation.

Sales and retirements of such assets are discharged at their respective net adjusted cost, and differences between sale price and net adjusted cost are recorded in the income statement.

Definition of components of fixed assets

A component of a fixed asset is an element that can be regarded as a part of another asset, but due to its own features, because of the function it serves, and the type of strategies or activities developed along its technical service life, can be treated as an independent asset.

Materials with high inventory turnover shall not be classified as fixed assets.

During 2012, a new methodology was developed for calculation of remaining useful life of assets based on the deterioration index of each asset associated with an instantaneous failure rate, in turn associated with its effective age. The aging rate is calculated with the actual age; then, life expectation and remaining life are calculated on the basis of international survival curves.

This methodology has permitted to obtain more reliable values for estimates of remaining life of assets that are very useful for assets renewal plan and basis of their valuation.

Depreciation is calculated over the asset's cost by the straight-line method, based on the estimated useful life of assets. Below is the estimated useful life of assets for 2012 and 2013:

Cont'd

ASSET / COMPONENT	USEFUL LIFE
Transmission lines	63
Buildings	100
Fiber optics	25
Machinery and equipment	15
Telecommunications equipment	15
Furniture, office equipment, laboratory equipment	10
Communications equipment	10
Transport, traction and lifting equipment	10
Supervision and Switching Center's equipment	6
Computer equipment and accessories	5
Substation components	
Battery bank	15
Charger	15
SAS components	15
Condensers	25
SVC condensers	25
Series compensation control	15
SVC control	15
Converter	15
CT	39
Breaker	40

ASSET / COMPONENT	USEFUL LIFE
Inverter	15
Lines (Substations' grounding nets)	63
Lightning arrester	30
Diesel plant	30
Telephone exchange	15
PLC	15
PT	39
Reactor	32
SVC reactors	30
Sequence of events recorder	15
Protection relays	15
RTU	15
Fire system	20
Main breaker	40
Sensors (Atmospheric Discharge Information System)	15
Mobile substation	25
Teleprotection	15
Power Transformer	40
SVC thiristor valve	18
VQ	15

Maintenance expenditures of these assets are charged to the income statement, while improvements and additions are added to their costs, since they increase useful life, expand productive capacity and operational efficiency, improve service quality, and permit significant cost reduction.

Repairs required because of attacks to the electric infrastructure are recorded as expenses of the period when the attacks occur and do not increase the useful life originally assigned to the assets. Due to the difficulties to insure this type or risk, these damages are accrued in the financial statements as they occur and are not recorded on estimate basis. Management, in accordance with their historical experience of losses by attacks and the country's political and security circumstances, includes in the annual budget the resources considered enough to cover such losses.

Real property intended for generation of revenues from rent is recorded as investment property.

Assets not being used in operations are classified as non-exploited assets, and their depreciation is suspended.

3.9 DEFERRED CHARGES AND OTHER ASSETS

Include prepaid expenses, deferred charges and other assets. Prepaid expenses include, mainly, monetary items such as insurance premiums and interest, which are amortized according to the loans' terms or the validity period of respective policies.

Deferred charges and other assets include, among others, bond underwriting commissions, which are amortized on a straight-line basis or through a methodology of acknowledged technical value that reflects the amortization conditions during the periods over which their benefits are expected to be received, such as in the case of loans extension costs in the Chilean concessionaires that are amortized according to an effective interest rate.

The policy related to deferred charges and other assets is summarized below:

	USEFUL LIFE	AMORTIZATION METHOD	INTERNALLY GENERATED OR ACQUIRED
Easements	Indefinite	Not amortized	Acquired
Rights	Term of the contract	Straight line	Acquired
Software/ Licenses	Finite	Straight line	Acquired
Goodwill	Indefinite	Not amortized	Acquired
	Finite	Straight line	Acquired
Research / development	Finite	Straight line	Acquired



3.10 RE-APPRAISALS

Re-appraisals that are part of assets and equity include:

- The excess of the valuation (appraisals) of the main components of property, plant and equipment over per-books net cost. Such appraisals were performed by independent appraisers for real-estate property and transport equipment; for other assets it is based on technical studies developed by employees of the company. These valuations shall be made at least every three years, or when market conditions indicate that such amounts have materially changed. (See Note 11)
- The excess of intrinsic value (equity value) of long-term investments over their net cost.

3.11 CURRENT INCOME TAX AND DEFERRED TAX

Income tax expense for the period includes current and deferred income tax. Income tax expense is recognized in results, except in the case it is related to entries directly recognized in equity, in which case it would be recorded under equity.

3.11.1 Current tax

Income tax provision is calculated according to regulation in force for calculation of income tax and income tax for equity purposes –CREE–, applying the tax rate in force at fiscal period end. (See Note 16.2)

3.11.2 Deferred taxes

Deferred income tax is recognized on the temporary differences between the book value of assets and liabilities included in the financial statements and the corresponding fiscal bases used to determine fiscal income. Assets and liabilities for deferred taxes are offset if an enforceable legal right exists to offset assets and liabilities for current taxes, and they are related to taxes on earnings applied by the same fiscal authority on the same taxable entity.

Deferred tax assets are recognized as long as it is probable that future earnings will be available when the temporary difference or fiscal loss can be used. Deferred tax assets are reviewed on the balance sheet date and are reduced as long as it is not probable for benefits from related taxes to be realized.

Opinion No. 20061-57086 of CGN of January 31, 2006, determined that the companies have autonomy in defining the accounting policies regarding deferred tax. The companies in Colombia have considered as temporary differences that give rise to the accrual of deferred tax, among others, those generated by inflation adjustments that were recognized only for tax effects of depreciable fixed assets, since these generated a greater monetary correction fiscal income during the adjustment's fiscal period, increasing the income tax payable, recoverable during the following years through depreciation of the fixed assets that were subject to inflation adjustments. .



3.12 LABOR LIABILITIES

Labor liabilities are adjusted at the end of each period on the basis of legal provisions and labor agreements in force. An actuarial study is conducted every year to determine pension liability, future health and education benefits and retirement payments to pensioners. Retirement pension payments are charged to the actuarial estimate account.

With respect to amortization of retirement pension liabilities for Colombian subsidiaries, it must correspond to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set by regulation in force, applicable to each particular entity, and counted from the actuarial estimate closing date. For the companies in Colombia, maximum time provided for by regulation is 30 years starting on December 31, 1994

With respect to the amortization methodology for the actuarial estimate of aids and benefits, for 2012, the company decided to use the same term provided in Resolution No. 356 of 2007, issued by the CGN; until 2011 they were 100% amortized. ([See Note 16.1](#))

3.13 DEFERRED REVENUES AND OTHER LIABILITIES

Revenues received in advance and deferred revenues are recognized when rights or benefits have been received that are susceptible of becoming revenues in the periods when the consideration for the services

by the company effectively takes place. Among others, amounts received to remunerate recovery of investments executed along bids of the Mining and Energy Planning Unit –UPME–, as well as regulatory requests and usage rights not accrued because their respective costs have not been incurred or because the commitments that make the company a revenue creditor have not been fulfilled, are recognized as deferred revenues. These deferred revenues are amortized over the periods along which they accrue.

3.14 RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain amounts included in the consolidated financial statements at December 31, 2012 were reclassified to conform to the presentation of the consolidated financial statements for 2013.

3.15 MEMORANDUM ACCOUNTS

Memorandum accounts include loans contracted but not disbursed, contingencies resulting from claims and lawsuits, and guarantees established under loan agreements. They also include temporary and permanent differences between accounting and fiscal amounts, which will be reasonably reverted in time, and allow preparation of specific-purpose reports, respectively.

Non-monetary memorandum accounts were adjusted for inflation until December 31 of 2000, with charge to a contra memorandum account.



3.16 RECOGNITION OF REVENUE, COSTS AND EXPENSES

Revenue, costs and expenses are recorded on an accrual basis. Revenue from service provision is recognized during the contractual period or when services are rendered.

Revenues from construction services in projects are recognized in the income statement according to the method of advancement percentage or project costs incurred on the date of the financial position statement.

Revenues from energy transmission and road transport services are recognized in the accounting period in which they are delivered, according to the provisions of regulation in force and the concession contracts. Service delivered and not invoiced is recorded according to estimates of effective energy transmission which does not significantly differ from future invoicing.

Recognition of revenue in service concession agreements:

Operating revenue includes financial yields associated with the account receivable (financial asset), construction services, and revenue of operation, administration and maintenance services.

Financial returns derived from financial assets are calculated using the implicit rate that equals the value of the financial asset at the end of construction and future flows estimated from collections and revenue from construction and operation.

Revenue related to construction services under a service concession agreement is recognized on the basis of the degree of progress of the work that has been carried out. Operating revenues are recognized during the period in which the services were rendered.

3.17 JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements according to accounting principles generally accepted requires use by management of judgments, estimates and assumptions to determine the values of assets, liabilities, revenues, costs and expenses reported. The actual result of certain items may differ from such estimates.

Relevant estimates and assumptions are based on management's experience and expectations. They are revised regularly and actual results may differ from such estimates, reason why, adjustments are recognized in the period when the estimate is revised and in any future period affected.

3.18 OPERATING AND ADMINISTRATIVE LIMITATIONS AND DEFICIENCIES

During 2013 and 2012, no operating or administrative limitations or deficiencies were found that would significantly affect the normal accounting processes, or the consistency and reliability of the accounting figures.



3.19 CONTINGENCIES

Contingent conditions may exist on the date of issue of the financial statements that can result in a loss for the company; they will only be solved in the future upon the occurrence of one or several facts and they are estimated by the management and its legal counsels.

The estimation of loss contingencies is necessarily a matter of judgment and opinion. When estimating contingent losses in legal processes that are pending against the companies, legal counsels assess the merit of claims, related decisions, and the current state of processes, among other issues.

If evaluation indicates that a material loss will probably occur and the amount of the liability can be estimated, it is then recorded in the financial statements. If evaluation indicates that loss is improbable but the result is uncertain, or if it is probable but its amount is impossible to estimate, then the nature of the contingency is disclosed in a note to the financial statements together with an estimate of the probable loss. Generally, loss contingencies estimated as remote are not recorded or disclosed.

3.20 CONSOLIDATED STATEMENT OF CASH FLOWS

In addition to cash represented in cash and banks, the statement of cash flows includes the cash equivalent of short-term highly liquid investments that are easily convertible into known amounts of cash with insignificant risk of change and maturing not later than within 90 days.

The cash flows statement shows the movements of cash or cash equivalents made during the year and determined by the indirect method.

3.21 CONVERGENCE TO INTERNATIONAL STANDARDS

Pursuant to the provisions of Law 1314 of 2009 and regulatory decrees 2706 and 2784 of December, 2012, the company is bound to initiate convergence between the accounting principles generally accepted in Colombia and the International Financial Reporting Standards –IFRS–, as they are issued by the IASB (International Accounting Standards Board). Taking into account the complexity of this convergence with IFRS, and the significant effects it will have on the companies, the Technical Council of Public Accounting classified companies into three groups to make the transition.

ISA, as a company classified in Group 1, (securities issuers and others) has January 1 to December 31 of 2014, as the period for mandatory transition period. Issuance date of the first comparative financial statements under IFRS will be December 31, 2015.

On February 28, 2013, ISA and its companies in Colombia presented to the Colombian Financial Superintendency an IFRS implementation plan, in compliance with Circular Letter 10 of January 24, 2013 with a copy to the Colombian General Accounting Office, in compliance with Resolution 051 of February 2013.



3.22 RECOGNITION OF ROAD CONCESSIONS IN CHILE AND ELECTRIC ENERGY TRANSMISSION CONCESSIONS IN BRAZIL AS FINANCIAL ASSETS

The Colombian General Accounting Office, aiming to adequately reflect the concessions' economic reality, issued a technical opinion² establishing that prior to homologation of financial information and to application of the equity method, the business model and the rights and guarantees arising from the conditions agreed upon in the concession contract must be analyzed in order to determine if the asset of a concession operator corresponds to an account receivable (financial asset) or to an intangible³.

The road concessions in Chile and the electric energy transmission concessions in Brazil were classified as financial assets, given that in the remuneration mechanisms established in their contracts, the grantor guarantees the operator the recovery of the investment.

2 Technical opinion No. 2013200017991 of 28-05-2013 issued by the Colombian General Accounting Office -CGN for its Spanish initials-.

3 "In light of the above, the operator shall recognize an account receivable as long as it has an unconditional contractual right to receive from the grantor cash or other financial asset for the services agreed upon in the concession contract, given that the grantor is legally and contractually bound to recognize the payments. On the other hand, an intangible asset shall be recognized as long as the operator receives a right to make charges to the users of the public utility, in which case, no unconditional right to receive cash exists, but rather the amounts to be received are conditioned to the exploitation of the service".

Until December 31, 2012, recognition of concessions as an intangible asset was as follows:

- An intangible asset was recognized for the value of the investments.
- Assets under construction were more valuable than the intangible asset.
- The total sum of the payments for pre-existing road infrastructure was recognized as an asset and as a liability.
- Operating revenues originated in tolls collected through the road concessions in Chile and regulatory remuneration for energy services in the Brazil concessions.
- The intangible asset was amortized in the income statement along the concession term.
- Payments of pre-existing infrastructure were considered as operating expenses.

Starting 2013, upon issuing of the technical opinion by the Colombian General Accounting Office –CGN–, recognition of concessions as a financial asset is done as follows:

- An account receivable is recognized for the value of the investment and its associated margin.



- Operating revenue includes financial yields associated with the account receivable (financial asset), construction services, and revenue of operation, administration and maintenance services.
- Operating expenses include construction costs.
- Tolls collected in the road concessions in Chile and regulatory remuneration for energy services in the Brazil concessions are considered as cash holdings.
- The amortization of the financial asset is made in the balance sheet for the difference between the financial yield of the account receivable and the toll collection in Chile or the regulatory remuneration in the Brazil concessions.
- The present value of payments of the pre-existing road infrastructure is part of the financial asset and a financial liability is recognized for the present value of payments of such infrastructure, which is periodically updated to generate a financial expense.

The effect of this change meant \$1,500,000 million equity increase, and around \$250,000 net income increase.



II. SPECIFIC NOTES

NOTE 4: VALUATION OF INFORMATION

FOREIGN CURRENCY OPERATIONS

Current regulations permit free negotiation of foreign currencies through banks and other financial intermediaries, at exchange rates that fluctuate in accordance with supply and demand. Debts for companies in Colombia, except telecommunication companies, indebtedness transactions and debt management operations in foreign and local currency require the approval of the Ministry of Finance and Public Credit.

Operations and balances in foreign currency are translated at the exchange rates in force, as certified by Banco de la República (Colombia) or, by the State banks in the countries where the companies carry out transactions. The exchange rates used for preparation of the financial statements at December 31, 2013 and 2012, expressed in Colombian pesos, were as follows:

CURRENCY	CODE	2013	2012
US Dollar	USD	1,926.83	1,768.23
Euro	EUR	2,655.36	2,331.59
Nuevo sol	PEN	688.35	692.07
Boliviano	BOB	276.84	254.06
Brazilian Real	BRL	822.52	865.29
Chilean Peso	CLP	3.67	3.68
Argentine Peso	ARS	295.62	359.59

The application of accounting standards regarding exchange differences gave rise to the following exchange rate differences in Colombian pesos, which were accounted as shown below:

	2013	2012
Revenues	312,808	214,762
Expenses	(421,346)	(195,456)
Total exchange difference net generated	(108,538)	19,306



Along 2013, financial liabilities generated revenue from exchange difference for \$61,749 (2012: \$ 119,935), and expense for \$280,543 (2012: \$75,467), equivalent to net expense of \$218,794 (2012: net revenue of \$44,468); accounts payable generated revenue and expense from exchange difference of \$4,599 (2012: \$36,685) and \$127,543 (2012: \$87,239), respectively, equivalent to net expense of \$122,944 (2012: \$50,554); accounts receivable generated net expense for exchange difference of \$27,961 (2012: \$28,121). (See Note 23)

NOTE 5: CASH AND INVESTMENTS

Cash and marketable investments on December 31 included:

		2013	2012
CASH			
Cash and deposits in banks, other financial institutions and trusts		479,739	429,455
MARKETABLE INVESTMENTS			
Fixed-income investments	(1)	1,322,991	1,063,802
Variable yield investments	(2)	17,459	183,649
Total marketable investments		1,340,450	1,247,451
Total cash and marketable investments		1,820,189	1,676,906

Cash and temporary investments includes restricted funds, such as: in XM for \$180,816 (2012: \$146,705) of sums from the agents for administration of operations of the wholesale energy market pool, restricted according to regulation in force, and in the companies in Chile \$319,306 (2012: \$314,923), as provided in the financing contracts.

Banking reconciliations are presented monthly and there are no significant reconciliation amounts pending.

- (1) Includes fixed-term deposits of ISA Capital do Brasil for \$119,029 (2012: \$331,213), of CTEEP for \$476,450 (2012: \$255,998), of the companies in Chile for \$401,909 (2012: \$396,716), \$125,631 (2012: \$24,581) of the companies in Peru, and \$184,147 (2012: \$48,193) of the companies in Colombia.
- (2) Includes basically trust deposits of ISA for \$1,208 (2012: \$107,485), of INTERNEXA for \$31 (2012: \$ 5,116), of TRANSELCA for \$16,182 (2012: \$13,043), of XM for \$39 (2012: \$2,611). Its variation occurs mainly in ISA due to a lower investment in trusts for mitigation of market risks generated by the volatility that has taken place during 2013 in local and international markets, which affects in turn, the appreciation of the TES treasury bonds, and consequently the interest rates of the investments that make up the funds and/or on-demand trust funds in which ISA invests. The loss of value of the TES reduces the general profitability of all trust companies, due to both the participation in this type of investment in their investment portfolio and the effect that is directly proportional to the transactions of this type of securities on investments other than public debt (securities issued by the financial and real sectors).

NOTE 6: LONG-TERM INVESTMENTS – NET

INVESTMENTS IN CONTROLLED COMPANIES OR WITH JOINT CONTROL*

Next is the information corresponding to the companies in which ISA and its companies have either direct or indirect participation, and constitute no part of the consolidation process by global integration, given that they are at pre-operating stage, or correspond to investments considered joint control:

INTERCHILE S.A.

Corporation established on December 13, 2012 with main offices in the city of Santiago de Chile. The corporate purpose of this indefinite-term corporation is transmission of electric power by means of trunk transmission, sub-transmission, and/or additional systems or any other transmission facility classification that the rules may include in the future, trading of electricity transport and transformation capacity in the Central Interconnected System, as well as other activities related to the industry of electric transmission and transport. ISA owns 99.9% of the corporation's capital, and through ISA Inversiones Chile S.A. it owns 0.1%.

* At pre-operating stage

INTERCOLOMBIA S.A.

It is a Colombian corporation with main offices in the city of Medellín. It was incorporated on September 30, 2013. Its purpose is the delivery of the public service of electric energy transmission as well as ancillary, supplementary and related services; developing engineering-related activities; delivering technical and non-technical services related to the above activities; and representing, administering, operating and maintaining the assets for usage and connection of the National Transmission System owned by other energy transmission companies. ISA owns 96% of capital stock and, 4% indirectly through ISA Perú, INTERNEXA, INTERVIAL COLOMBIA S.A.S. and PDI.

INTERVIAL COLOMBIA S.A.S. (Formerly, Autopistas de la Montaña S.A.S.)

Corporation established on January 18, 2011 with main offices in Medellín and ISA as sole shareholder. At the time of its incorporation it was called Autopistas de la Montaña S.A.S, however, on January 17, 2013, it changed its name to INTERVIAL COLOMBIA S.A.S.

This corporation may carry out any activity both in Colombia and abroad, especially activities related to engineering, operation and maintenance of road transport infrastructure, deliver services to users of road transport infrastructure, as well as promote and structure road infrastructure projects.



Interligação Elétrica Norte e Nordeste S.A.–IENNE–

With domicile in the city of São Paulo, IENNE is a Brazilian corporation established on December 3, 2007 to exploit concessions of the electric energy transmission services. Concession term is 30 years and commercial operations started in 2011. CTEEP has shared control of this corporation with 25% shareholding.

Interligação Elétrica Sul S.A. –IESUL–

Located in the city of São Paulo, IESUL is a Brazilian corporation established on July 23, 2008 to exploit concessions of the electric energy transmission services. Concession term is 30 years and CTEEP exercises shared control of this corporation, with 50.1% shareholding.

Interligação Elétrica do Madeira S.A. –IEMADEIRA–

IEMADEIRA is a Brazilian corporation with main offices in the city of Rio de Janeiro that was established on December 18, 2008 to exploit concessions of electric power transmission services. Concession term is 30 years; it has not entered commercial operation. CTEEP has shared control of this corporation with 51% shareholding.

Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–

Brazilian corporation with main offices in the city of Recife and established on October 7, 2011 to exploit concessions of electric power transmission

services. Concession term is 30 years. Commissioning is expected for 2014. CTEEP has shared control of this corporation with 51% shareholding.

Interconexión Eléctrica Colombia-Panamá S.A. –ICP–

ICP is a corporation with domicile in the city of Panama and was established on May 14, 2007; its term is indefinite. Its main activities are electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting services in such areas and in general engineering matters. ISA owns 50% stake at this corporation and exercises shared control. This corporation is not yet in commercial operation.

Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P. –ICP S.A.S.–

ICP S.A.S. is a corporation with main offices in the city of Medellín. Incorporated on February 04, 2010, its main purpose is to carry out activities of electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting services in such areas and in general engineering matters. ISA owns 50% of capital stock, thus exercising shared control. This corporation is not yet in commercial operation.



Transnexus S.A. E.M.A.

Transnexus is an Ecuadorian corporation with main offices in Quito. It was established on November 29, 2002. This corporation has as its corporate purpose the organization, administration, commercialization and delivery of telecommunications services and activities, such as carrier, IP-based and value added services, as well as ancillary activities, and in general, any service or activity in the telecommunications sector. INTERNEXA S.A. has 5% participation, and through INTERNEXA Perú S.A, it owns 45% participation, thus having shared control. Its term is 99 years.

Derivex S.A.

It was established on June 2, 2010. Its purpose is administration of a system for negotiation and registration of operations with financial derivatives that meet the definition of security included in paragraphs 3 and 4 of Article 2 of Law 964 of 2005 and have electric energy, fuel gas, and other energy commodities as underlying assets, all as authorized by the Colombian Financial Superintendency in Resolutions Nos. 2001 of December 23, 2009 and 1069 of May 27, 2010. XM owns 49.95% participation and has joint control over it. Its term is 50 years.

OTHER INVESTMENTS

Financiera de Desarrollo Nacional

It is a financial institution of national order established by Law 11 of 1982 as a State-owned corporation ascribed to the Ministry of Mines and Energy

with the purpose of acting as financial and credit organism for the Colombian power sector. Decree 4174 of 2011 modified the denomination of Financiera Energética Nacional S.A. –FEN– into Financiera de Desarrollo Nacional S.A. It also widened its corporate purpose, so that references to the power sector will be extensive to every sector of the economy. Investment is represented by 0.00069% participation.

Empresa Propietaria de la Red –EPR–

EPR is a Panamanian corporation with main offices in San Jose de Costa Rica. Established in 1998, it is a company ruled by private law that has the endorsement of the “Parent Treaty of Central America’s Power Market” and its protocol, through which, each government grants the corresponding permission, authorization or concession, as fits construction and exploitation of the first regional electric interconnection system that will link Honduras, Guatemala, El Salvador, Nicaragua, Costa Rica and Panama. ISA has 11.11% participation in this corporation. This company has already begun operation in some of the line segments.

Electrificadora del Caribe S.A. E.S.P. –ELECTRICARIBE–

ELECTRICARIBE is the company that delivers electric energy distribution and trading services in the Colombian Caribbean. ISA has 0.48072666% participation and TRANSELCA 0.0008%. These shares were received by ISA as payment.



Cámara de Riesgo Central de Contraparte de Colombia S.A. –CRCC–

CRCC is a Colombian corporation with main offices in Bogotá. Established on October 03, 2007, its main purpose is to administer the Operations Settling and Clearing System, that is the organized array of activities, agreements,

counterparties, agents, third parties, accounts, rules, procedures, mechanisms and technological components for accepting, settling and clearing operations with assets, either as a counterparty or not. XM has 7.18% participation (2012: 6.38%) of subscribed and paid-in capital.

Below is the detail of long-term investments, net, at December 31:

		2013	2012
Investments in controlled companies and with shared control*			
Interligação Elétrica Madeira S.A.–IEMADEIRA–	(1)	651,354	495,901
Interligação Elétrica Norte Nordeste S. A. –IENNE–		70,690	71,016
Interligação Elétrica Sul S. A. –IESUL–	(1)	77,093	73,402
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–	(1)	85,077	13,738
INTERCHILE S.A.	(2)	40,569	11
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–	(2)	5,602	86
Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.		115	1,018
INTERVIAL COLOMBIA S.A.S. (Formerly, Autopistas de la Montaña S.A.S.)		411	422
INTERCOLOMBIA S.A.		34	-

* At pre-operating stage



Cont'd

		2013	2012
Transnexa S.A. E.M.A.		529	414
Derivex S.A.		818	616
Evrecy Participações Ltda.	(3)	-	28,089
Total investments in controlled companies or with shared control		932,292	684,713
Investments at cost			
Financiera Energética Nacional S.A. –FEN–		4	4
Empresa Propietaria de la Red –EPR–		12,524	11,493
Cámara de Riesgos Central de Contraparte de Colombia		3,311	2,700
Electrificadora del Caribe S.A. E.S.P. –ELECTRICARIBE–		12,130	12,130
Total investments at cost		27,969	26,327
Investment allowance		(3,476)	(3,433)
TOTAL LONG-TERM INVESTMENTS		956,785	707,607

(1) The increase in 2013 is due to the recognition of energy transmission concessions in Brazil as a financial asset (account receivable, intangible asset in 2012) according to CGN Opinion No. 20132000017991. (See Note 3.22).

(2) Larger capital contributions made by ISA.

(3) The company was included as part of the consolidated figures in 2013.



The following table includes financial information of the affiliates and subsidiaries with which the equity method is applied:

2013						
COMPANY	PARTICIPATION		FINANCIAL INFORMATION			
	SHARES	%	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
In controlled companies						
INTERVIAL COLOMBIA S.A.S. (formerly, Autopistas de la Montaña)	1,500,000	100.00	415	4	411	(11)
INTERCOLOMBIA S.A. E.S.P.	48,000	96.00	50	14	36	(14)
INTERCHILE S. A.	24,556,720	99.90	124,514	84,341	40,173	(2,277)
With shared control						
Interligação Elétrica Madeira S.A. –IEMADEIRA–	632,910,000	51.00	3,790,576	2,513,406	1,277,170	111,482
Interligação Elétrica Norte Nordeste S. A. –IENNE–	81,821,000	25.00	538,781	256,021	282,760	(34,152)
Interligação Elétrica Sul S. A. –IESUL–	88,228,499	50.00	219,166	64,980	154,186	2,312
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–	99,450,000	51.00	413,033	246,216	166,817	5,981
Transnexa S.A. E.M.A	259,300	50.00	22,530	21,467	1,063	151
Derivex S.A.	979,020	49.95	1,312	109	1,203	(1,001)
Interconexión Eléctrica Colombia - Panamá S.A. –ICP–	6,787	50.00	11,361	250	11,111	1,406
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	1,200,000	50.00	259	28	231	1,807

2012						
COMPANY	ISA PARTICIPATION		FINANCIAL INFORMATION			
	SHARES	%	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
In controlled companies						
Autopistas de la Montaña S.A.S.	1,500,000	100.00	435	13	422	(1,035)
Evrecy Participações Ltda.	21,512,367	100.00	28,677	537	28,140	213
INTERCHILE S.A.	999,000	99.90	11	-	11	-
With shared control						
Interligação Elétrica Madeira S.A. –IEMADEIRA–	487,560,000	51.00	3,213,667	2,233,973	979,694	100,248
Interligação Elétrica Norte Nordeste S. A. –IENNE–	81,821,000	25.00	633,856	300,465	333,391	14,160
Interligação Elétrica Sul S. A. –IESUL–	74,128,499	50.00	182,613	47,243	135,370	1,186
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–	15,300,510	51.00	85,834	59,405	26,429	469
Transnexa S.A. E.M.A	259,300	50.00	23,535	22,706	829	352
Derivex S.A.	944,055	49.95	1,473	468	1,005	(1,345)
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–	1,936	50.00	366	197	169	(10,333)
Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.	1,200,000	50.00	2,043	5	2,038	(343)

The effect of the application of the equity method generated variations in the investments, which are shown in the results and equity, as loss or income. (See Note 23 (4)).



NOTE 7: ACCOUNTS RECEIVABLE – NET

Following is the balance of accounts receivable, net, as of December 31:

		2013	2012
Customers			
Road transport services	(1)	6,239,291	13,935
Energy services	(2)	4,017,913	406,700
Telecommunications		57,547	38,472
Market administration		7,797	8,207
Constructions		3,378	8,957
Other technical services		2,171	2,439
Total customers		10,328,097	478,710
Interest receivable			
From customers		-	309
Other interest receivable		276	230
Total interest receivable		276	539
Dividends receivable			18,568
Loans extended		1,009	638
Prepayments and advances			
Taxes and contributions		303,783	400,710
To suppliers		1,578	2,099
For purchase of goods and services		82,588	40,602

Cont'd

		2013	2012
Advance and prepayment of per-diem and travel expenses		566	574
Other		4,660	3,678
Total prepayments and advances		393,175	447,663
Other accounts receivable			
Related parties	(3)	77,163	688
Loans to employees		29,902	25,977
Deposits made		169,207	197,491
Accounts receivable from Brazilian Gov. - Law 4819	(4)	955,355	855,520
Accounts receivable VAT – MOP –	(5)	13,673	149,362
CTEEP compensation for early renewal of concession	(6)	743,361	2,551,859
Miscellaneous accounts receivable		243,423	194,665
Total other accounts receivable		2,232,084	3,975,562
TOTAL ACCOUNTS RECEIVABLE		12,954,641	4,921,680
Less – Allowance for doubtful accounts	(7)	(1,702,582)	(18,457)
TOTAL ACCOUNTS RECEIVABLE NET		11,252,059	4,903,223
TOTAL LONG-TERM ACCOUNTS RECEIVABLE		8,964,725	1,914,598
TOTAL SHORT-TERM ACCOUNTS RECEIVABLE		2,287,334	2,988,625

For comparative effects, \$1,026 of Telecommunications Miscellaneous Accounts Receivable and \$10,997 of Miscellaneous Accounts Receivable of year 2012 were reclassified as energy services.

(1) The increase in 2013 is due to the recognition of energy transmission concessions in Brazil as a financial asset (account receivable, in 2012 intangible asset) according to CGN Opinion No. 20132000017991. (See Note 3.22)



- (2) The increase in 2013 is due to the recognition of energy transmission concession in Brazil as a financial asset (account receivable, intangible asset in 2012) according to CGN Opinion No. 20132000017991. (See Note 3.22). \$1,226,366 is included as part of the account receivable balance, corresponding to the estimated value of the assets denominated “Existing System” which were valued at As-New Depreciated Value –VRN– according to independent appraisal of November 14, 2012. CTEEP considers it is entitled to receive such value as compensation for these assets. However, a provision was established so as to reduce the value to the historic cost of these assets; availing by ANEEL opinion of January 23, 2013, Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–, an ISA subordinate in Brazil, is in the process of producing the valuation report to be presented to the grantor before June 30, 2014, for approval of the value the company will receive as payment for the reversible assets classified as Existing Service –SE–.
- (3) For development of the new works awarded, and for the company operation, along 2013, ISA Inversiones Chile extended INTERCHILE a CLP 13,600 million loan with fixed interest rate and 2-year term, and several account receivable recognition contracts amounting to CLP 7,079.9 million, with fixed interest rate and 1-year term.
- (4) Corresponds to accounts receivable by CTEEP from the Brazilian State, for labor benefits ruled by Law 4819 of 1958. No monetary updating is applicable to this balance and no yield is recorded until approved by the Government of the São Paulo State for payment to the company.
- (5) Variation corresponds to recovery of VAT assumed by MOP from construction, maintenance, and repair works carried out by Chilean road concessionaires.
- (6) CTEEP variation corresponds to payment in 2013 of the account receivable related to compensation to be received for assets entering operation since May of 2000, according to Law 12783 of January, 2013. The balance will be paid in monthly installments up to July of

2015, updated by IPCA, and including remuneration of the weighted average cost of capital –WACC– of actual 5.59% yearly. (See Note 23 (6)).

- (7) Increase in CTEEP is due to provision made for account receivable of Law 4819/58, taking into consideration the new events of 2013, especially the progress of legal collection of the amounts owed by Secretaría de Hacienda del Estado de São Paulo –SEFAZ SP– and taking into account the state of the legal proceedings and other previously mentioned actions. CTEEP management reviewed its position establishing a provision for accounts receivable (extended collection times are expected and SEFAZ SP’s exclusive responsibility is not considered). Likewise, the provision mentioned in number (2) above is included. (See Note 19).

The composition of receivables (capital only) on December 31 is as follows:

	2013	2012
Shareholders		
Empresas Públicas de Medellín –EPM–	156	317
Empresa de Energía de Bogotá –EEB–	37	14
Empresa Colombiana de Petróleos –ECOPETROL–	-	79
Total shareholders	193	410
Other customers	10,327,904	478,300
Total accounts receivable from customers	10,328,097	478,710

- (1) See explanatory notes (1) and (2) of net balance of accounts receivable at December 31.



Classification of accounts receivable from customers according to maturity date:

	2013	2012
Current (1)	10,262,238	428,276
Overdue		
Between 1 and 90 days	24,415	14,752
Between 91 and 180 days	10,672	1,578
Between 181 and 360 days	901	3,560
More than 360 days	29,871	30,544
Total overdue	65,859	50,434
TOTAL	10,328,097	478,710

(1) See explanatory notes (1) and (2) of net balance of accounts receivable at December 31.

Most accounts receivable are from the road transport concessionaires in Chile and the energy transmission concessionaires in Brazil.

Interest is invoiced on past due accounts at the highest rate allowed by law.

NOTE 8: INVENTORIES – NET

Inventories at December 31 included:

		2013	2012
Short-term inventories			
Materials to render services	(1)	112,073	86,864
Inventories in transit	(2)	1,355	25,337
Provision		(2,299)	(158)
Total short-term inventories		111,129	112,043
Long-term inventories			
Materials to render services		59,810	60,885
Provision	(3)	(307)	(2,457)
Total long-term inventories		59,503	58,428
TOTAL INVENTORIES		170,632	170,471

- (1) Corresponding to energy-service providers and project-construction companies, to guarantee service continuity and allow compliance with the system's availability indicators.
- (2) In ISA, in 2012, materials and equipment for construction of the Sogamoso, Cauca Nariño – CANA– projects and for renovation of inductive equipment and high voltage equipment were being transported and under process of legalization; they were legalized in 2013.



(3) Decrease in long-term inventories provision is due mainly to \$2,450 retirement of inventories in ISA along 2013, associated with the company's surplus, obsolete and useless items. As to short-term, REP's inventory provision was increased by \$2,141 to cover risk of loss of value of spare parts and supplies.

ISA and its companies conduct actions to guarantee adequate preservation and safeguarding of inventories, and take periodic stock count with no significant differences found; additionally, inventories are insured under a combined material damage policy. Inventories have no restrictions or liens limiting their use or realization.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT – NET

The net balance of property, plant and equipment at December 31, included:

		2013	2012
Property, plant and equipment			
Networks, lines and cables	(1)	2,633,229	2,485,918
Plants and ducts		2,282,211	2,219,795
Buildings		126,261	114,368
Land		32,783	30,129
Machinery and equipment		104,487	97,329
Computer and communications equipment		92,359	57,995
Transport, traction and lifting equipment		21,458	17,642
Furniture, fixtures and office equipment		38,946	21,954
Subtotal property, plant and equipment		5,331,734	5,045,130
Less – accumulated depreciation		(2,383,761)	(2,232,872)
Less – provisions		(13,599)	(11,798)
Total property, plant and equipment in operation		2,934,374	2,800,460
Constructions in progress		214,419	157,007
Machinery, plant and equipment in assembly		47,811	58,968
Machinery and equipment in transit		12,209	15,002
Total property, plant and equipment – net		3,208,813	3,031,437



(1) Corresponding essentially to activation of ISA's projects of El Bosque for \$98,344, Termocol for \$13,103, Chinú Substation expansion for \$17,192, first stage of Chivor Substation expansion for \$1,656, and Guatiguará–Sochagota alternate transmission line for \$1,034. Ongoing construction works were transferred to projects in service for \$606 (transmission lines). Additionally, in 2013, TRANSELCA capitalized the new Cerromatoso–Gecelca 3, 110-kV line for \$15,113.

Assets have no restrictions, or pledges or guarantees for obligations.

ISA and its companies are currently insured with policies covering combined material damage, terrorism, and consequential losses, aiming at insuring loss of and damages to their fixed assets, except transmission towers and lines

NOTE 10: DEFERRED CHARGES AND OTHER ASSETS

The balance of deferred charges and other assets, at December 31 included:

		2013	2012
Deferred charges and other short-term assets			
Prepaid expenses		51,042	40,057
Deferred tax	(1)	75,083	74,694
Actuarial financial reserve		1,704	1,864
Trust rights		1,106	2,373
Other deferred charges		424	422
Total deferred charges and other short-term assets		129,359	119,410
Deferred charges and other long-term assets			
Deferred charges			
Deferred tax	(1)	1,335,217	1,249,009
Debt issuance and restructuring costs	(2)	440,213	1,507,968
Studies and research		-	4
Existing infrastructure	(3)	-	1,164,050
Other deferred charges		35,745	542,431
Total deferred charges		1,811,175	4,463,462



Cont'd

		2013	2012
Intangibles			
Software		43,908	58,149
Licenses		101,863	71,311
Easements		83,881	76,283
Rights	(4)	3,083,324	11,048,277
Goodwill and trademarks	(5)	1,821,501	1,674,870
Less – amortization of intangible assets	(6)	(1,844,291)	(5,291,446)
Total intangible assets		3,290,186	7,637,444
Actuarial financial reserve		9,477	11,382
Miscellaneous		37,007	36,260
Total deferred charges and other long-term assets		5,147,845	12,148,548

- (1) Explained mainly by \$148,065 increase in CTEEP of deferred tax related to provision for accounts receivable from São Paulo State under Law 4819/58, offset by reduction in deferred taxes in Chile for \$65,511 resulting mainly from decrease in liabilities with the MOP of Chilean concessionaires, especially Ruta del Maule, due to reduction of installments payable for pre-existing infrastructure.
- (2) Variation corresponds to retirement of intangible asset (rights of road concessions in Chile), recorded as of January 1, 2013, as financial assets, in accordance with CGN's technical opinion of May 28, 2013. (See Note 3.22)
- (3) Corresponding to recognition as financial asset (account receivable) in Chile of rights held by

road business companies over preexisting infrastructure, to operate, manage, improve and collect toll fees from toll users in accordance with the bidding terms. (See Note 7)

- (4) Variation corresponds to elimination of intangible asset (rights of road concessions in Chile and energy transmission concessions in Brazil), recognized as of January 1, 2013, as financial assets, in accordance with CGN's technical opinion of May 28, 2013. (See Note 3.22)
- (5) Increase corresponding to recognition of goodwill generated upon acquisition of the telecommunications companies in Brazil through creation of investment vehicle INTERNEXA Capital.
- (6) Intangibles amortization is reduced mainly by recognition of the rights of the Brazil and Chile concessions as financial assets as of 2013. (See Notes 3.5 and 3.22).



NOTE 11: RE-APPRAISALS

The balance of re-appraisals at December 31 included:

		2013	2012
Investments		10,990	4,651
Property, plant and equipment	(1)	2,870,690	3,008,736
Total re-appraisals		2,881,680	3,013,387

(1) Economic appraisal was conducted in 2013 and 2012 for main components of property, plant and equipment of the companies in Colombia, in compliance with the requirements of the Public Accounting Regime issued by Resolution 354 of September 5 of 2007.

Economic appraisal of operational assets use the Linear Depreciated Replacement Cost methodology, a methodology of recognized technical value for ascertaining the value of State assets approved by CGN as indicated in number 18 of accounting procedure for recognition and disclosure of facts related to plant and equipment issued by Resolution No. 356 of September 5, 2007. Such methodology consists of determining the current value of the equipment in operation on the basis of the cost of similar equipment

that can provide the same service, the as-new-replacement value (VRN⁴), proportionally affected by the service time remaining (remaining life) in proportion to its total useful life established. This criterion is applied to every specialized asset⁵ that ISA has in operation for energy transmission (use and connection). Market value is used for non-specialized⁶ assets such as vehicles.

Changes in assets valuation in relation to 2012 figures are explained basically by:

- a. Negative PPI behavior for 2013, -0.49% (2012: -2.95%).
- b. Variations explained by updating of remaining service life.

4 Values determined according to regulation applicable for their remuneration.

5 Assets not often offered or demanded on the market.

6 Assets often offered and demanded on the market.

NOTE 12: OUTSTANDING BONDS

At 2013 closing, debt represented in bonds totaled \$6,445,812 (2012: \$5,987,630).

Characteristics and balances of outstanding bonds at December 31 for each of the corporations are detailed below:

ISA

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
Program Tranche 2	COP	COP 150,000	20/02/2004	20/02/2016	12	CPI + 7.300%	150,000	150,000
Program Tranche 3	COP	COP 108,865	07/12/2004	07/12/2019	15	CPI + 7.190%	-	108,865
Program Tranche 4 Batch 1	COP	COP 118,500	07/04/2006	07/04/2026	20	CPI + 4.580%	118,500	118,500
Program Tranche 5	COP	COP 110,000	21/09/2006	21/09/2013	7	CPI + 4.840%	-	110,000
Program Tranche 4 Batch 2	COP	COP 104,500	07/04/2006	07/04/2026	20	CPI + 4.580%	104,500	104,500
Program Tranche 6 Series A	COP	COP 150,000	02/04/2009	02/04/2015	6	CPI + 4.990%	150,000	150,000
Program Tranche 6 Series B	COP	COP 59,500	02/04/2009	02/04/2018	9	CPI + 5.900%	59,500	59,500
Program Tranche 7 Series A	COP	COP 180,000	01/12/2011	01/12/2023	12	CPI + 4.470%	180,000	180,000
Program Tranche 7 Series B	COP	COP 120,000	01/12/2011	01/12/2041	30	CPI + 4.840%	120,000	120,000
Program Tranche 8 Series C9	COP	COP 120,000	22/05/2013	22/05/2022	9	CPI + 2.840%	120,000	-
Program Tranche 8 Series C15	COP	COP 100,000	22/05/2013	22/05/2028	15	CPI + 3.250%	100,000	-
TOTAL							1,102,500	1,101,365

A securities program has been approved with total quota of \$2,700,000 million, of which \$1,100,000 million are outstanding.

In 2013 the company issued Tranche 8 of the Securities Program for \$220,000, of which, \$120,000 was placed for Series C9 maturing in May of 2022, and \$100,000 for Series C15 maturing in May of 2028. Resources from the issue went to finance cash flow.

On June 7, 2013, the pre-payment option of Tranche 3 of ISA's Domestic Debt Securities Issue and Underwriting Program for \$108,865 was exercised, paying a \$4,354.6 bonus equivalent to 4% of amortized capital balance, as agreed upon in the issue.

In September, 2013, the Fifth Tranche of ISA's Domestic Debt Securities Issue and Underwriting Program for \$110,000 was paid upon maturity.

TRANSELCA

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
Second issue	COP	COP 50,000	19/10/2004	19/10/2016	12	CPI + 6.950%	50,000	50,000
Third issue Series A10	COP	COP 80,000	11/10/2011	11/10/2021	10	CPI + 4.200%	80,000	80,000
Third issue Series A15	COP	COP 100,000	11/10/2011	11/10/2026	15	CPI + 4.480%	100,000	100,000
Total							230,000	230,000



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FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
1P 1st issue (Series A)	USD	USD 30	14/07/2003	14/07/2013	10	Fixed rate 5.750%	-	6,591
1P 3rd issue (Series A)	USD	USD 14.2	19/07/2004	19/07/2016	12	Fixed rate 7.750%	-	11,299
1P 3rd issue (Series B)	USD	USD 5.8	20/08/2004	20/08/2016	12	Fixed rate 7.625%	-	4,615
1P 5th issue (Series A)	USD	USD 30	30/11/2004	02/12/2014	10	Libor (3M) + 2.563%	-	10,609
2P 3rd issue (Series A)	USD	USD 8.5	15/02/2007	16/02/2019	12	Fixed rate 5.875%	-	8,540
2P 3rd issue (Series B)	USD	USD 30	12/10/2007	12/10/2019	12	Fixed rate 6.188%	-	33,757
2P 4th issue (Series A)	USD	USD 21.5	15/02/2007	16/02/2019	12	Libor (3M) + 0.750%	19,772	21,601
2P 15th issue (Series A)	USD	USD 20	15/05/2009	15/05/2016	7	Fixed rate 6.500%	38,537	35,365
2P 17th issue (Series A)	USD	USD 20	19/01/2011	20/01/2018	7	Fixed rate 5.750%	38,537	35,365
2P 20th issue (Series A)	USD	USD 38	19/01/2011	20/01/2026	15	Fixed rate 6.500%	73,220	67,193
3P 4th issue (Series A)	USD	USD 40	18/10/2012	19/04/2031	19	Fixed rate 5.875%	77,073	70,729
3P 1st issue (Series A)*	PEN	PEN 104.1	07/11/2012	08/11/2022	10	Fixed rate 5.375%	71,818	72,241
3P 3rd issue (Series A)	USD	USD 10	07/02/2013	07/02/2018	5	Fixed rate 4.625%	19,268	-
3P 1st issue (Series B)*	PEN	PEN 77.3	07/02/2013	07/02/2023	10	Fixed rate 5.120%	53,312	-
Fair value swap	USD						17,314	-
Fair value swap	USD						15,885	-
TOTAL							424,736	377,905

* Bonds issued in PEN and Swap in USD.



Underwriting of USD 40 million corresponding to the Fourth Issue of the Third Corporate Bonds Program was made in October 2012, with 18.5-year term and a fixed nominal interest rate of 5.875% yearly. Amortization of capital to take place upon expiration of the issue's term.

Underwriting of PEN 104.1 million corresponding to the First Issue of the Third Corporate Bonds Program was made in November 2012, with 10-year term and fixed nominal interest rate of 5.375% yearly. Amortization of capital to take place upon expiration of the issue's term.

Third issuance (Series A) of the Third Corporate Bonds Program for USD 10 million was made in February of 2013, with 5-year term and 4.625% interest rate, and first issuance (Series B) of the Third

Corporate Bonds Program for PEN 77.3 million, with 10-year term and 5.12% fixed interest rate. Proceeds from both placements went to exercise the redemption option of the first, third and fifth issues of the First Corporate Bonds Program, and also of the third issue of the Second Corporate Bonds Program.

Amortization for USD 1.9 million of the Fourth Issue (Series A) of the Second Corporate Bonds Program was made by the company in February, May, August and November, 2013.

At December 31, 2013, the company holds a Cross-Currency-Swap contract to reduce risk from exchange rate volatility of the new sol, for the bonds of the first issue of the third corporate bond program.

Consortio Transmantaro

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
CTM International bonds	USD	USD 450	07/05/2013	07/05/2023	10	Fixed rate 4.375%	867,074	-
TOTAL							867,074	-

On April 30, 2013 the company carried out underwriting of international securities under Rule 144 and Regulation S of the U.S. Securities Act of 1933. Issuance of the bonds denominated Senior Notes took place on May 7, 2013. Issue totaled USD 450 million at 99.002% issue price. It provides

for 10-year bullet amortization, and biannual coupons accruing interest at 4.375% effective annual rate. These funds were earmarked to prepayment of accounts payable.

GTEEP

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
Debentures 1st Series	BRL	BRL 548.6	15/12/2009	15/12/2014	5	CDI + 1.300%	134,619	283,240
Debentures 2nd Series	BRL	BRL 700.0	15/12/2009	15/12/2017	8	IPCA + 8.100%	59,576	59,241
2nd Debentures - Single Series	BRL	BRL 700.0	04/07/2012	02/07/2014	2	106% CDI	-	605,706
Debentures	BRL	BRL 500.0	26/12/2013	26/12/2018	5	116% CDI	411,259	-
TOTAL							605,454	948,187



In July 2012, CTEEP issued 70,000 debentures in one single series for a total value of BRL 700 million with 2-year term and 105.5% CDI interest rate. The issue was prepaid on December 30, 2013.

In December 2013, CTEEP issued 50,000 debentures in one single series for a total value of BRL 500 million with 5-year term and 116% CDI interest rate. Capital amortizations will be on December 26 of 2016, 2017, and 2018, with semi-annual interest payments starting June 26, 2016.

ISA Capital do Brasil

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
Tranche 1	USD	USD 354	29/01/2007	30/01/2017	10	Fixed rate 8.800%	60,986	55,966
TOTAL							60,986	55,966

Ruta del Maipo

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
Bond 144A **	USD	USD 421	15/12/2005	15/06/2022	17	Fixed rate 7.373%	674,427	657,605
Bond Series A1 and A2	UF	UF 5.8	27/09/2004	15/06/2025	21	Fixed rate 4.850%	496,600	488,100
Bond Series B1 and B2	UF	UF 6.0	28/11/2006	15/12/2030	24	Fixed rate 3.200%	640,451	609,972
Fair value swap	UF						378,257	442,273
TOTAL							2,189,735	2,197,950

** Bonds issued in USD and UF and Swap in UF.



In August, 2011, the corporation issued bonds for USD 421 million insured in the USA. In May of 2005, the corporation signed a cross currency swap contract with Instituto de Credito Oficial de España –ICO–, in order to exchange dollar flows from the bonds for safe flows in Unidades de Fomento

–UF– as protection against dollar exchange risks. This hedging instrument is recorded at its reasonable value.

In 2013, Ruta del Maipo made payments to holders of 144A Bonds for USD 22 million and USD 10.5 million to ICO.

Ruta del Maule

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
Bonds Series B1 and B2	UF	UF 5.7	13/06/2005	17/12/2018	14	Fixed rate 2.750%	275,607	321,969
Bonds Series C1 and C2	UF	UF 1.1	06/09/2006	17/12/2018	12	Fixed rate 3.500%	96,272	94,624
TOTAL							371,879	416,593

On June 15 and December 15 of 2013, Ruta del Maule made payments to Series B1 and Series B2 bonds for UF 301,449 and UF 305,566, respectively.

Ruta del Bosque

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY	TERM (YEARS)	INTEREST RATE	2013	2012
Bond Series A	UF	UF 7.8	26/02/2001	15/09/2020	20	Fixed rate 6.300%	469,238	505,350
Bond Series B	UF	UF 1.5	11/10/2006	15/09/2020	14	Fixed rate 3.400%	124,211	154,314
TOTAL							593,449	659,664
TOTAL BONDS							6,445,812	5,987,630



Together with payment of coupon corresponding to Bond A, the concessionaire made on September 15, 2013, partial mandatory prepayments (advanced redemption) for UF 178,066 and UF 264,271, respectively, as established in the financing contracts in force.

Bonds accrued interest during 2013 for \$410,513 (2012: \$464,602), which were recorded as financial expenses.

Below is the detail of maturities for outstanding bonds:

MATURITIES 2013	
Short-term	300,097
Long-term	6,145,715
2015	348,104
2016	578,249
2017	414,648
2018 onwards	4,804,714
Total bonds	6,445,812

MATURITIES 2012	
Short-term	412,934
Long-term	5,574,696
2014	923,717
2015	351,749
2016	439,997
2017 onwards	3,859,233
Total bonds	5,987,630

NOTE 13: FINANCIAL LIABILITIES

At 2013 closing, debt represented in financial liabilities totaled \$2,252,656 (2012: \$3,404,617).

Characteristics and balances of financial liabilities at December 31 for each of the corporations are detailed below:

ISA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Banco de Bogotá	USD	04/07/2012	04/04/2017	5	Libor (6M) + 2.600%	77,073	70,729
BBVA	COP	26/08/2011	26/08/2021	10	DTF + 3.800%	222,432	222,433
BNP PARIBAS	USD	17/05/2006	15/05/2017	11	Libor (6M) + 0.345%	25,568	30,167
TOTAL						325,073	323,329

In 2012, funds for USD 40 million were obtained from Banco de Bogotá to finance 2012 cash flow. An amendment to the contract was signed in June of 2013 reducing the current interest rate agreed on from Libor (6M) + 3.5% SV to Libor (6M) + 2.6% SV.

In 2013, partial payments for USD 3.8 million were made to loan with BNP Paribas.

INTERNEXA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Banco de Occidente	COP	06/11/2008	06/11/2013	5	DTF + 3.200%	-	2,000
TOTAL						-	2,000

In November of 2013, INTERNEXA repaid Banco Occidente loan for 2,000.



TRANSELCA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Banco de Bogotá	COP	06/07/2012	06/07/2018	6	DTF + 2.300%	120,000	120,000
BBVA	COP	26/12/2013	26/12/2016	3	DTF + 1.350%	11,000	-
TOTAL						131,000	120,000

In July of 2012, Banco de Bogotá extended a \$120,000 loan with 6-year term and DTF (T.A) + 2.3% rate.

In December of 2013, Banco Bilbao Vizcaya Argentaria extended the company a loan with 3-year term and DTF (T.A.) + 1.35% rate to finance its cash flow.

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FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Banco de Crédito del Perú	USD	01/12/2006	01/12/2016	10	Libor (3M) + 2.125%	19,654	24,048
Interbank	USD	11/07/2012	11/07/2014	2	Fixed rate 4.950%	-	3,847
Commercial papers	USD	06/12/2012	01/12/2013	1	Fixed rate 2.171%	-	26,523
TOTAL						19,654	54,418

On February 15, 2006, the company subscribed a USD 34 million loan agreement with Banco de Crédito del Perú. This loan was earmarked to pay off syndicated loan hired in previous years. Loan term is 129 months, including 9 months of grace for payment of principal. Such loan accrues interest at an annual rate of Libor + 2.125%. Partial payments of USD 3.4 million were made during 2013.

In July of 2012, REP hired a financial leasing for construction of the new headquarters, at 4.95% effective interest rate. In October of 2013, the company prepaid the financial leasing.

The company issued commercial papers for USD 15 million at 2.17% effective annual rate and 360-day term. They were fully amortized in December of 2013.



Consortio Transmantaro

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Banco de Crédito del Perú	USD	11/08/2009	15/05/2017	8	Fixed rate 6.610%	-	21,176
Banco de Crédito del Perú	USD	11/01/2010	23/01/2017	7	Fixed rate 6.980%	-	114,493
BBVA Banco Continental	USD	29/11/2011	28/11/2019	8	Fixed rate 5.840%	-	159,141
BCP and Bancolombia Puerto Rico	USD	11/07/2011	28/12/2020	9	Fixed rate 6.730%	-	271,423
Banco de Crédito del Perú	USD	07/12/2012	06/12/2020	8	Libor (3M) 5.700%	117,537	17,682
TOTAL						117,537	583,915

Loans from Banco de Crédito del Perú, BBVA, Banco Continental and the syndicated loan from Banco de Crédito del Perú and Bancolombia Puerto Rico, were pre-paid during 2013, with funds from bond issues (Rule 144A and Regulation S) made by the company for USD 450 million.

On December 7, 2012, the trust estate established by virtue of the Trujillo-Chiclayo Administration Trust, with the participation of the company, subscribed a syndicated medium-term loan agreement with Banco de Crédito del Perú for USD 100 million to meet the financial needs of the

Trujillo-Chiclayo transmission line. At December 31, the company has received disbursements of USD 61 million (USD 10 million at December 31 of 2012). The loan matures on December 06, 2020; it has a USD 63 million balloon payment (on the USD 100 million) and accrues interest calculated with stepped interest rate, according to the following: (i) for the years between year one (1) and year three (3) of loan term, the equivalent of Libor + 5.70%; (ii) for the years between year four (4) and year eight (8) of loan term, the equivalent of Libor + 5.90%.



ISA Perú

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
IFC Tranche A	USD	24/06/2002	15/04/2016	14	Fixed rate 6.070%	-	12,468
BBVA Banco Continental	USD	15/02/2006	15/11/2015	10	Libor (3M) + 1.450%	10,472	14,415
Bancolombia	USD	19/12/2013	19/12/2018	5	Libor (3M) + 3.900%	12,887	-
TOTAL						23,359	26,883

On June 24 of 2002 the company subscribed a loan contract with the International Finance Corporation –IFC– for USD 26 million (Tranche A and Tranche B for USD 18 million and USD 8 million, respectively). This loan was earmarked to fund design, construction, commissioning, operation, maintenance and eventual transfer of the transmission lines, control center and SCADA system, located in Lima. Tranche B was fully paid back with financing from BBVA Banco Continental.

On February 15, 2006, the company subscribed a USD 14 million loan agreement with Banco de Crédito del Perú. This loan was earmarked for prepayment of accounts payable to Nederlandse Financierings-Maatshappij

Loor Ontwikkelingslanden N. V. –FMO–, Banco de Crédito del Perú –BCP– and Tranche B of the IFC loan.

In June of 2013, the company prepaid Tranche A of the IFC loan with a loan extended by Scotiabank (bridging loan), which was paid with loan from Bancolombia Puerto Rico.

On December 19, 2013, the company subscribed a USD 6.7 million loan agreement with Bancolombia Puerto Rico Internacional Inc. This loan was used for payment of existing account payable. Loan term is 60 months. The loan accrues interest calculated at Libor annual rate (3 months) + 3.9%.



INTERNEXA en Perú

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Helm Bank Panama	USD	17/11/2010	17/11/2015	5	Libor (6M) + 3.360%	1,927	2,652
Helm Bank Panama	USD	30/12/2010	30/12/2015	5	Libor (6M) + 3.360%	2,569	3,536
Helm Bank Panama	USD	08/08/2011	08/08/2016	5	Libor (6M) + 3.280%	2,312	2,122
Helm Bank Panama	USD	27/03/2012	27/03/2016	4	Libor (6M) + 3.510%	4,817	4,421
Helm Bank Panama	USD	13/11/2012	13/11/2013	1	Libor (6M) + 3.510%	-	1,415
Banco Continental	USD	07/11/2013	07/11/2014	1	Fixed rate 3.700%	963	-
TOTAL						12,588	14,146

In March and November 2012, the company obtained a loan for USD 3.3 million from Helm Bank Panama. Helm Bank loan disbursed in November 2012 for USD 800,000 was fully amortized in December 2013.

In November of 2013, the company obtained a loan from Banco Continental with 1-year term and 3.7% rate.



CTEEP

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
ELETROBRAS	BRL	08/01/1990	15/11/2021	32	Fixed rate 8.000%	236	291
BNDES	BRL	17/09/2007	15/06/2015	8	TJLP + 2.300%	114,720	201,145
BNDES II	BRL	18/11/2008	15/06/2015	7	TJLP + 1.800%	69,050	121,069
Promissory notes (6th issue)	BRL	11/01/2012	05/01/2013	1	105% CDI	-	346,119
CCB Internacional (Banco IBBA)	USD	20/04/2011	26/04/2013	2	VC + 4.000%	-	112,627
Commercial Paper (JPMorgan)	USD	17/10/2011	21/10/2013	2	VC + 2.100%	-	151,693
Financial Leasing	BRL	31/10/2012	30/09/2015	3	DI	2,461	4,229
Financial Leasing	BRL	31/05/2010	30/04/2015	5	CDI 2.200%	134	-
Financial Leasing	BRL	30/06/2010	31/05/2015	5	CDI 2.650%	28	-
TOTAL						186,629	937,173

In April 2011, CTEEP signed a “cédula de crédito bancário” (promissory note) with Banco Itaú BBA Nassau for USD 63.7 million with exchange rate variation (CV) + 4% annual remuneration that was fully amortized in April 2013.

In October 2011, a foreign long-term loan agreement was signed with JP Morgan Chase Bank for USD 85.8 million with maturity in October of 2013

and with exchange rate variation (CV) + 2% annual remuneration that was fully amortized in October 2013.

In 2012, conducted the sixth issuance of promissory notes for BRL 400 million that was amortized in January 2013.

IE de Minas Gerais–IEMG–

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
BNDES (FINEM)	BRL	27/03/2009	15/04/2023	14	TJLP + 2.390%	38,898	45,305
TOTAL						38,898	45,305



On 14 January 2009, a financing agreement was signed between the company and Banco Nacional de Desenvolvimento Econômico y Social –BNDES–. Financing approved for BRL 70.56 million maturing in 168 months was disbursed on March 27, 2009. First amortization was May 15, 2009.

IE Pinheiros –IE PINHEIROS–

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
BNDES (PSI)	BRL	28/01/2011	15/01/2021	10	Fixed rate 5.500%	52,569	63,036
BNDES (FINEM)	BRL	28/01/2011	15/05/2026	15	TJLP + 2.620%	33,309	38,272
BNDES (PSI)	BRL	12/09/2013	17/04/2023	10	Fixed rate 3.500%	13,444	-
BNDES (FINEM)	BRL	12/09/2013	15/02/2028	14	TJLP + 2.060%	5,883	-
TOTAL						105,205	101,308

On December 30, 2010, the company subscribed a loan agreement with BNDES for BRL 119.9 million; BRL 91.3 million and BRL 28.6 million were disbursed on January 28 and April 27, 2011, respectively. Funds are earmarked to finance transmission line and substation construction contained in the Concession Contracts. Amortization for FINEM financing line will be in 168 monthly installments starting September 15, 2011, and for the Investment Program in 96 installments. –PSI–.

On August 13, 2013, the company subscribed a new loan agreement with BNDES for BRL 23.5 million; BRL 21.6 million and BRL 1.9 million were disbursed on September 12, 2013 and December 11, respectively. Funds are earmarked to finance construction of one of the concessions' substations. Amortization shall take place in 168 monthly installments starting March 15, 2014, in the case of FINEM financing line funds, and 110 installments, starting March 15, 2014, for funds of the Investment Program –PSI–.



Serra do Japi

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
BNDES (FINEM)	BRL	28/10/2013	15/05/2026	13	TJLP + 1.950%	36,408	41,885
BNDES (FINEM)	BRL	28/10/2013	15/05/2026	13	TJLP + 1.550%	31,516	35,544
TOTAL						67,924	77,429

On October 28, 2011, the company subscribed a loan agreement with BNDES for BRL 93.37 million; BRL 90 million and BRL 3.37 million were disbursed on December 2011 and February 2012, respectively. Funds are earmarked to finance transmission line and substation construction contained in the Concession Contracts. Amortization shall be made in 168 monthly installments starting June 15, 2012.

INTERNEXA Participações

In October 2013, the company was extended a BRL 90.1 million loan by HSBC for new investments along 2013.

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
HSBC	BRL	01/11/2013	23/04/2014	0	CDI + 1.600%	74,230	-
TOTAL						74,230	-

INTERNEXA Capital

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
ITAÚ	BRL	28/10/2013	28/04/2014	0	CDI + 1.900%	10,869	-
TOTAL						10,869	-



In December 2013, the company obtained BRL 13.2 million loan from Banco ITAU to purchase two information transport network companies currently operating in the State of Rio de Janeiro–Brasil–, as part of its expansion strategy.

INTERNEXA in Brazil

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Helm Bank	USD	13/12/2013	13/12/2020	7	Libor(6M) + 3.500%	19,268	-
TOTAL						19,268	-

In December 2013, the company obtained USD 10 million loan from Helm Bank, in order to cover cash flow and new 2013 investments.

ISA Bolivia

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
IBD	USD	15/08/2005	15/02/2019	14	Fixed rate 9.713%	25,271	27,408
CAF	USD	15/08/2005	15/02/2019	14	Libor (6M) + 5.000%	18,750	20,335
IBD	USD	07/05/2009	15/02/2019	10	Fixed rate 8.155%	4,019	4,359
CAF	USD	07/05/2009	15/02/2019	10	Libor (6M) + 5.000%	3,094	3,356
TOTAL						51,134	55,458

Along 2013, the company made payments to IBD for USD 2.7 million, and to Banco de Desarrollo de América Latina or Corporación Andina de Fomento –CAF– for USD 2 million.



INTERNEXA in Chile

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
BBVA	UF	02/02/2010	02/02/2015	5	Fixed rate 5.200%	271	445
BBVA	UF	02/08/2010	02/02/2015	5	Fixed rate 5.300%	328	539
BBVA	UF	04/06/2010	04/02/2015	5	Fixed rate 5.300%	325	533
BBVA	UF	09/08/2010	09/02/2015	5	Fixed rate 5.400%	104	170
BCI	CLP	29/10/2010	05/11/2015	5	TAB + 2.000%	733	1,105
BCI	CLP	24/11/2010	05/11/2015	5	TAB + 2.000%	550	829
BCI	CLP	23/12/2010	09/11/2015	5	TAB + 2.000%	562	847
BCI	CLP	13/01/2011	09/11/2016	6	TAB + 2.000%	306	461
BCI	CLP	11/02/2011	05/02/2016	5	TAB + 2.000%	550	737
BCI	CLP	23/03/2011	05/05/2016	5	TAB + 2.000%	677	884
BCI	CLP	06/04/2011	05/02/2016	5	TAB + 3.000%	949	1,271
BCI	CLP	27/04/2011	05/02/2016	5	TAB + 3.000%	605	811
BCI	CLP	25/05/2011	05/05/2016	5	TAB + 3.000%	489	589
BCI	CLP	07/07/2011	05/05/2016	5	TAB + 3.000%	2,016	2,432
BCI	CLP	25/08/2011	05/05/2016	5	TAB + 3.000%	1,176	1,289
BCI	CLP	11/10/2011	05/08/2016	5	TAB + 3.000%	1,008	1,106
BCI	CLP	28/11/2011	07/11/2016	5	TAB + 3.000%	1,283	1,289
BCI	CLP	26/01/2012	07/11/2016	5	TAB + 3.000%	1,320	1,327
BCI	CLP	26/04/2012	07/11/2016	5	TAB + 3.000%	1,100	1,474
Helm Bank Panama	USD	14/09/2012	14/09/2019	7	Libor (6M) + 3.500%	3,854	3,537
Helm Bank Panama	USD	06/11/2012	06/11/2019	7	Libor (6M) + 3.500%	1,927	1,768
Helm Bank Panama	USD	15/01/2013	15/01/2020	7	Libor (6M) + 3.500%	5,780	-
Helm Bank Panama	USD	02/05/2013	02/05/2020	7	Libor (6M) + 3.500%	1,927	-
Helm Bank Panama	USD	24/06/2013	24/06/2020	7	Libor (6M) + 3.500%	963	-
TOTAL						28,803	23,443

In 2011, the company obtained loans from Banco de Crédito e Inversiones for CLP 2,950 million.

In 2012, the company obtained loans from Banco de Crédito e Inversiones and Helm Bank Panama for CLP 760 million and USD 3 million, respectively.

In 2013, the company obtained loans from Helm Bank for USD 4.5 million at 7 years and Libor (6 months) + 3.5%, earmarked to cover cash flow and new investments along 2013.

Ruta de la Araucanía

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Banco de Chile	UF	05/08/2010	15/09/2022	12	Fixed rate 4.040%	59,007	64,475
Banco de Chile	UF	05/08/2010	15/09/2022	12	Fixed rate 4.530%	88,382	154,530
Banco de Chile	UF	05/08/2010	15/09/2022	12	TAB (360) + 0.950%	57,475	56,491
Banco de Chile	UF	31/07/2013	15/09/2022	9	TAB (360) + 0.950%	94,195	49,656
Banco de Chile	UF	01/08/2013	15/09/2022	9	TAB (360) + 0.950%	43,676	-
Corpbanca	UF	05/08/2010	15/09/2022	12	Fixed rate 4.040%	28,347	30,973
Corpbanca	UF	05/08/2010	15/09/2022	12	Fixed rate 4.530%	14,186	74,235
Corpbanca	UF	05/08/2010	15/09/2022	12	TAB (360) + 0.950%	27,611	27,138
Corpbanca	UF	31/07/2013	15/09/2022	9	TAB (360) + 0.950%	48,795	23,854
Corpbanca	UF	01/08/2013	15/09/2022	9	TAB (360) + 0.950%	22,141	-
Banco del Estado	UF	05/08/2010	15/09/2022	12	Fixed rate 4.040%	28,347	30,973
Banco del Estado	UF	05/08/2010	15/09/2022	12	Fixed rate 4.530%	42,458	74,235
Banco del Estado	UF	05/08/2010	15/09/2022	12	TAB (360) + 0.950%	27,611	27,138
Banco del Estado	UF	31/07/2013	15/09/2022	9	TAB (360) + 0.950%	58,228	23,854
Banco del Estado	UF	01/08/2013	15/09/2022	9	TAB (360) + 0.950%	31,573	-
Banco de Chile (Overdraft)	CLP					1,448	-
TOTAL						673,480	637,552



On July 31, 2013, total syndicated loan was refinanced, and an amendment to the financing contract between Ruta de la Araucanía Sociedad Concesionaria S.A. and the bank syndicate led by Banco de Chile (made up of Banco de Chile, Banco Estado and Corpbanca) was agreed on in order to refinance existing obligations. This contract considers a new loan for UF 8,038,088 that includes reclassification from fixed to variable tax

rate of part of the account payable while additionally leaving the option to incur in further indebtedness for up to a total UF 600,000 to carry out additional work demanded by the MOP.

CLP 394.3 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

Ruta de los Ríos

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
Banco Security	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	574	639
Banco Security	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	574	639
Banco Security	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	5,380	5,994
Banco Security	UF	13/09/2012	15/09/2021	9	Fixed rate 4.560%	6,668	7,428
Banco Security	UF	13/09/2012	15/09/2021	9	TAB (360) + 1.000%	12,047	13,422
BICE	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	3,100	3,454
BICE	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	3,100	3,454
BICE	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	29,084	32,402
BICE	UF	13/09/2012	15/09/2021	9	Fixed rate 4.560%	36,046	40,159
BICE	UF	13/09/2012	15/09/2021	9	TAB (360) + 1.000%	65,131	72,562
BCI	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	4,290	4,780
BCI	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	4,290	4,780
BCI	UF	13/09/2012	15/09/2021	9	Fixed rate 4.550%	40,245	44,836
BCI	UF	13/09/2012	15/09/2021	9	Fixed rate 4.560%	49,878	55,568
BCI	UF	13/09/2012	15/09/2021	9	TAB (360) + 1.000%	90,123	100,406
BICE (Overdraft)	CLP					1,476	-
TOTAL						352,006	390,523



In September 2012, a financing contract was subscribed between Ruta de los Ríos Sociedad Concesionaria and a bank syndicate led by Banco BICE (made up of Banco BICE, Banco de Crédito e Inversiones and Banco Security) to finance existing obligations. This contract refers to a long-term loan for UF 4.6 million (Tranches A and B), and additionally to financing of bank guarantees for a maximum amount of UF 249.9 million to secure future obligations with the Ministry of Public Works –MOP– (Tranche C).

CLP 401.9 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

Ruta del Maipo

CLP 897.3 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

Ruta del Maule

CLP 781.3 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

Ruta del Bosque

CLP 480 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

Transamerican Telecommunication

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2013	2012
BBVA Francés	ARS	07/06/2012	07/06/2013	1	Fixed rate 22.000%	-	4,135
BBVA Francés	ARS	01/08/2012	01/08/2013	1	Fixed rate 22.750%	-	1,309
BBVA Francés	ARS	03/09/2012	03/09/2013	1	Fixed rate 22.500%	-	619
BBVA Francés	ARS	08/10/2012	08/10/2013	1	Fixed rate 24.000%	-	373
BBVA Francés	ARS	31/10/2012	03/09/2013	1	Fixed rate 25.000%	-	539
BBVA Francés	ARS	01/11/2012	01/11/2013	1	Fixed rate 25.000%	-	483
BBVA Francés	ARS	20/12/2012	20/12/2013	1	Fixed rate 25.000%	-	191
BBVA Francés	ARS	07/06/2013	07/06/2014	1	Fixed rate 22.000%	7,071	-
TOTAL						7,071	7,649



In 2013, the company repaid the loan obtained in 2012 from BBVA Francés and obtained a new ARS 24 loan from the same bank to cover cash flow and new investments along 2013.

At December 31, financial liabilities included balances denominated in the following currencies:

CURRENCY		IN ORIGINAL CURRENCY (1)		IN LOCAL CURRENCY	
		2013	2012	2013	2012
US Dollar	USD	187,164	625,112	360,633	1,105,342
Brazilian Real	BRL	588,025	1,036,519	483,755	896,895
Chilean Pesos	CLP	6,582,231	5,573,982	24,176	20,534
Colombian Pesos	COP	353,432,430	344,433	353,432	344,433
Unidades de Fomento Chile (UF)	UF	11,956	12,238	1,023,589	1,029,764
Argentine Pesos	ARS	23,918	21,271	7,071	7,649
Total financial liabilities				2,252,656	3,404,617

(1) Amounts in original currency other than the Colombian Peso are expressed in thousands.

Maturity of financial liabilities at December 31:

MATURITIES 2013	
Short-term	284,054
Long-term	1,968,602
2015	346,342
2016	241,910
2017	303,117
2018 onwards	1,077,233
Total liabilities	2,252,656

MATURITIES 2012	
Short-term	936,531
Long-term	2,468,086
2014	426,178
2015	343,238
2016	229,868
2017 onwards	1,468,802
Total liabilities	3,404,617



NOTE 14: ACCOUNTS PAYABLE

The balance of accounts payable at December 31 included:

		2013	2012
Suppliers		200,581	210,285
Financial expenses	(1)	99,990	159,039
Creditors		48,331	53,743
Dividends	(2)	105,679	8,941
Contract withholding		5,152	3,986
Other accounts payable	(3)	1,233,047	1,633,260
Equity tax payable		44,555	89,110
Other taxes	(4)	221,922	413,320
Total accounts payable		1,959,257	2,571,684
Less long-term accounts payable			
Creditors		20,310	21,616
Financial expenses		4	3
Other accounts payable		987,862	1,364,942
Equity tax payable		-	44,555
Other taxes		112,542	123,147
Total long-term accounts payable		1,120,718	1,554,263
Total short-term accounts payable		838,539	1,017,421

- (1) Decrease essentially in interest on securities issued and loans in CTEEP for \$60,361 for payment of the sixth issue of promissory notes and repayment of some loans with financial entities.
- (2) CTEEP payment of dividends pending according to approval by Administrative Council; to be paid on January 30, 2014.

- (3) Other accounts payable correspond mainly to liabilities with the MOP for use of preexisting infrastructure of the companies Ruta del Maipo, Ruta de la Araucanía and Ruta del Maule. This liability decreased basically after methodology change for its valuation. As a result of recognizing concessions as financial assets in year 2013, upon application of CGN technical opinion, the liability is measured as the present value of payments to be made to MOP since the financial asset is measured as the net present value of payments for infrastructure preexisting at concession start-up. (See Note 3.22)
- (4) Decrease explained mainly by the fact that no tax payable, but rather balance in favor, was generated associated with fiscal period's results.

NOTE 15: LABOR LIABILITIES

Labor liabilities at December 31 included:

		2013	2012
Labor liabilities			
Severance payments and interest		6,214	6,117
Vacations		9,762	8,627
Agreed fringe benefits		3,872	3,310
Other	(1)	13,855	4,298
Total labor liabilities		33,703	22,352
Less – long-term portion		1,483	1,433
Short-term labor liabilities		32,220	20,919

- (1) Increase originating in REP due to participations and bonds payable, pursuant to Peruvian legislation, according to which the company keeps a workers' participation plan of 5% of yearly earnings subject to taxes.



NOTE 16: ACCRUED LIABILITIES AND ESTIMATED PROVISIONS

Accrued liabilities and estimated provisions at December 31 included:

		2013	2012
Retirement pensions	(1)	166,844	164,523
Provision for other fiscal liabilities		40,384	30,236
Provision for contingencies	(2)	588,055	526,699
Actuarial estimate of fringe benefits for pensioners	(3)	114,187	108,367
Other estimated liabilities and provisions	(4)	83,929	114,879
Total estimated liabilities and provisions		993,399	944,704
Retirement pensions		155,730	153,070
Provision for contingencies	(2)	521,252	506,152
Actuarial estimate of fringe benefits for pensioners	(3)	114,187	108,367
Other estimated liabilities and provisions		374	342
Less short-term portion		791,543	767,931
Total short-term estimated liabilities and provisions		201,856	176,773

(1) Corresponds to the amortized present value of pension liabilities at December 31, 2013 and 2012 of ISA, TRANSELCA and XM, according to actuarial studies.

(2) Includes fundamentally the contingency generated at INTERNEXA Capital for \$38,701 corresponding to the additional conditioned price in purchase of Nelson Quintas Investimentos Globais Ltda –NQIG–business group, Nelson Quintas Telecomunicações do Brasil Ltda –NQT–and IPNET Serviços de Internet; also included REP variation for \$10,678, related basically to major maintenance and replacements of the concession's assets.

(3) Estimated liabilities of ISA and TRANSELCA, to show present value of future health, education and aging benefits recognized to pensioners and to active personnel with retirement expectations.

(4) Corresponds mainly to liabilities estimated for acquisition of services and goods in transit, un-invoiced expenses provision, and bonuses, fringe benefits, and variable compensation provision. Its \$27,214 decrease corresponds mostly to ISA because 2012 showed \$25,337 provision for acquisition of merchandise that was in transit, and which was fully legalized in 2013.



16.1 RETIREMENT PENSIONS AND AGREED LABOR BENEFITS

Retirement pensions

Under collective bargaining agreements and labor contracts, ISA, TRANSELCA and XM are required to pay retirement pensions to employees who satisfy certain conditions of age and length of service. However, the Social Security Institute –ISS– and the pension management funds have assumed the greater part of this obligation upon compliance with certain legal requirements.

The present value for pension liability as of December 31, 2013 and 2012 was determined using actuarial calculations that comply with the law and specifically with labor contracts and collective bargaining agreements. To determine pension liability for 2013 and 2012, provisions of Resolution No. 1555 of July 30 of 2010 of Colombian Financial Superintendency were included, to update mortality rates for male and female pensioners.

The main estimates used in the actuarial calculation were as follows:

	2013 (%)	2012 (%)
Actual interest rate	4.80	4.80
Future increase of pensions and salaries	2.99	3.26

In ISA, on December 31, 2013, the company had 696 (2012: 707) active employees, of whom 3 (2012: 6) are covered by the pension plan provided in the collective and individual agreements, while the remaining 693 (2012: 701) are covered by Law 100 of 1993. The actuarial estimate covers active personnel (3), retired personnel (347), surviving spouse pension benefit substitutions (51), pension portion for which ISA is accountable (12) and contingent personnel – retired personnel with more than 20 years of service (4).

In ISA, as of December 31, 2013, 76.02% has been amortized (2012: 71.34%) of the pension liability projected to cover monthly pension payments; amortization is calculated with methodology set forth in Resolution No. 356 of September 5 of 2007 issued by CGN.

In the years 2000 and 2001, TRANSELCA offered early retirement plans to those workers received as a result of the company's capitalization process, and as a result of such, this subsidiary of ISA has pending liabilities as of December 31 of 2012 for \$1,142, amortized during 2013.

At December 31, 2013, XM had 19 associates, covered by the pension plan provided in the collective and individual agreements. Retirement pension liabilities and agreed fringe benefits of 18 of them (2011: \$11,730 and 2012: \$12,440) are guaranteed by funding the trust in charge of their pension payments; the pension and agreed fringe benefits of one remaining retiree (2013: \$286 and 2012: \$371) are funded by investments and cash.



With respect to amortization, it corresponds to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set, counted from the actuarial estimate closing date.

The movements in the actuarial estimate and the deferred liability at December 31, 2013 and 2012 are as follows:

ACTUARIAL ESTIMATE MOVEMENT	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
Balance at December 31, 2011	205,826	(43,476)	162,350
Plus increase in actuarial estimate	(4,800)	6,973	2,173
Balance at December 31, 2012	201,026	(36,503)	164,523
Plus increase in actuarial estimate	(5,538)	7,859	2,321
Balances at December 31, 2013	195,488	(28,644)	166,844

2013			
BALANCE BY COMPANY	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
ISA	119,427	(28,644)	90,783
TRANSELCA	67,564	-	67,564
XM	8,497	-	8,497
TOTAL	195,488	(28,644)	166,844

2013			
BALANCE BY COMPANY	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
ISA	123,392	(35,361)	88,031
TRANSELCA	67,878	(1,142)	66,736
XM	9,756	-	9,756
TOTAL	201,026	(36,503)	164,523

Agreed fringe benefits

The calculation of pension liabilities for ISA, XM and TRANSELCA included agreed fringe benefits received by pensioners in addition to those required by legal regulations.

The calculation included fringe benefits agreed in individual and collective labor agreements to which present and future pensioners are entitled, such as education and health (supplementary plans and aid for health expenses) and pension contributions.

In 2012, as a result of negotiation of the labor contract, ISA and XM extended health and education benefits to every employee affiliated to the contract, with expectations of retiring at the service of these companies and who had started work at the company before the contract was signed. As of 2012, the companies decided to amortize fringe aids and benefits on the basis of



the methodology stated in Resolution No. 356 of September 5, 2007 issued by the CGN.

These benefits are 66,194% amortized in ISA, 94% in TRANSELCA, and 41.07% in XM.

16.2 INCOME TAX

Liabilities for taxes, liens and duties are made up mainly of income tax, calculated according to regulations applicable in the domicile of the parent company and its subsidiaries.

Companies in Colombia

Income tax and surtaxes

Tax regulations applicable to the companies provide:

- a. Nominal income tax rate stands at 25%, while for income tax for equity purposes –CREE– it is 9% for years 2013, 2014, and 2015, and 8% as of 2016.
- b. For both cases, the basis to determine income tax for the year shall not be lower than 3% of net fiscal equity on the last day of the preceding taxable year, refined with the items duly authorized by tax regulations in force.

Income tax and surtax on windfall profit

- a. As of fiscal 2011, no taxpayer can benefit from the special 30% deduction for investment in real fixed productive assets. ISA benefits from special 40% deduction, by virtue of the legal stability agreement signed with the Nation (Ministry of Mines and Energy), for the activity of energy transmission. Avail of this benefit does not result in income taxable for shareholders.
- b. As a result of application of CGN Resolution No. 356 of September 05, 2007, exchange rate fluctuations, in update through equity method of equity investments in controlled entities, are considered as equity variations until disposal of the investment, and, therefore, they affect equity. However, when surplus from equity method cannot absorb equity decreases accumulated in equity entries different from results, the excess must be recognized as expense in the form of provision until the book value of the investment is equal to zero.

Pursuant to the provisions of fiscal regulation on investment in foreign currency, and upon application of the above accounting rule, a reconciliation entry between accounting and fiscal results is produced arising from the exchange difference of investments in foreign currency in controlled entities. Starting 2010, the company records deferred tax on exchange difference of investments abroad.

- c. In 2005, Decision 578 of the Andean Community of Nations (CAN) entered into force. This decision seeks to avoid double taxation on income



earned in any of the member countries (Ecuador, Peru, Bolivia and Colombia) using an exoneration mechanism.

In determining taxable income for income tax and CREE, the companies request as exempt income the net value resulting from subtracting from the revenues generated the corresponding costs and deductions.

- d. Starting 2011, Article 254 of the Tax Law permits discounting tax paid on earnings of the corporation that pays the dividends, as well as payment by the corporations from which this latter receives the dividends, regardless of jurisdiction.

Additionally, application of this discount is allowed either in the fiscal year when dividends are received, or in the next four years.

- e. As of 2003, and for effects of fiscal depreciation, ISA has used not only useful fiscal lives lower than accounting useful lives, but also accelerated depreciation, an optimization that has diminished taxable income, generating lower income tax payable, as well as credit deferred tax payable for the same value each year.

For the fiscal deduction of the increased depreciation expense to be accepted, the company established a non-distributable reserve from its earnings from 2003 until 2013, amounting to seventy percent (70%) of the amount requested, coming up to \$621,029 (2012: 523.879). This reserve can be released when requested depreciation is lower than per-books depreciation. (See Note 18 –Reserves (2)–).

- f. Windfall profits are refined separately from ordinary income. Windfall profit is defined as all profit from transfer of fixed assets owned for two or more years, income originating in liquidation of corporations, or coming from inheritance, legacy or donations. As of 2013, windfall profit is taxed at 10%.
- g. Income tax payers performing transactions with foreign related or associated parties and/or with residents of countries considered as tax haven, are required, for income tax purposes, to determine their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, taking into consideration for these transactions the prices and profit margins of the market. At this time, the company's management and its counsels have not concluded the updating study for 2013; however, based on the satisfactory results of the study conducted for 2012, their opinion is that no significant additional income tax provisions shall be required as a result of the study.

Income Tax for Equity Purposes –CREE–

Tax regulations applicable to the company provide:

- a. As of January 1, 2013, Law 1607 of December of 2012 creates the Income Tax for Equity Purposes –CREE– as the contribution from corporations and legal entities and the like who pay income tax and surtax, in order to favor the workers, job generation and social investment.
- b. The basis to determine CREE tax cannot be lower than 3% of its net fiscal equity on the last day of the immediately previous taxable period.



- c. CREE tax rate for 2013, 2014, and 2015 will be 9%, and as of taxable 2016, it will be 8%.
- d. As of July 1, 2013, legal entities and the like who pay income tax and surtax are exempt from payment of quasi-fiscal contributions in favor of SENA and ICBF, corresponding to workers who earn, individually considered, up to ten (10) minimum monthly wages in force. This exemption is not applicable to those taxpayers not subject to CREE tax. As of January 2014, they will be exempt from health care contributions.
- e. The taxable base of the CREE tax is established by subtracting from the gross revenues susceptible of increasing equity obtained along the year the returns, rebates and discounts, and from this result, subtracting what corresponds to revenues not constituting income established in the regulation. From the net revenues so obtained total costs and deductions applicable to this tax are subtracted, pursuant to articles 107 and 108 of the Tax Law. From the previous, exempt income fiscally set by Article 22 of Law 1607 of 2012 can be subtracted.

Equity tax

Law 1370 of December 30 of 2009, amended by Law 1430 of 2010, establishes equity tax for the year 2011 as follows:

- a. The equity tax for the year 2011 is payable by individuals, legal entities and unincorporated associations who pay income tax. For matters of this tax, wealth is equivalent to the obligor's total net fiscal equity held

on January 1st, 2011, whose value is equal or greater than \$3,000. The tax rate is 2.4% for net fiscal equity ranging between \$3,000 and \$5,000, and 4.8% when it exceeds \$5,000.

The tax is to be paid in eight equal installments in 2011, 2012, 2013 and 2014, within the terms established by the National Government.

- b. Decree 4825 of December of 2010, passed under the powers of Decree 4580 of 2010, declared economic and social emergency, and created 25% equity tax surcharge, ruled by Law 1370 of 2009.

Levy on financial transactions –GMF, for its Spanish initials– (4/1000):

Law 1694 of 2013 permits gradual reduction of this tax rate. For 2015, tax rate shall be 2x1000, for 2016 and 2017, 1x1000, and from 2018 onwards 0x1000.

Law 1430 of 2010 changed deductibility of this tribute to 50% starting 2013 (2012: 25%).

Tax Law 1607 of 2012

The new tax law (Law 1607 of 2012) was issued on December 26, 2012; the following aspects are highlighted:

- Income tax rate was lowered from 33% to 25%. For non-resident foreign natural and legal persons, the rate remains at 33%.



- Business Contribution for Equity Purposes –CREE– was created, levying taxes on revenue earned susceptible of increasing the equity of passive subjects; taxable basis is similar to that used in refining ordinary income, but it does not allow certain deductions like investment on productive real fixed assets, environmental control and improvement, presumptive income excesses, and fiscal loss, and it shall have an 8% rate. For 2013, 2014 and 2015 it will be 9%.
- Tax tariff on windfall profit from transfer of fixed assets was lowered from 33% to 10%.
- The law that allowed subscribing legal stability agreements with the State was derogated, and it was clarified that legal stability agreements under execution on the date the law was issued will remain valid on the terms agreed on up to termination.
- Article 254 of the Tax Law was modified, stipulating that whoever is the beneficiary of foreign profit levied in the source country has the right to discount from the amount of income tax plus the CREE, the tax paid abroad.
- As to VAT, rate was lowered from 7% to four different rates (0%, 5%, 16% and 35%) and assets and services were classified as levied, excluded and exempted.
- Tax on consumption was created, covering mobile phone service, sale of some vehicles, and sale of food and beverages prepared in restaurants, cafeterias, self-service shops, ice-cream parlors, fruit shops, pastry shops and bakeries, bars, taverns and discotheques. This tax shall be paid bimonthly, and applicable rates shall be 4%, 8%, or 16%. Some transactions levied with this tax are additionally levied with VAT.
- The new Law classified individuals into two large groups: employees, and self-employed individuals. For fiscal purposes only, independent workers were likened to employees. Changes were introduced to withholding tax for individuals, and a minimal tax withholding rate was created.
- Law 1607 of 2012 brought, among other provisions:
 - It defined requirements and terms to set fiscal residence.
 - It eliminated non-levied revenue, among them, additional paid-in capital.
 - It set parameters for corporate reorganizations (mergers and spin-offs) and for contributions in kind whenever corporations are incorporated.
 - It established an amnesty without penalties and tax for undeclared assets, besides exempting them from generating income through equity comparison.
 - In the case of transformations, creation and capitalization of business corporations, additional paid-in capital and contributions were included within the taxable basis for documentary tax.
 - It introduced the concept of sub-capitalization. Expenses from interest generated by debt exceeding the result of multiplying the taxpayer's net fiscal equity for the previous year by three will not be deductible.
 - It is established that, only for tax effects, the references to accounting rules contained in tax regulation will continue in force during 4 years after the IFRS become binding.

- It set parameters for transactions abroad and established modifications to the regime of transfer pricing.
- The notion of permanent establishment was defined as the fixed place through which a foreign company carries out business in the country.
- The taxpayer's rights and the principles of the penalties regime were outlined.

Relevant tax issues for each company

ISA

On June 27, 2008, ISA and the State –Ministry of Mines and Energy– subscribed the legal stability agreement for the activity of electric energy transmission during 20 years. This agreement basically stabilized income tax regulations, among which the following stand out: income tax rate, deduction of inflation component of financial expenses, special 40% deduction for new investments in new productive real fixed assets, tax discount on VAT paid in imports of machinery for energy transport, presumptive income equal to 3% of net fiscal equity, and transitoriness of equity tax.

This agreement guarantees that, in the event of adverse modification to the regulations stabilized under the agreement, unmodified regulations shall continue to apply during the term of the agreement.

Although equity tax would not be applicable to taxpayers covered by the special legal stability regime determined by Law 963 of 2005, DIAN, through opinion 098797 of December 28 of 2010, indicated that this constitutes

a new equity tax, and thus it is not under the umbrella of legal stability agreements under which equity tax had stabilized, as ruled by Law 1111 of 2006, in force until 2010.

According to the above, ISA calculated equity tax for fiscal 2011 on the total value of net fiscal equity. Tax amounted to \$124,960 and surcharge to \$31,240, for a total \$156,200 equity tax, of which two installments were paid during 2013 for \$19,525 each. Such tax was charged in its entirety against the equity revaluation account.

Pursuant to the modification introduced by the tax reform of 2012, Law 1607, as of 2013, ISA calculates its income tax at the rate of 25%, and the CREE tax at 8% (9% for years 2013-2015) on a basis where it will not be able to discount the sum of the special deduction for investment in productive real fixed assets.

TRANSELCA

On September 2 of 2007, TRANSELCA filed a claim against DIAN with the Administrative Court of Atlántico for official calculation of income tax return of fiscal year 2002, where the tax administration disavows tax deductions for \$4,617 and calculates tax in excess of \$1,616. The claim was accepted by the court on February 05, 2008. TRANSELCA presented final pleadings on September 15, 2008.

On April 18, 2012, the Administrative Court of Atlántico acting as trial court issued a judgment recognizing expenses for \$4,216, indicating that



TRANSELCA had proved the applicability of expenses and that DIAN had not justified the actions under claim.

On July 03, 2012, TRANSELCA filed an appeal with the court, given that the court did not grant all the petitions claimed. At fiscal closing, (January 17, 2014), TRANSELCA was served notice to submit final pleadings in the appellate court.

Regarding this process results, the company's management and its fiscal counsels consider that the arguments set forth reasonably support deductibility of the expenses denied by DIAN.

INTERNEXA

- At December 31, 2012, the company shows fiscal losses to be compensated amounting to \$36,303 originated in the years 2004 to 2010, a value that, according to fiscal regulation, must be readjusted fiscally (2.40% Resolution 227 of 2013). This value increases to \$37,174, of which, \$14,105 are compensated with a remaining balance of \$23,069 to be compensated.

According to regulations in force, losses incurred since 2003 and until 2006, may be fiscally readjusted and offset with ordinary net taxable income, not exceeding yearly 25% of the loss, without affecting presumptive income of the fiscal year. Losses incurred as of 2007, may be fiscally readjusted and offset, without any restriction as to percentage and time, with ordinary net taxable income without

affecting presumptive income of the fiscal year. The losses of the corporations cannot be transferred to their shareholders.

Fiscal losses from revenues that do not constitute income or incidental income and from costs and deductions not originating taxable income cannot be offset with ordinary net taxable income of the taxpayer.

- Fiscal losses are not susceptible of compensation to determine the taxable base of the CREE.
- At December 31, 2012, the company shows fiscal surplus of presumptive income over ordinary income for \$14,380 originated in the years 2007 to 2010, a value that, according to fiscal regulation, must be readjusted fiscally (2.40% Resolution 227 of 2013). This value is raised to \$14,725, of which \$5,605 is compensated, with a balance of \$ 9,120 to be compensated in 2014 and 2015.

According to fiscal regulation in force, presumptive income excesses over ordinary income can be offset with ordinary net taxable income during the following five years.

Companies in Brazil

Income tax and social contribution

Income tax and social contribution are determined, taking into account binding fiscal legislation, on the basis of net taxable income, adjusted by



including non-deductible expenses and excluding non-taxable revenues, and other temporary items.

Income tax and social contribution for current fiscal year and deferred are calculated on the basis of a 15% rate increased by an additional 10% of taxable income whenever this latter exceeds BRL 240,000 for income tax, and 9% on taxable income for social contribution. Fiscal losses offsetting is allowed limited to 30% of fiscal period's taxable income.

Deferred tax (assets and liabilities) is determined on the rates applicable to the period when liabilities are expected to be paid or assets are realized, on the basis of the rates set by the fiscal regulation in force at closing of each fiscal term.

Given that for accounting purposes Brazil has already incorporated the IFRS, a Transition Fiscal Regime –RTT–, was set for fiscal purposes, and all companies of Brazil determined their income taxes and social contribution refining their results according to the provisions of this regime.

Provisory Measure No. 627 of November 11, 2013, and the Regulatory Instruction of the Receita Federal de Brasil No. 1397 of September 16, 2013, set relevant changes for federal fiscal regulation, to become binding in 2015. The main changes entailed are new rules for the RTT and use of withholding at source for the payment of dividends in excess of the value reported by the corporation.

Company in Bolivia

Tax on companies' income:

According to legislation in force, the company is subject to the Tax on Corporate Income, –IUE– at 25% rate of each fiscal year's taxable income, calculated by adjusting accounting income according to the criteria defined in fiscal provisions. This tax, which is calculated and paid for yearly, is offset by the Tax on Transactions –IT– generated in the following fiscal period, until its exhaustion or until the next IUE due date.

Tax on companies' income – Foreign beneficiaries:

Whoever pays, credits, or remits funds from revenues originating in Bolivia to payees abroad must withhold and pay the Tax on Corporate Income (Payees abroad), at 12.5% rate on total amount credited, paid, or remitted.

Distribution of corporate income or payment of interest in favor of its shareholders or related parties overseas is subject to this tax.

Companies in Peru

Income tax

According to Peru's fiscal regulation in force as of December 31 of 2013 and 2012, income tax rate is 30% on taxable income.



Legal entities not domiciled in Peru, and individuals must pay an additional tax of 4.1% on whatever amount that can be deemed as indirect disposal of earnings, including amounts recorded as expenses and non-declared revenues; that is expenses susceptible of having brought benefit to shareholders and participants, among others, particular expenses unrelated to the business, expenses payable by shareholders, participants, among others, that are assumed by the legal entity.

Transfer prices

In determining Income Tax and General Sales Tax –IGV–, legal entities carrying out transactions with related companies or with individuals domiciled in regions with low or no taxation must: (a) file an annual informative declaration of all transactions carried out with the referred companies, whenever the amount of such transactions exceeds PEN 200,000, and (b) have a Technical Study of Transfer Pricing, in addition to the documents supporting such study, whenever the amount of their revenues exceeds PEN 6,000,000 and their transactions with related entities exceeds PEN 1,000,000. Both obligations are binding whenever at least one transaction is conducted from, to, or through countries with low or no taxation.

REP

- On July 26 of 2002, the company subscribed with the Peruvian State a Legal Stability Agreement under Decrees 662 and 757 and Law 27342. The agreement enters into force on the date of the concession contract and is effective during the concession term. This agreement is related

to the investment the company's shareholders must make through capital contributions of USD 20,000,000, which had been completed at December 31, 2002. While this agreement is in force, the Peruvian State is committed to guaranteeing legal stability for the company in matters of income tax regime, and the rules in force at the time of subscription of the agreement are preserved, among them, 27% income tax rate.

- In 2013 the company received a notice from the National Superintendency of Fiscal Administration –SUNAT– for PEN 622,656, which includes fines and interest. The notice refers to calculation of payments for Income Tax for 2008 and 2009. The company filed a claim for the notice received that was pronounced groundless by SUNAT. On November 29, 2013, the company filed an appeal with the Fiscal Tribunal; a decision from the Tribunal is still pending to date. At December 31, 2013, the legal counsels expect decision on the appeal to be in favor of the company.
- In 2013, the definitive auditing proceedings for the income tax of 2011 were started and the first requisition for the definitive auditing for income tax of 2012 was received. The fiscal authority is entitled to conduct such auditing within the 4 years after income tax forms are submitted.

CONSORCIO TRANSMANTARO

- On February 24, 1998, the company subscribed a legal stability agreement with the Peruvian Government to be in force along the concession term. The agreement offers investors and the investment recipient stability in



the tax regime related to income tax, as well as stability in the contracting regime of the company's employees.

- On October 27, 2006, the company subscribed an addendum to the tax stability agreement with the Peruvian Government, under which, clarification was made as to the actual amount of capital contributions being USD 43,005,250 as of that date. Income tax rate is 30% on taxable income.
- According to Legislative Decree No. 945, and to the provisions of Law 27513, carrying of fiscal losses as of 2013 takes place according to one of the following systems:

(i) Offsetting total third-category net loss of Peruvian source registered in a fiscal period, imputing it year after year until its exhaustion, to the third-category net income obtained in the four immediately preceding fiscal periods completed as from the reporting period following its generation. Balances not offset at the end of such lapse cannot be imputed to the following reporting periods.

(ii) Offsetting total third-category net loss of Peruvian source registered in a fiscal period, imputing it year after year until its exhaustion, to 50% of the third-category net income obtained in the immediately preceding fiscal periods.

The company's management opted for system (ii) for compensation of losses at December 31, 2013, whose balance amounted to USD 10,114,507.

- Revision by the fiscal authority of income tax returns corresponding to years 2010 to 2012 and that to be submitted for fiscal 2013 is pending. The fiscal authority is entitled to conduct this revision within the 4 years after income tax returns are submitted. No significant liabilities are expected by the management to arise as a result of these pending revisions.

ISA PERÚ

On March 29, 2001, the company subscribed a legal stability agreement with the Peruvian Government under Decrees 662 and 757 and Law 27342. The agreement enters into force on the date of the concession contract and is effective during the concession term. While this agreement is in force, the Peruvian State is committed to guaranteeing legal stability for the company in matters of income tax regime, and the rules in force at the time of subscription of the agreement are preserved.

According to this agreement, income tax rate is 20% plus additional 2%. Legal persons non-domiciled in Peru and individuals must pay an additional 4.1% tax on dividends received.

INTERNEXA in Peru

On December 10, 2007, the company subscribed a legal stability agreement with the Peruvian Government to be in force during ten years. This agreement is related to the investment the company's shareholders must make through capital contributions of USD 5,000,000, which had been completed at 31 December, 2008. The agreement offers investors and the



investment recipient stability in the tax regime related to income tax, and stability in the contracting regime of the company's employees.

Companies in Chile

Income tax

Income tax for stock companies, limited liability companies incorporated in Chile, and those agents in Chile of foreign corporations are subject to a two-tier levy:

To start with, the income obtained by the company is taxed with the First Category Tax at a rate of 20%. Then, at the moment to withdraw, distribute or remit abroad the income generated by the company, it is taxed at the level of the shareholders through supplementary global or additional tax, depending on whether they are individuals residing in Chile, or taxpayers, individuals or entities not residing or domiciled in Chile, in those cases when the income is made available from Chile to the person residing abroad.

If the partners or shareholders of the entity distributing earnings are legal entities or individuals not residing or domiciled in Chile, an additional 35% tax rate is applicable.

The First Category Tax paid by the company is discounted as credit, in accordance with the mechanism set for establishment of the Fund of Taxable Earnings –FUT–, from the global supplementary or additional

tax affecting the owners, partners or shareholders of the companies or corporations for the withdrawn incomes (either in cash or in kind) or for the dividends distributed.

The FUT must be kept by all companies for control of earnings, and also for control of respective credits related to such income.

Fund of Taxable Earnings –FUT–

In general terms, FUT is a chronological record whose goal is to control earnings generated and withheld by the companies (first taxing tier) whose taxing is pending at the level of persons (second taxing tier for global supplementary or additional tax) and the category taxes that affected those earnings, and to affect with personal taxes on the basis of withdrawal or distribution of earnings.

FUT goals and mechanics will vary depending on the company type; for example:

The goal of FUT in the case of a personal company is to determine the amount up to which withdrawals shall be taxed and to control earnings and related credits, because withdrawals are only taxed up to the balance of the FUT record, and excess withdrawals shall remain pending until the company generates or receives new taxable earnings; for stock companies, the goal of FUT is only to control earnings and related credits, given that distributed dividends are taxed independently from the balance of FUT.



RUTA DE LOS RÍOS

- The corporation did not record income tax at December 31, 2013 because it posted accumulated fiscal loss of CLP 67,188 million (CLP 81,858 million at December 31, 2012), on which it determined deferred tax.
- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

RUTA DEL MAULE

- The corporation did not record income tax at December 31, 2013 because it posted accumulated fiscal loss of CLP 126,728 million (CLP 141,676 million at December 31, 2012), on which it determined deferred tax.
- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

RUTA DEL MAIPO

- The corporation did not record income tax at December 31, 2013 because it posted accumulated fiscal loss of CLP 565,281 million (CLP 542,617 million at December 31, 2012), on which it determined deferred tax.
- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

RUTA DEL BOSQUE

- The corporation did not record income tax at December 31, 2013 because it posted accumulated fiscal loss of CLP 168,836 million (CLP 177,006 million at December 31, 2012), on which it determined deferred tax.
- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.



RUTA DE LA ARAUCANÍA

- The corporation did not record income tax at December 31, 2013 because it posted accumulated fiscal loss of CLP 229,953 million (CLP 228,730 million at December 31, 2012), on which it determined deferred tax.
- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

ISA INVERSIONES CHILE

- The corporation did not record income tax at December 31, 2013 because it posted accumulated fiscal loss of CLP 442 million.
- At December 31, 2013, no entries generate differences between the financial and fiscal balance sheet that can entail deferred tax.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on antecedents available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

ISA INVERSIONES MAULE

- The corporation recorded income tax at December 31, 2013 for CLP 29 million considering a taxable base of CLP 147 million.
- At December 31, 2013, no entries generate differences between the financial and fiscal balance sheet that can entail deferred tax.
- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on antecedents available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.



NOTE 17: OTHER LIABILITIES

Balance of other liabilities at December 31:

		2013	2012
Deferred taxes	(1)	2,005,980	1,945,013
Deferred revenue	(2)	424,937	330,602
Collections for third parties	(3)	243,613	215,759
Advance revenues		27,900	38,152
Deferred credits		24,083	26,540
Total other liabilities		2,726,513	2,556,066
Total other long-term liabilities		2,345,975	2,296,767
Total other short-term liabilities		380,538	259,299

(1) Variation corresponds mainly to: ISA for \$45,407 originated in lower value of current tax calculated during the fiscal year resulting from excess of exchange difference of investments abroad and excess of fiscal versus accounting depreciation. Additionally, deferred liabilities increased by \$25,546, mainly due to new electric transmission concession projects with the Peruvian government (Zapallal–Trujillo, Talara–Pirua and Pomacocha–Carhuamayo).

(2) Includes \$247,079 (2012: \$202,768) of ISA for UPME bid assets and infrastructure usage rights for \$46,556 (2012: \$51,965); also includes \$109,984 (2012: \$75,254) of INTERNEXA in Peru for advance payment received for usufruct contracts signed with Telefónica, Latin American Nautilus Perú and CD Network.

(3) Includes, mainly in XM, \$180,816 (2012: \$146,700) of collections in favor of energy market trading agents.



NOTE 18: SHAREHOLDERS' EQUITY

SUBSCRIBED AND PAID-IN CAPITAL

Subscribed and paid-in capital of ISA (parent company) at December 31 was distributed as follows:

2013			
SHAREHOLDER	NUMBER OF SHARES	VALUE	% PARTICIPACIÓN (1)
State investors			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P. –EPM–	112,605,547	3,693	10.166
Subtotal	682,078,108	22,372	61.577
State and private capital investors			
Empresa Colombiana de Petróleos–ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
Empresa de Energía del Pacífico	1,213,000	40	0.110
Subtotal	78,586,530	2,578	7.095
Subtotal	760,664,638	24,950	68.672

Cont'd

2013			
SHAREHOLDER	NUMBER OF SHARES	VALUE	% PARTICIPACIÓN (1)
Private capital investors			
Fondo de Pensiones Obligatorias Protección Moderado	61,676,823	2,023	5.568
Fondo de Pensiones Obligatorias Porvenir Moderado	52,052,859	1,707	4.699
Fondo de Pensiones Horizonte	25,586,781	839	2.310
Fondo de Pensiones Obligatorias Colfondos Moderado	22,008,670	722	1.987
Fondo Bursátil ISHARES COLCAP	12,768,784	419	1.153
Fondo de Pensiones Obligatorias Skandia S.A.	8,389,764	275	0.757
Vanguard Emerging Markets Stock Index Fund	5,819,037	191	0.525
Abu Dhabi Investment Authority	3,450,519	113	0.312
Ishares MSCI Emerging Markets Index Fund	3,430,366	113	0.310
Blackrock Institutional Trust Company N.A.	2,987,170	98	0.270
Other shareholders	148,842,483	4,881	13.437
Subtotal	347,013,256	11,381	31.328
Total outstanding subscribed capital	1,107,677,894	36,331	100.00
Repurchased own shares (2)	17,820,122	585	
Total subscribed and paid-in capital	1,125,498,016	36,916	



2012			
SHAREHOLDER	NUMBER OF SHARES	VALUE \$ MILLION	% PARTICIPATION (1)
State investors			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P.–EPM–	112,605,547	3,693	10.166
Subtotal	682,078,108	22,372	61.577
State and private capital investors			
Empresa Colombiana de Petróleos–ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
Subtotal	77,373,530	2,538	6.985
Subtotal	759,451,638	24,910	68.562
Private capital investors			
Fondo de Pensiones Obligatorias Porvenir Moderado	52,443,705	1,720	4.735
Fondo de Pensiones Obligatorias Protección Moderado	40,917,785	1,342	3.694
Fondo de Pensiones Horizonte	28,312,427	929	2.556
Fondo de Pensiones Obligatorias Colfondos Moderado	23,427,526	768	2.115
ING Fondo de Pensiones -Moderado	19,868,458	652	1.794
Fondo Bursátil ISHARES COLCAP	10,151,260	333	0.916
Fondo de Pensiones Obligatorias Skandia S.A.	8,303,131	272	0.750

Cont'd

2012			
SHAREHOLDER	NUMBER OF SHARES	VALUE \$ MILLION	% PARTICIPATION (1)
Vanguard Emerging Markets Stock Index Fund	5,715,348	187	0.516
Abu Dhabi Investment Authority	3,390,528	111	0.306
Ishares MSCI Emerging Markets Index Fund	3,160,990	104	0.285
Other shareholders	152,535,098	5,003	13.771
Subtotal	348,226,256	11,421	31.438
Total outstanding subscribed capital	1,107,677,894	36,331	100.000
Repurchased own shares (2)	17,820,122	585	
Total subscribed and paid-in capital	1,125,498,016	36,916	

(1) Participation percentage on outstanding shares.

(2) Shares initially held by CORELCA, reacquired in August of 1998. To date, all rights inherent to these shares have been suspended; consequently, they do not participate in dividend distributions nor are they taken into account for establishing quorum to deliberate and decide.

As of December 31, 2013 and 2012, authorized capital stock included 1,371,951,219 common shares. Shares had a par value of \$ 32.800000005352. All shares issued have been fully paid. Unissued shares as of December 31, 2013 and 2012 are detailed below:

	SHARES	VALUE
Authorized	1,371,951,219	45,000
Subscribed and paid-in	1,125,498,016	36,916
To be subscribed	246,453,203	8,084



ISA can issue common and preferred shares, and shares with preferred dividend but without voting rights. All shares are registered and circulate either in a materialized or dematerialized manner, as decided by the Board of Directors in the corresponding ruling.

Outstanding shares are common, registered and dematerialized.

Depósito Centralizado de Valores de Colombia –DECEVAL–, is the entity where securities are deposited for their administration and custody, to facilitate and expedite the market agents' work.

CAPITAL SURPLUS

▪ Additional paid-in capital

The additional paid-in capital is the excess of the sales price over the par value of the subscribed shares.

▪ Received for works

This account represents amounts delivered by the National Government for the construction of the first circuit of the 500 kV line to the Caribbean Coast.

RESERVES

		2013	2012
Legal	(1)	18,458	18,458
Mandatory for tax purposes	(2)	523,879	476,392
Repurchase of own shares	(3)	38,100	38,100
Equity reinforcement	(4)	381,315	364,108
Rehabilitation and repairs of STN assets	(5)	37,434	37,434
TOTAL		999,186	934,492

- (1) The law requires the company to appropriate 10% of annual net income as a legal reserve until the balance of the reserve is equal to 50% of subscribed capital. This mandatory reserve may not be distributed prior to the liquidation of the company, but may be used to absorb or reduce net losses of the year. Any balance of the reserve in excess of 50% of subscribed capital is at the disposal of the shareholders.
- (2) The Shareholders' Meeting approved appropriation of this reserve from net income, in compliance with Article 130 of the Tax Law, in order to obtain tax deductions for depreciation in excess of book depreciation. As legally provided, this reserve can be released whenever subsequent accounting depreciation exceeds tax depreciation, or when the assets giving rise to the incremental amount deducted are sold.
- (3) Includes special reserve for the repurchase of shares held by EPM for \$38,100.
- (4) In compliance with Article 47 of the Bylaws, the Shareholders' Meeting approved an occasional reserve, so that the company could retain its solid financial position and maintain the financial



ratios required by the rating agencies, in order to obtain the investment degree rating and comply with contractual commitments to financial entities.

- (5) The Shareholders Meeting held on March 30, 2000, approved \$24,932 reserve for the rehabilitation and replacement of assets of the National Transmission System, and on March 18, 2002, approved an additional reserve of \$12,502 for a total of \$37,434.

EQUITY REVALUATION

Adjustments for inflation on balances of equity accounts, recognized until December 31, 2000 have been credited to this account, with charge to the income statement. Although this value is not distributable as dividend, it can be used to increase subscribed capital.

As of 2007, and according to regulations in force, the tax on equity is accrued by decreasing this account.

SURPLUS FROM EQUITY METHOD

Contra entry of equity variations of investments in subsidiaries, as a consequence of application of the equity method. (See Note 3.3(a)).

DIVIDENDS DECLARED

Dividends declared in 2013 and 2012 on earnings of corresponding previous year are detailed below:

	2013	2012
Net income for last year	272,938	336,776
Outstanding shares	1,107,677,894	1,107,677,894
Dividend per share (in \$)	188	179
Dividends declared	208,244	198,274
Terms of payment	One installment in May 2013	One installment in June 2012

NET INCOME PER SHARE

Net income per share has been calculated on the annual weighted average number of outstanding shares as on the date of the statement of financial position.

Calculation was as follows:

	2013	2012
Net income for the year	433,048	272,938
Average outstanding shares in the period	1,107,677,894	1,107,677,894
Net income per share (in \$)	390.95	246.41



NOTE 19: MEMORANDUM ACCOUNTS

The balance of memorandum accounts at December 31 was:

		2013	2012
Debit			
Fiscal-over-accounting excess	(1)	538,532	544,836
Other contingent rights		65,294	67,052
Other debit control accounts	(2)	86,933	86,313
Effect application of Resolution No. 364 of 2000		2,912,218	2,916,984
Total debit memorandum accounts		3,602,977	3,615,185
Credit			
Claims and lawsuits	(3)	5,892,770	5,801,557
Guarantees granted	(4)	501,974	430,642
Fiscal	(1)	308,594	258,639
Other credit control accounts		2,175,649	1,957,797
Total credit memorandum accounts		8,878,987	8,448,635

(1) Represents differences with accounting that result from applying the inflation adjustment system for tax effects, and differences in accounting and tax deductions when determining ordinary net taxable income.

(2) Includes, mainly, collections for third parties by XM, in compliance with Decree 848 of March 28, 2005, date when it assumed the duties of Administrator of the Commercial Settlement System –ASIC–. At December 31, 2013 they totaled \$71,192 (\$71,160 in 2012).

(3) See Note 19.1.

(4) See Note 19.2.

19.1 CLAIMS AND LAWSUITS

ISA and its companies currently appear as party, as a defendant, plaintiff or as an intervening third party, of judicial processes of administrative, civil and labor nature. None of the processes in which they appear as a defendant or as an intervening third party could affect their stability. In their own name, they took the necessary judicial measures for the defense of their interests.

Below is the information regarding the main judicial processes which the companies are a party to and their amounts:



PROCESSES FILED BY ISA OR ITS COMPANIES

COMPANY	TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Civil. Trial Court	Comercializar S.A. E.S.P.	Executive claim for the payment of promissory note 03 of September 22, 1995, signed by Comercializar S.A. payable to different companies, ISA among them.	46
ISA	Civil. Trial Court	Energen S.A. E.S.P.	Payment claimed of all debts from this company to ISA.	508
ISA	Civil. Trial Court	Luz Bibiana Castaño Loaiza	The plaintiff asks for a writ of execution to be issued in favor of ISA, and against Luz Bibiana Castaño Loaiza and Carlos Alberto Ramírez Rubio.	40
ISA	Administrative. Trial Court	Atlas Ingeniería Ltda. and Aseguradora Confianza S.A.	Contractual liability claim for not fulfilling works related to laser photogrammetry.	4,743
ISA	Administrative Tribunal of Cundinamarca.	Administrative Special Unit of Civil Aeronautics	Claim to declare null the complex administrative act contained in Resolutions 6342 and 07258 of 2012.	6
ISA	Administrative. Trial Court	Municipality of San Carlos, Antioquia	Nullity claim of the decision ordering payment of municipal taxes.	1,838
ISA	Administrative. Trial Court	DIAN	Nullity claim of the decision ordering payment of municipal taxes.	4,779
ISA	Administrative. Trial Court	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Contractual liability claim for supply of transformers.	4,361
ISA	Administrative. Trial Court	Electrificadora del Atlántico S.A. E.S.P.	Nullity claim against a resolution of the defendant's liquidator.	12,962
ISA	Administrative Supreme Court	DIAN	Relative to default interest in favor of ISA for the untimely return of excess income tax paid in 1995.	4,780

Cont'd

COMPANY	TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative Tribunal of Cundinamarca.	Superintendency of Domiciliary Public Utilities (SSPD)	SSPD charged ISA \$1,883 as a special contribution in 2011 because they included expense accounts that shouldn't be considered. Actual ISA's contribution should be \$734.	1,200
ISA	Administrative Tribunal of Valle.	Municipality of Yumbo	Claim to declare null the Resolution 031 of July 12, 2012 issued by the Secretary of Finance of the Municipality of Yumbo.	1,368
ISA	Administrative Tribunal of Cundinamarca.	The State - CREG	Claim for a nullity declaration of CREG Resolution 106 of July 1, 2010, which approved the assets base and the necessary parameters to determine ISA's remuneration in the STN.	1,289
ISA	Administrative Tribunal of Bolivar	The State, Ministry of Mines and Energy	Claim to declare the existence of a contract between the State, MME and/or UPME and ISA, and a claim of nullity declaration of Resolution 180808 of May 20, 2011.	755
ISA	Administrative Supreme Court	DIAN	Related to DIAN fine due to criteria difference in refined income related to Art 211 of Fiscal Law of 1995.	750
Ruta del Maule	Proceeding before the Arbitration Commission regarding the Ruta 5, Tramo Talca–Chillán concession contract:	Fiscal Authority- MOP	Action for recognition of expenses and costs incurred in repair of diverse bridges existing before the concession, as well as higher costs in execution of extraordinary works ordered by the MOP. No arrangement was reached between the parties in the previous conciliation stage to avoid a legal action. The Arbitration Commission ordered MOP to pay UF 26,583.17. Against this decision, the Consejo de Defensa del Estado –CDE– filed a complaint with the Santiago Appellate Court that was unanimously denied. Later, on January 3, 2013, the Revenue Service filed a complaint with the Supreme Court against the judgment of the Appellate Court, which was denied on March 20, 2013 thus concluding this arbitration process. On September 23, 2013, the Arbitration Commission handed in to MOP all written communications required by law in order to comply with the arbitration judgment. As of December 31, 2013, there have not been any MOP payments. Compliance with the judgment is expected for the second week of January 2014. (See additional information on Note 25).	UF 47,158.15

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COMPANY	TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
Ruta del Maule	Suit labeled "Ingeniería y Construcción A and V Ltda. with Talca-Chillán Sociedad Concesionaria S.A.	Ingeniería y Construcción A y V Ltda	Rol No. 102-2011 from Juzgado de Letras de Parral for alleged breach of contract. On this date, the process is pending decision on a lack of jurisdiction dilatory defence filed by the concessionary.	CLP 512,727,697
Ruta del Maipo	Proceeding before the Arbitration Commission regarding the Ruta 5 (Santiago-Talca and Santiago South Access) concession contract.	Fiscal Authority- MOP	Claim for cost overrun during execution of Puente Alto Intercepting Collector Trap and La Serena-Las Industrias Collector Trap works. (See additional information on Note 25).	UF 71,698 and UF 62,415
Ruta del Maipo	Proceeding before the Arbitration Commission regarding the Ruta 5 (Santiago-Talca and Santiago South Access) concession contract.	Fiscal Authority- MOP	Claim for cost overrun during execution of the South Access to Santiago works. The decision of the Arbitration Commission of December 16, 2013 partially accepted Ruta del Maipo claim and instructed MOP to pay UF 400,734 for all items under complaint. (See additional information on Note 25).	UF 400,734
INTERNEXA	Demand	Ministry of Communications	As a result of the merger of Flycom and Internexa S.A., the latter obtains the rights associated with the license granted by the Ministry of Communications to the former. Rights include use of the radio-electric spectrum and establishment of a radio-electric network for broadband point-to-point distribution with LMDS technology.	22,000
IEMG	Administrative	Miscellaneous	Action for Constitution of Administrative Dependence	BRL 3,897,109



PROCESSES AGAINST ISA OR ITS COMPANIES

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative. Trial Court	Fernando Rodríguez García	Related to a Class Action filed by Fernando Rodríguez García and others against the State –the Ministry of Finance and Public Credit, the Ministry of Mines and Energy and ISA with the Eighth Administrative Circuit Court of Cali. The amount of the claim was defined by the plaintiffs at \$5,693,476, amount that is considered unreasonable because there was no real estimation as it is legally required and it was based on hypothetical damages without any proof or support in the claim. This claim is considered as a remote contingency, taking into account that it has no factual or legal basis to succeed.	5,693,476
ISA	Civil. Trial Court	Parque Empresarial San Miguel S.A.	The plaintiff asks ISA to be declared as invader of its property without any legal authorization, establishing this way an illegal right of way. For this reason the plaintiff asks to be indemnified.	4,572
ISA	Civil. Trial Court	Roberto Ebrath Rojas Estate	To issue decision imposing electric energy transmission legal right of way, considered in Article 18 of Law 126 of 1938 and Law 56 of 1981, in favor of ISA, over a piece of land owned by the defendants, called “Tierra Grata”, located in La Esperanza, Municipality of El Paso, identified with real state register 192 – 00463, from the Public Instruments Register Office of Chimichagua (Cesar).	321
ISA	Civil. Trial Court	Claudia Andrea Córdoba	The plaintiff requests to declare ISA liable for the missing and alleged death by drowning of Mr. Giampietro Zanin (Juan Pedro Zanin), while working at the crossing of a fiber optics cable belonging to the company, and to award material and moral damages payable by Interconexión Eléctrica S.A E.S.P. – ISA –.	4,000
ISA	Civil. Trial Court	Eliel Zapata Díaz	The plaintiff requests to condemn ISA to restore the plaintiff’s real property, which he has held in an irregular way for approximately nine years.	400

Cont'd

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative. Trial Court Filing 05001233100020030346100	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	44,429
ISA	Administrative. Trial Court. Filing 05001233100020040461800	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	55,840
ISA	Administrative. Trial Court Filing 050012331000200300292010	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	85,744
ISA	Administrative. Trial Court Filing 001233100020050591700	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	54,990
ISA	Administrative. Trial Court Filing 05001233100020020472100	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	69,548

Cont'd

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative. Trial Court Filing 05001233100020050591900	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	62,653
ISA	Labor. Trial Court	Others, Rosa Maria Vásquez Medina	The plaintiff requests a ruling establishing that between Mr. Luis Eduardo Vásquez Mahecha and Mr. Edwin Medina Castillo and the defendant, Transmilineas Servicio Ambiental LTDA., existed a labor relationship which ended due to the death caused by a work-related accident of Luis Eduardo Vásquez Mahecha and Edwin Medina Castillo. The plaintiff requests the defendants, Transmilineas Servicio Ambiental LTDA. and ISA, to be declared jointly and severally liable in all aspects related to the payment of employee benefits, wages, compensations and other labor issues resulting from the labor relationship existing with Mr. Luis Eduardo Vásquez Mahecha and Mr. Edwin Medina Castillo.	1,626
ISA	Labor. Supreme Court Recourse	Isabel Gutiérrez , Others, Rosalba González	The plaintiffs request a decision accepting they have right to receive the benefits established in the labor agreement existing between ISA and the National Workers Union of Interconexión Eléctrica S.A. E.S.P. (SINTRAISA, for its Spanish initials), and, as a consequence, all benefits and damages to be paid to them.	1,452
ISA	Labor. Supreme Court Recourse	Rogero Alcides Ruiz and Others	The plaintiffs request that all employee benefits be paid according to the labor contract subscribed with the company.	628
ISA	Labor. Appellate Court	Víctor Hugo Mosos Campos	The plaintiff requests to order ISA to re-calculate the retirement pension and to pay the additional pension payment corresponding to the month of June.	368
ISA	Circuit Labor Court 002 of Bucaramanga	Jorge Eliécer Reyes Plata	The plaintiff requests a declaration confirming that he had a labor relationship with ISA between February 1, 1999 and January 28, 2011, which ended without good cause using INTERSERVICIOS as an intermediary. The plaintiff also claims to be beneficiary of the ISA's Labor Contract, and for this reason he has rights to receive wage adjustments as well as fringe benefits, social security, default penalty and the legal costs.	832



Cont'd

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Labor. Supreme Court Recourse	Campiteli Carmona Gutiérrez, José Rubiel Valencia and others	Request for a decision accepting they have right to receive the benefits established in the labor agreement existing between ISA and the National Workers Union of Interconexión Eléctrica S.A. SINTRAISA, among others.	628
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020050355800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials– in order to determine the capacity charge of CHIVOR S.A. E.S.P., calculated according to CREG 077/2000 and CREG 111/2000 resolutions, and included in Invoice No. SIC 16966 of October 12, 2004, signed by Juan Diego Gómez Vélez, Market Operations director. The entity also requests the restoration of its rights affected as a consequence of such administrative acts.	12
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040118700.	EMGESA S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice No. SIC 14305 of September 12, 2003.	6,643
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020060012500.	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice No. SIC 19104 of August 12, 2005 and in Resolution 1411 of September 06, 2005 issued by ISA-ASIC.	5,491
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020030296800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice No. SIC 12920 of March 14, 2003.	9,318
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040049800.	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice No. SIC 13907 of July 12, 2003.	8,880



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COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020020472100.	EMGESA S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA, part of communication 031493-1 of December 29, 2000.	69,548
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040084100	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice No. SIC 1888 of July 13, 2005.	18,008
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020050591800	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2004-2005 period, which amounts to 280.04 MW per month, among others.	26,615
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040461900.	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2003-2004 period, which amounts to 273.06 MW per month, among others.	27,609
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020030029100	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2001-2002 period, which amounts to 256.47 MW per month, among others.	29,623
ISA	Administrative Tribunal of Cundinamarca. Filing 25000232600020060212301	Merilétrica	The plaintiff entity claims that due to incorrect application by the Operations Management of capacity charge allocation corresponding to the 2004-2005 period, material damages were caused to the company.	2,956
Ruta del Maipo	Civil Court No. 12 of Santiago	Servicio Integral de Transportes Ltda.	Claim from a neighbor of the South Access at Enlace Gabriela sector for sales reduction and for the access to their premises extended closure.	UF 35,000
CTEEP	Welfare	Instituto Nacional del Seguro Social –INSS–	The company was served of the process by the Social Security Institute for not having collected contributions related to wages paid to the employees as transport and basic food basket expenses for the April 2001 and July 2001 period. The company made court deposits for this process for BRL 1,226 thousand.	BRL 1,767 thousand.



Cont'd

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
CTEEP	Labor	Miscellaneous.	The company assumed before different courts responsibility for certain legal processes derived mainly from the spin-off process between CESP and EPTE. The company carried out court deposits for a total BRL 65,511 thousand (2012: BRL 65,497 thousand)	BRL 103,197 thousand
CTEEP	Fiscal	Several municipalities of São Paulo State	The company made provisions for processes against several municipalities of São Paulo State related to land legalization.	BRL 7,042 thousand
ISA Bolivia	Fiscal	National tax services	Dismissal of the request to modify the Value Added Tax returns for import policies and purchase invoices not included in affidavits.	BOB 3,400,000
XM	Capacity charge Administrative Tribunal of Antioquia – nullity and redress lawsuits.	EMGESA S.A. E.S.P, Central Hidroeléctrica de Betania S.A. E.S.P, AES CHIVOR S.A. E.S.P and Fiduciaria La Previsora.	The lawsuits for application by XM, as the Administrator of the Commercial Settlement System –ASIC–, of CREG Resolutions 077 and 111 of 2000, capacity charge, correspond to CREG's change in calculation methodology, which according to the plaintiff companies caused them damages; In such transactions, given that XM acts as the agent of third parties, its own equity would not be at stake in said processes. Eventually, in case of negative results, XM could request compensation or account settling between the market agents taking part in these transactions, which would permit the company's equity to remain unharmed, a situation that would be under the provisions of CREG Resolution 084 of 2007.	618,685
XM	Administrative Tribunal of Antioquia.	ECOPETROL	Application of CREG resolutions 136 of 2009 and 041 of 2010.	104,567
XM	Administrative Supreme Court	The State - Ministry of Mines and Energy - CREG	Application of CREG resolutions 047 and 095 of 2012 and resolutions 054 and 060 of 2013.	1,134
XM	Administrative Tribunal of Cauca	Guachené Municipality	Nullity and redress claim against resolutions No. 047 of August 2, 2011 and 058 of December 9, 2011, issued by the Treasurer of Guachené Municipality, imposing a penalty on XM for failing to deliver information.	464

The company's management and its legal counsels consider remote the possibility of material loss as a result of such claims.

Other processes of CTEEP

ELETROBRÁS

In 1989, Centrais Elétricas Brasileñas S.A. –ELETROBRÁS– filed declaratory action against Eletropaulo Metropolitana Eletricidad de São Paulo S.A.

–Eletropaulo–, regarding collection of balance of a financing contract. Eletropaulo had objected the criterion used for monetary updating and made the payments related to the contract through deposits in court only for the amounts it considered really owed. Judgment entered in 1999 ordered Eletropaulo to pay the balance claimed by ELETROBRÁS.

Along the process, on December 04, 2006, Eletropaulo filed clarification request which was rejected according to agreement published on April 16, 2007; it also filed special and extraordinary remedies that upheld decision by the Superior Court entered on October 30, 2008.

Considering such decisions, it can be inferred that the defenses of prior execution filed by Eletropaulo are not acceptable, and that the action filed by ELETROBRÁS will continue as initially filed.

In efforts to delay the taking of evidence with the purpose of defining the effective responsibility assigned by means of the split-off, CTEEP proposed a

declaratory action in favor of the parties involved in the action of December 14, 2012; decision was published denying the submission of evidence requested by the parties, ending the settlement by articles and declaring that the payment responsibility is Eletropaulo's, deducting it from the amount deposited.

Based on the legal documents supporting the partial assignment of Eletropaulo, CTEEP's management and its legal counsels consider that CTEEP is only liable for paying the court deposit transferred to it as an asset in 1988, and that the company must carry on with the legal process. Additionally, the company did not establish any provision for the contingency, which it understands is Eletropaulo's liability, and as such is being demanded by ELETROBRÁS and has been accepted in court.

Supplementary retirement plan ruled by Law 4819/58

The supplementary retirement pension plan ruled by State Law 4819/58 ordering creation of a Social Assistance State Fund applies to employees of Government autonomous entities, corporations where the State owns majority of shares, and industrial services owned and run by the State, admitted up to May 13, 1974 and foreseen benefits of retirement pensions supplements, "award-license" and "family-salaries". The funds necessary to pay the commitments assumed under that plan are the responsibility of the competent bodies of the government of São Paulo State, and their implementation took place according to the agreement signed on December 10, 1999 between the Finance Secretary of the State of São Paulo –SEFAZ SP, for its Portuguese initials– and CTEEP, in force until December 31, 2003. Such procedure was carried out regularly until December 2003 by Fundación



CESP, with funds of the State Finance Secretary, transferred through CESP and subsequently CTEEP. As of January 2004, the Secretary of Finance started processing those payments directly, without the intervention of either CTEEP or Fundación CESP in amounts lower than those historically paid until December of 2003.

a. Public Treasury Second Court Claim.

This fact caused retirees to file legal claims, outstanding among them, the Public Civil Action with decision by the Second Court of the Ministry of Finance, issued on June 2005, declaring unfounded the retirement pensions supplement claim and making responsible SEFAZ SP for supplemental retirement pension. On October 2013, the Federal Supreme Tribunal –STF– ruled that civil courts have jurisdiction in issues related to the private decision.

b. 49th Labor Court Claim

Contrary to the decision formerly entered, the decision of the 49th Labor Court of São Paulo, notified to CTEEP on July 11, 2005, decided, preliminarily, to grant constitutional protection so that Fundación CESP processes again payment of benefits pursuant to State Law 4819/58, in the way conducted until December 2003, with funds transferred by CTEEP. To comply with judicial decisions, CTEEP requests each month the necessary funds from the Finance Secretary of São Paulo State, to make the transfer to Fundación CESP, the entity in charge of processing respective payment to the beneficiaries. Such action ordered SEFAZ SP, CESP, Fundación CESP and CTEEP to be in charge of payment.

Due to the existence of processes under different venues, it is still pending which decision will prevail, something that could rule out the Labor Court judgment.

c. Conflict of Venue

On February 20, 2013, the STF, in an unrelated appellate process, indicated that civil courts have jurisdiction to judge in cases related to retirement pension supplements. The stance taken by the full STF was that “jurisdiction to judge actions filed against retirement-pension supplement entities belongs to civil courts, given the autonomy Social Security Law has in relation to Labor Law.”

The STF decision mentioned above confirmed that civil courts have jurisdiction to judge claims filed against private entities managing retirement pensions supplements. This position will serve as a precedent in the jurisdiction process in the particular case of CTEEP related to Law 4819/58, which is pending decision by the STF since April 9, 2013. In November 2013, STF denied the existence of conflict of jurisdiction. Final decision depends on an appeal.

d. Demand for Payment

The SEFAZ SP has, since September 2005, been transferring to CTEEP a sum lower than necessary to comply with aforementioned decision 49 of the Labor Court.



In compliance with this decision, CTEEP transferred to Fundación CESP in the period between January 2005 and December 2013, the sum of BRL 2,676,038 for payment of the benefits ordered by State Law 4819/58, having received from the SEFAZ-SP the amount of BRL 1,742,537 for this purpose. The difference between the sums transferred to Fundación CESP and the sums received by SEFAZ-SP, amounting to BRL 933,501, has been requested by CTEEP to be reimbursed by SEFAZ SP. Additionally, there are sums related to actions undertaken by employees, paid by the company and the responsibility of the State Government, which amount to BRL 225,781; amounting to a total of BRL 1,159,282.

In December 2010, CTEEP filed a demand for payment against SEFAZ-SP aiming to recover sums not yet received related to this issue. On May 13, 2013, the demand for payment was ruled to be terminated, without deciding on the merits, decision which was appealed; both were accepted on August 27, 2013, in order to repair the omission contained in the decision. The appeal to bring back the process to the original court for a decision on its merits was put into record on September 2013 and is still pending decision. Such procedural complication extends the term for realizing the asset asked for in the action.

e. Claim by the Pensioners Association

During the second semester of 2012, the Retired Personnel Association of Fundación CESP filed legal action No. 0022576-08.2012.8.26.0053 against SEFAZ-SP, requiring reimbursing of the retirement pension supplement plan, ruled by State Law 4819/58, in order for such plan to be able to make payments to retired personnel.

Legal Claim - Campinas Union

On April 19, 2013, SEFAZ SP, through a written document, accepted transferring CTEEP the sums previously contested related to some items partially making part of sums not previously transferred and necessary to fully satisfy the decision of the 49 Labor Court. SEFAZ SP recognition was taken as res judicata in the same sense as the Class Action filed by the Unión de Trabajadores de la Industria de Energía Eléctrica de Campinas, which ordered SEFAZ SP to continue paying retirement pension supplements to retired personnel without cutting out such funds.

Due to this decision, payments to retired personnel belonging to the workers union previously mentioned have been taken over by SEFAZ SP starting April 19, 2013. CTEEP Management, supported by the favorable opinion of their legal advisors, considers this decision to set an important precedent for the same type of funds, not only for retired personnel of this union, but for other retired personnel. Through their legal advisors, CTEEP will review these decisions in order to have SEFAZ SP assume responsibility for the same type of funds for all retired personnel.

CTEEP's position

CTEEP reiterates that it will continue its endeavors to have the decision of the Justice Tribunal declared null and be able to return to the direct payment procedure of State Law 4819/58 by the SEFAZ SP. Additionally, CTEEP considers through its legal department and external consultants, that expenses generated by Law 4819/58 and its respective regulation



are the integral responsibility of the SEFAZ SP, and it goes on adopting additional measures to safeguard the company's interests. Based on such facts, the company records these differences as accounts receivable from the State Secretary of Finance. (See Note 7).

Facing the new facts occurred during 2013, mainly related to the legal progress of demands for payment of sums owed by SEFAZ SP, and taking into account legal processes and other actions previously mentioned,

CTEEP management revised its positioning, recognizing a provision for losses of sums to be received. In this case, it is expected realization terms will be extended while responsibility is not expected to be assigned fully on SEFAZ SP.

CTEEP management continues to monitor new facts related to legal and business issues, as well as any impact on the company's financial information.

19.2 GUARANTEES

At 2013 year's end the following guarantees were in force:

ISA

BANK GUARANTEES				
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY
Performance Bank Guarantee	Unidad de Planeación Minero Energética – UPME (Mining and Energy Planning Unit)	To guarantee performance of liabilities incurred under UPME 04-2009 Sogamoso Project public bid.	15,569,614	03-04-14
Performance Bank Guarantee	Ministry of Energy of Chile	Project I - To guarantee execution term of Relevant Milestone No. 1: Orders for Procurement and Study to determine the Project's detailed specifications as established in the Technical Proposal for exploitation and execution of new works: New Cardones–Maitencillo 2x500 kV line, New Maitencillo–Pan de Azúcar 2x500 kV line and New Pan de Azúcar–Polpaico 2x500 kV line.	9,788,600	16-03-14



Cont'd

BANK GUARANTEES				
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY
Performance Bank Guarantee	Ministry of Energy of Chile	Project I - To guarantee the Project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Cardones–Maintencillo 2x500kV Line"	6,345,600	02-06-18
Performance Bank Guarantee	Ministry of Energy of Chile	Project I - To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Maintencillo–Pan de Azúcar 2x500kV Line"	10,408,800	26-06-18
Performance Bank Guarantee	Ministry of Energy of Chile	Project I - To guarantee the project's effective execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Pan de Azúcar–Polpaico 2x500kV Line".	22,400,000	16-07-18
Performance Bank Guarantee	ETESAL S.A. DE C.V.	To guarantee performance of contract E806 entered into with ETESAL S.A.	4,248	15-08-14
Performance Bank Guarantee	Ministry of Energy of Chile	Project II - To guarantee execution term of Relevant Milestone No. 1: Insurance hired and study that determines the Project's specifications, as provided in Document No. 14 of the Technical Proposal for exploitation and execution of the new work "New Encuentro–Lagunas 2X220 kV line, First Circuit", and the terms established in the Ministry of Energy's Awarding Decree.	774,000	15-12-14
Performance Bank Guarantee	Ministry of Energy of Chile	Project II - To guarantee execution of the Project and payment of penalties as provided in the Technical Proposal for exploitation and execution of the new work "Encuentro–Lagunas 2X220 kV line, first circuit", and the terms established in the Ministry of Energy's Awarding Decree.	3,096,000	13-10-17
Subtotal			68,386,862	



GUARANTEES GRANTED TO SUBSIDIARIES

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY
Joint and Several Guarantee	Leasing de Crédito S.A.	To guarantee the leasing agreement, Infrastructure Leasing, granted in 2004 by Leasing de Crédito to Flycom Comunicaciones S.A. E.S.P., subsequently transferred in 2007 to INTERNEXA S.A. E.S.P.	56,558	17-09-17
Pledge on shares	BID - CAF	Pledge on 100% of shares owned by ISA in ISA Bolivia as debt service guarantee.	13,866,542	15-02-19
Pledge on shares	BCP - Bondholders	Pledge on 100% of shares owned by ISA in Red de Energía del Perú –REP– as debt service guarantee.	46,712,619	19-04-31
Joint and Several Guarantee	Banco Centroamericano de Integración Económica (Central American Bank for Economic Integration) –CBIE–	To jointly and severally guarantee loan agreement entered into EPR and BCIE up to USD 44,500,000, related to SIEPAC Project financing. The guarantee must be valid until total principal is paid off	40,894,728	29-06-27
Subtotal			101,530,447	
Total			169,917,309	

CHILEAN CONCESSIONAIRES**RUTA DE LA ARAUCANÍA****I. Guarantees Granted to MOP in relation to the Concession Contract:**

GUARANTEES GRANTED TO MOP				
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee (4 Guarantees Issued)	Direction General of Public Works	Full compliance during the exploitation period of Concession Contract awarded by MOP Decree No 443, dated April 20 of 1998, and published on the Official Gazette No. 36108 on July, 8 of 1998.	200,000	23-08-15
Bank Guarantee (5 Guarantees Issued)	Direction General of Public Works	Full compliance of all and each of the Ruta Araucanía Sociedad Concesionaria S.A. obligations assumed in relation to performing "Closed Circuit TV works", according to Resolution DGOP No. 3758, dated September 12 of 2013.	2,514	04-08-14
Total			202,514	

II. Guarantees granted in relation to the financing of the concession:

By public deed dated August 5 of 2010, of Santiago de Chile Notary Public Office of Humberto Santelices Narducci, Ruta de la Araucanía granted

special first pledge on public work concession in favor of Banco de Chile, Banco del Estado, Corpbanca and Banco Security, on concession held by Ruta de la Araucanía; such pledge shall be in force until extinction of the liabilities guaranteed under financing of 2010.



By Public Deed dated July 31 of 2013 from the Santiago de Chile Notary Public Office of Humberto Santelices Narducci, Ruta de la Araucanía refinanced his actual liabilities with creditors like Banco de Chile, Banco del Estado and Corpbanca, where guarantees established on August 5, 2010, mentioned above, were ratified.

1) Mandate to Collect:

By public deed dated July 29 of 2010, Ruta de la Araucanía granted mandate to collect, empowering Banco de Chile, in its capacity as guarantee agent under the Financing of 2010, to represent the former before the MOP in order to collect, receive and withhold payments promised by the Public Treasury to Ruta de la Araucanía under the concession.

2) Credit Facility Agreement – Guarantees:

Private document subscribed between Ruta de la Araucanía and Banco de Chile dated July 29 of 2010 binds Ruta de la Araucanía to establish one or several guarantees in favor of the Ministry of Public Works, to guarantee

the liabilities arising from the concession contracts for up to CPL 7,005 Chilean pesos.

3) Commercial Pledge:

The pledges established are:

PLEDGES	31-12-2013 (THOUSANDS OF CHILEAN PESOS)	31-12-2012 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	3,354,845	5,491,197
Corpbanca	2,808,140	1,793,543
Banco Santander	2,931,941	2,066,673
Banco Estado	5,361,565	4,076,380
BBVA	2,358,366	228,626

RUTA DEL MAIPO**I. Guarantees granted to MOP in relation to the Concession Contract:****1) Exploitation Guarantees**

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee exploitation stage contract - International concession Ruta 5, Santiago - Talca Segment and Santiago South Access.	535,000	02-05-16
Bank Guarantee	Direction General of Public Works	Cover the faithful, complete and on-time compliance of all and each of Ruta del Maipo Sociedad Concesionaria S.A. obligations.	2,500	20-01-14
Total			537,500	

2) Build anti-hooligan closures

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	Guarantee obligation compliance assumed in relation to the building of anti-hooligan closures on the Talca Chillán stretch and South Access to Santiago.	2,475	31-01-15

II. Guarantees granted in relation to the financing of the Concession:

The concessionaire hired with MBIA Insurance Corporation (the “Insurer” of “MBIA”) capital and interest insurance policies that irrevocably and unconditionally guarantee the payments corresponding to Holders of 144-A Bonds in USD, Series A and Series B according to bond issues in UF carried out by the corporation under the terms of the respective bond issue contracts and their amendments, and to RBS Entities, formerly ABN Entities (The Royal Bank of Scotland N.V., former ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), former, ABN Amro Bank (Chile), RBS Inversiones Chile, former ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., former ABN Amro Finance (Chile) S.A., and RBS Holding Negocios S.A., former ABN Amro Holding de Negocios S.A.).

By public deed dated November 29 of 2010, the corporation, the RBS Entities, the Itaú Entities and the insurer subscribed a contract under which the RBS Entities assigned the guarantee contracts established under the above-mentioned Credit Facility Agreement to the Itaú Entities.

Additionally, on November 29 of 2010, the insurer endorsed the above-mentioned insurance policy in favor of Banco Itaú Chile, as the Agent Bank and in representation of the Itaú Entities. As a consequence of the above, Itaú Entities became the beneficiaries of the insurance policy.

1) Special Concession Pledge:

a. By public deed dated August 22 of 2001, amended by public deeds da-

ted October 4 of 2004, May 19 of 2005, September 28 of 2005, December 13 of 2006, and December 19 of 2006, all of them of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and by public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raul Undurraga Laso, a special first pledge on public work concession was established in favor of MBIA Insurance Corporation, and a special second pledge on public work concession was established in favor of the holders of the US-Dollars-denominated bonds, issued by Ruta del Maipo, dated August 22 of 2001 (the “US Bond Holders”), the holders of series A bonds in UF issued by Ruta del Maipo dated October 14 of 2004, the Itaú Entities, and the holders of Series B Bonds in UF issued by Ruta del Maipo dated December 20 of 2006.

- b. Such pledge applies to: (i) the concession right on public works of which Ruta del Maipo is the holder; (ii) every payment promised for any legal reason under the concession contract by the Public Treasury to Ruta del Maipo (iii) all revenues of Ruta del Maipo.
- c. Also, by the same public deed of pledge, Ruta del Maipo is bound not to encumber, transfer, dispose of or sign any act or contract that may affect the assets pledged while such pledge is in force, unless so authorized by MBIA, and also to execute such act or contract in accordance with the provisions of clauses ninth and eighteenth of the Contract of Issuance of Bonds executed by public deed dated July 14 of 2004, modified through public deed dated September 10 of 2004, both of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo.



2) Commercial Pledge:

- a. The terms of the Second Amended and Restated Common Agreement, subscribed through private document dated December 18 of 2006, bind Ruta del Maipo to establish pledges in favor of MBIA, the Holders of US Bonds, the Holders of Series A Bonds, the Itaú Entities and the Holders of Series B Bonds, on funds deposited in certain bank accounts of the project.

The pledges established are:

PLEDGES	31-12-2013 (THOUSANDS OF CHILEAN PESOS)	31-12-2012 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	1,703,119	3,926,885
Corpbanca	1,108,884	5,764,623
Banco Santander	3,058,770	2,418,688
Banco Estado	6,441,481	6,000,000
BBVA	0	4,000,000

- b. By public deed dated August 22 of 2001, amended by public deeds dated October 4 of 2004, May 19 of 2005, September 28 of 2005 and December 21 of 2006, all of the Santiago de Chile Notary Public Office

of Ivan Torrealba Acevedo, and through public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, Ruta del Maipo established a commercial pledge on its rights from the Construction Contract for the Works of Carretera Ruta 5 Sur, Santiago-Talca Segment and Santiago South Access, subscribed through private document dated August 22 of 2001 between Ruta del Maipo and Ferrovial Agromán Chile S.A. Such pledge was established in favor of MBIA and Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of or execute any act or contract that may affect the pledged rights while such pledge is in force.

- c. By public deed dated August 29 of 2001, amended by public deeds dated October 4 of 2004, May 19 of 2005, September 28 of 2005, December 21 of 2006 and June 20 of 2007, all of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and through public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, Ruta del Maipo established a commercial pledge on the rights arising from the Construction Guarantee established by private document dated August 29 of 2001, by Ferrovial Agromán Chile S.A. in favor of Ruta del Maipo and Citibank N.A. Chile Branch, as Representative of Garantías Común. Such pledge was established in favor of MBIA and Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of or execute any act or contract that may affect the pledged rights while such pledge is in force.



- d. By public deed dated October 4 of 2004, amended through public deeds dated May 19 of 2005, September 28 of 2005 and December 21 of 2006, of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and by public deed dated November 29 of 2010, Ruta del Maipo established a commercial pledge on its rights arising from “Contrato de Construcción a Suma Alzada de Colector Interceptor de Aguas Lluvias Puente Alto” and “Contrato de Construcción a Suma Alzada de Colector Interceptor de Aguas Lluvias Avenida La Serena-Las Industrias”, subscribed between Ruta del Maipo and Ferrovial Agromán Chile S.A., through private documents dated July 30 of 2004. Such pledge was established in favor of MBIA, the holders of bonds in US, and Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of or execute any act or contract that may affect the pledged rights while such pledge is in force.
- e. By public deed dated September 28, 2005 of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, amended through public deed dated December 21 of 2006 of the same Notary Public Office, and by public deed dated September 15, 2010 of the Santiago de Chile Notary Public Office of Eduardo Avello Concha, Ruta del Maipo established a commercial pledge on its rights arising from the contract called “Second Amended and Restated Investor Support and Guarantee Agreement”, dated September 28, 2005. Such pledge was established in favor of MBIA, the holders of bonds in US, and Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of or execute any act or contract that may affect the pledged rights while such pledge is in force.
- f. By public deed of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, dated May 19 of 2005 and amended on September 28 and December 21 of 2006, Ruta del Maipo established commercial pledge in favor of MBA on the former’s rights arising from the swap contract.
- g. By public deed dated July 28 of 2006 and amended on December 21 of 2006, Ruta del Maipo established commercial pledge in favor of MBA, the US Bondholders and the Itaú Entities on the former’s rights arising from undefined-sum construction contract for additional works of Supplementary Agreement No. 4 between the corporation and Ferrovial Agromán Chile S.A., dated June 23 of 2006.
- h. By public deed November 4 of 2013 from the Notary Public Office of Eduardo Avello Concha, Ruta del Maipo established commercial pledge in favor of MBIA, the US Bond holders, the UF Series A Bond holders, the Itaú Creditors and the UF Series B Bond holders over all personal rights or credits in its favor related to contract with INTERVIAL CHILE S.A. by means of a private instrument dated August 21 of 2013, called “Contribution Agreement” related to “Terceras Pistas” project (Convenio Ad Referendum No. 5, CAR 5). In it, INTERVIAL CHILE S.A. obliged itself to hold harmless the concessionaire against any damage that could be caused by delays in contracting new works related to “Terceras Pistas” project required by Convenio CAR 5.

RUTA DEL BOSQUE

I. Guarantees granted to MOP in relation to the Concession Contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee strict compliance, during exploitation phase, with concession contract awarded by MOP Decree No. 576 of June 30, 1997, published in the Colombian Official Gazette No. 35890 of October 14, 1997.	300,000	30-09-14

II. Guarantees granted in relation to the financing of the Concession:

The concessionaire hired with XL Capital Assurance Inc., currently Syncora Guarantee Inc., (the “Insurer”) capital and interest insurance policies that irrevocably and unconditionally guarantee the payments corresponding to Holders of Bonds, Series A and Series B according to bond issues carried out by the concessionaire under the terms of the respective bond issue contracts and their amendments, and to RBS Entities, formerly, ABN Entities (The Royal Bank of Scotland N.V., former ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), former, ABN Amro Bank (Chile), RBS Inversiones Chile, former ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., former ABN Amro Finance (Chile) S.A., and RBS Holding Negocios S.A., former ABN Amro Holding de

Negocios S.A.), under the terms of the Credit Facility Agreement. By public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, the referred Credit Facility Agreement was assigned to Banco Itaú BBA S.A., Nassau Branco and Banco Itaú Chile (hereinafter, jointly, the “Itaú Entities”).

By public deed dated November 29 of 2010, the corporation, the RBS Entities, the Itaú Entities and the insurer subscribed a contract under which the RBS Entities assigned the guarantee contracts established under the above-mentioned Credit Facility Agreement to the Itaú Entities.

Additionally, on November 29 of 2010, the RBS Entities restored to the Insurer the above-mentioned insurance policy and the Insurer issued a new policy in favor of Banco Itaú Chile, as the Agent Bank and in representation of the Itaú Entities.

1) Special Concession Pledge:

By public deed dated March 16 of 2001, of Santiago de Chile Notary Public Office of René Benavente Cash, amended on November 30 of 2004, October 19 of 2006 and November 9 of 2006, of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and by public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, special first pledge on public work concession was established in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.), and in favor of the holders of bonds Series A and Series B and to the Itaú Entities, special second pledge.



Such special pledges on public work concession apply to: (i) the concession right on public works arising from the concession contract; (ii) every payment promised for any legal reason by the Public Treasury to the concessionaire; and (iii) all revenues of the concessionaire.

2) Industrial Pledge:

- a. First industrial pledge established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) and second pledge in favor of the holders of bonds Series A, on certain assets, as stated in public deed dated March 16 of 2001, amended by public deeds dated November 30 of 2004 and October 19 of 2006 of Santiago de Chile Notary Public Office of Iván Torrealba.

3) Commercial Pledge:

- a. Commercial pledge on monies established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.), the Holders of Bonds Series A, and the Itaú Entities, every so often, as funds are deposited in accounts of the project.

The pledges established are:

PLEDGES	31-12-2013 (THOUSANDS OF CHILEAN PESOS)	31-12-2012 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	7,140,350	7,482,533
Corpbanca	3,060,268	5,156,348
Banco Santander	2,520,418	0
Banco Estado	6,000,000	6,535,191
BBVA	1,047,040	3,057,595

- b. Commercial pledge, and restriction to encumber and transfer, established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) on rights arising from Contract of Supervision of Operation and Routine Maintenance of Public Works: International Concession Ruta 5 Chillán Collipulli Segment”, as attested by public deed dated October 30 of 2006, amended by public deed September 15, 2010, both of the Santiago de Chile Notary Public Office of Eduardo Avello Concha.
- c. Commercial pledge, and restriction to encumber and transfer, established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) on rights arising from Shareholders Support Agreement, as stated in public deed of October 30 of 2006 of the Santiago de Chile Notary Public Office of Eduardo Avello Concha:
- d. Commercial pledge, and restriction to encumber and transfer, established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) on rights arising from Shareholders Support



Agreement, as stated in public deed of October 30 of 2006, amended by public deed of September 15 of 2010, both of the Santiago de Chile Notary Public Office of Eduardo Avello Concha.

RUTA DEL MAULE

I. Guarantees granted to MOP in relation to the Concession Contract:

Exploitation Guarantees:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee strict compliance, during exploitation phase, with concession contract approved by MOP Decree No. 21 of January 12, 1996, published in the Official Gazette on March 13, 1996.	150,000	30-11-16

II. Guarantees granted in relation to the financing of the Concession:

The corporation hired with MBIA Insurance Corporation (the “Insurer”) capital and interest insurance policies that irrevocably and unconditionally guarantee the payments corresponding to Holders of Bonds, Series A, Series B and Series C, according to bond issues carried out by the concessionaire under the terms of the respective bond issue contracts and their amendments, and to RBS Entities, formerly, ABN Entities (The Royal Bank of Scotland N.V., former ABN Amro Bank N.V., The

Royal Bank of Scotland (Chile), former, ABN Amro Bank (Chile), RBS Inversiones Chile, former ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., former ABN Amro Finance (Chile) S.A., and RBS Holding Negocios S.A., former ABN Amro Holding de Negocios S.A.), under the terms of the Credit Facility Agreement. By public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurruga Laso, the referred Credit Facility Agreement was assigned to Banco Itaú BBA S.A., Nassau Branch and Banco Itaú Chile (hereinafter, jointly, the “Itaú Entities”).



By public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, the Corporation, the RBS Entities, the Itaú Entities and the insurer subscribed a contract under which the RBS Entities assigned the guarantee contracts established under the above-mentioned credit facility agreement to the Itaú Entities.

Additionally, on November 29 of 2010, the insurer endorsed the above-mentioned insurance policy in favor of Banco Itaú Chile, as the Agent Bank and in representation of the Itaú Entities. As a consequence of the above, Itaú Entities became the beneficiaries of the insurance policy.

1) Special Concession Pledge:

- a. By public deed dated November 6 of 1998, amended on June 21 of 2005, October 18 of 2006, February 22 of 2008 and March 19 of 2008 (through which the Series A Bonds expired) before Santiago de Chile Notary Public Office of Iván Torrealba Acevedo, special first pledge established on public work concession and restriction to encumber and transfer, on the concession held by it in favor of MBIA Insurance Corporation, and second pledge in favor of Itaú Entities and the holders of bonds Series B and Series C issued by the corporation on June 29 of 2005 and October 27 of 2006, under the bonds issue contract executed through public deed of May 5 of 2005, and its subsequent amendments, all of them of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo.
- b. The special pledges on public works concession fall on: i) the public works concession right arising in favor of the issuer from the conces-

sion contract; ii) every payment promised for any legal reason under the concession contract by the Public Treasury to the issuer; iii) all revenues in favor of the issuer arising from the concession; and iv) payments for expropriation to which the issuer is entitled, according to the provisions of Article 20 of Law Decree 2186 of 1978.

2) Industrial Pledge:

- a. By public deed dated November 6 of 1998, amended on February 22 of 2008 (through which the Series A Bonds expired) before the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, the corporation established first industrial pledge and restriction to encumber and transfer, on a series of personal property listed in that deed, in favor of MBIA.

3) Commercial Pledge:

- a. By public deed dated November 13 of 1998, amended on February 22 of 2008 (through which Series A Bonds expired) before the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, the corporation established commercial pledge in favor of MBIA on its right to receive any payment according to: (i) the guarantee established by Grupo Ferrovial S.A., in favor of MBIA and the corporation dated November 13 of 1998; and (ii) the contract executed through public deed of November 13 of 1998 of Santiago de Chile Notary Public Office of María Gloria Acharán Toledo, by MBIA, the corporation and Empresa Constructora Delta S.A., through which Empresa Constructora Delta S.A., and Grupo Ferrovial S.A., guaranteed the liabilities arising from the construction



contract subscribed between Chillán corporation and Constructora Delta-Ferrovia Ltd., of September 10 of 1998. Although the two guarantees referred to in (i) and (ii) above and the construction contract have expired according to the provisions of those agreements, the two parties have not yet formally subscribed a termination and expiration deed of this commercial pledge.

- b.** By public deed of November 13 of 1998, amended through public deeds of December 13 of 2002 and February 22 of 2008, (through which Series A Bonds expired), the corporation established a commercial pledge in favor of MBIA, on the rights arising from the “Amended and Restated Shareholder Support Agreement”, executed on November 13 of 1998 and amended by private document of December 13 of 2002. Although this agreement is terminated, to this date the parties have not formally subscribed a deed of termination of this commercial pledge.
- c.** As provided in the “Second Amended and Restated Collateral Agency and Security Agreement”, as funds are deposited in certain bank accounts of the project of the corporation, this latter must establish a commercial pledge on such funds in favor of MBIA, the holders of bonds Series B and C and the Itaú Entities.
- d.** By public deeds of June 21 of 2005, of the Santiago de Chile Notary Public Office of Iván Torrealba Acevedo, the corporation established in favor of MBIA a commercial pledge on the rights arising from 4 contracts in force on that date.

The pledges established are:

PLEDGES	31-12-2013 (THOUSANDS OF CHILEAN PESOS)	31-12-2012 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	8,178,017	7,342,434
Corpbanca	3,909,261	4,194,048
Banco Santander	4,000,000	4,000,000
Banco Estado	10,520,505	0
BBVA	1,099,704	4,100,000

RUTA DE LOS RÍOS

I. Guarantees granted to MOP in relation to the Concession Contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee strict compliance, during exploitation phase, with concession contract approved by MOP Decree No. 758 of August 14, 1997, published in the Official Gazette on October 28, 1997.	200,000	30-09-15



II. Guarantees granted in relation to the financing of the Concession:

A bank syndicate made up of Banco BICE, Banco de Crédito e Inversiones –BCI– and Banco Security granted the corporation a long-term loan for UF 4,640,912 (Tranches A and B), and a bank guarantee financing for a maximum amount of UF 249,966.62 to secure future obligations with the MOP (Tranche C). On September 13, 2012, a special pledge on public work concession established by the corporation to Banco de Chile, Banco del Estado and Banco Security and filed on pages 166, No. 90 of the Industrial Pledges Registry was canceled, together with the prohibition of concession, filed on page 11, No. 20 of the Industrial Pledges Registry, both of the Conservador de Bienes Raíces de Santiago, corresponding to 2009. Likewise, and on the same date, a subordination agreement established by Cintra Chile Ltda. and Ferrovial Agromán Chile S.A. in favor of the banks assigning the loans was terminated and canceled; pledges on cash and permitted investments established by the corporation in favor of such assigning banks, were also canceled.

Additionally, at the same time of signing the financing contract mentioned above, Ruta de los Ríos granted the following guarantees in order to secure assumed obligations in favor of a bank syndicate made up of Banco BICE, Banco de Crédito e Inversiones and Banco Security.

1) Pledge on Shares:

In order to guarantee liabilities of Ruta de los Ríos under the above-mentioned financing contract, INTERVIAL CHILE S.A. established in favor of creditor

financing banks, pledge on securities, in accordance with provisions of Law No. 4287, and commercial pledge on 75% of the shares of the corporation, pursuant to articles 813 et seq of the Code of Commerce.

Under same public deed, INTERVIAL CHILE S.A. bound itself not to encumber transfer, promise to encumber or transfer, dispose of, establish real guarantees or any burden, lien, prohibition or rights in favor of third parties on the shares, or to execute any act or contract whatsoever on them.

Additionally, by the same public deed mentioned above, Banco BICE, acting as Guarantee Agent Bank, canceled the pledge on movable property and the commercial pledge on shares given as part of the financing process mentioned above, constituted by INTERVIAL CHILE S.A. by public deed dated March 14 of 2006, from the Santiago de Chile Notary Public Office of Eduardo Avello Concha, in favor of Banco de Chile, Banco del Estado de Chile, Corpbanca and Banco Security.

2) Pledge without Possession on rights of Concession of Public Work:

In order to guarantee the liabilities of Ruta de los Ríos under the above-mentioned financing contract, Ruta de los Ríos established in favor of creditor financing banks, pledge without possession pursuant to Article 14 of Law 20190 and rulings of Registro de Prendas sin Desplazamiento included in Supreme Decree No. 722 of 2010 of the Ministry of Justice regarding (i) the public works concession right in its name; (ii) every payment promised by the Public Treasury to Ruta de los Ríos for any legal reason



under the terms of the concession, including, especially, the annual subsidy and the minimal annual revenue guaranteed by the State considered in the bidding base, and (iii) all revenues corresponding to Ruta de los Ríos from concession exploitation.

In the same deed, Ruta de los Ríos bound itself not to encumber, transfer, promise to encumber or transfer, assign, dispose of in any way, grant the use and enjoyment, establish real guarantees or any burden, levy, prohibition or rights in favor of third parties on the pledged assets, without prior written authorization of Banco BICE acting as Guarantee Agent Bank.

3) Pledge on cash deposits and permitted investments:

In order to guarantee liabilities of Ruta de los Ríos under the above-mentioned financing contract, Ruta de los Ríos established in favor of

creditor financing banks, commercial pledge on all cash deposits made or to be made in the restricted accounts, in accordance with articles 813 et seq. of the Code of Commerce. Additionally, Ruta de los Ríos established a commercial pledge in favor of finance creditor banks on nominative investment instruments issued in the name of the corporation, according to articles 813 and subsequent of the Commercial Code.

In the same deed, Ruta de los Ríos bound itself not to encumber, transfer, promise to encumber or transfer, dispose of, establish real guarantees or any burden, levy, prohibition or rights in favor of third parties on cash deposits and investment instruments, or to enter into any act or contract on the same without prior written authorization of Banco BICE acting as Guarantee Agent Bank.

ISA CAPITAL DO BRASIL

Guarantee Deposits

According to the terms of international bonds issue contract of ISA Capital do Brasil, during 2007, a deposit account must be established in the New York Bank as a guarantee for interests to be paid every six months. The amount to be kept in the account is approximately USD 1.4 million. After the debt re-structuring process of 2010, the value of outstanding international bonds amounts to USD 31.6 million.

CTEEP

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD THOUSAND)	MATURITY DATE
Bank Guarantees (Serra do Japi)	BNDES	Guaranteeing loan's payment obligations	19,7	15-08-26
	BNDES	Guaranteeing loan's payment obligations	17,0	15-08-26
Bank Guarantees (Pinheiros)	BNDES	Guaranteeing loan's payment obligations	7,0	23-08-15
	BNDES	Guaranteeing loan's payment obligations	3,1	23-08-15
	BNDES	Guaranteeing loan's payment obligations	18,9	1st Drawdown 17-01-14 2nd Drawdown 28-02-14
	BNDES	Guaranteeing loan's payment obligations	30,4	1st Drawdown 17-01-14 2nd Drawdown 28-02-14
Bank Guarantees (IESUL)	BNDES	Guaranteeing loan's payment obligations	1,7	05-10-14
	BNDES	Guaranteeing loan's payment obligations	1,8	05-10-14
	BNDES	Guaranteeing loan's payment obligations	2,3	10-08-15
	BNDES	Guaranteeing loan's payment obligations	2,3	10-08-15



Cont'd

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD THOUSAND)	MATURITY DATE
Bank Guarantees (IENNE)	Banco do Nordeste	Guaranteeing loan's payment obligations	22,9	01-06-14
Bank Guarantees (IEMadeira)	Banco da Amazônia	Guaranteeing loan's payment obligations	61,4	30-06-16
	Itaú BBA/BES	Guaranteeing loan's payment obligations	82,0	18-03-25
	BNDES	Guaranteeing loan's payment obligations	336,4	30-06-16
	BNDES	Guaranteeing loan's payment obligations	51,7	30-06-16
Counter-guarantee (IEGaranhuns)	HSBC (*)	Guaranteeing loan's payment obligations	43,2	15-04-14
Total			701,8	

PDI

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Banco de Crédito Letter of Credit	Fénix Power Perú S.A.	Guarantee gantry quality and correct operation	65,715	20-04-14
Banco de Crédito Letter of Credit	Sunat	Guarantee customs duties debt according to Temporary Admission Rules	1,700	29-09-14
Banco de Crédito Letter of Credit	CTM/REP	Guarantee compliance with labor liabilities	25,000	15-11-14
Total			92,415	



TRASMANTARO

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Trust Assets	BCP	Guarantee loans through Trust Assets on Concessions (BOOT Contract and Administrative Contract of Trujillo-Chiclayo Transmission Line).	507,000	26-05-14
Surety Bonds	Ministry of Energy and Mines of Peru – Several customers	Guarantee full compliance of concession contracts and miscellaneous customers contracts.	76,841,416	04-02-15
Total			77,348,416	

REP

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Mortgage	BCP and Bondholders	Guarantee payment of liabilities related to loans and bond issues by means of mortgages on several ETECEN-ETESUR transmission lines concessions	218,461,000	08-11-31
Mortgage	BCP and Bondholders	Guarantee payment of liabilities related to loan and bond issues by means of mortgages on the right to exploit the assets of ETECEN-ETESUR Concession		
Trust(*)	BCP and Bondholders	Guarantee payment of liabilities related to loan and bond issues by means of trust on revenue flow from deposits made by customers		
Surety Bonds	Ministry of Energy and Mines of Peru – Several customers	Guarantee concession contracts and miscellaneous customers contracts	5,343,654	30-11-14
Total			223,804,654	

(*) On August 29, 2002, the company (trustor), Banco Continental (beneficiary) and Bank Boston, Peru Branch (trustee) subscribed the Trust Agreement for Cash Flows to guarantee compliance of the obligations in favor of the creditors of corporate bonds of the company. On March 31, 2005, Bank Boston, Peru Branch assigned its contractual position in that contract in favor of Banque BNP Paribas Andes S.A. Then, on June 28, 2006, Banque BNP Paribas Andes S.A. assigned its contractual position in that contract in favor of Banco Internacional del Perú S.A.



The subject matter of the contract is to guarantee with the assets making up the trust estate timely and total delivery of liabilities guaranteed. Through such contract, the flows deposited for the company's customers in the collection accounts are transferred to the trustor's account the next business day. In case of default, the trustee shall retain 25% of the flows deposited in the collection accounts until default is cured, and also, if the company fails to comply with any guaranteed obligation, the trustor shall

retain 100% of the funds deposited in these accounts. No balance is kept in those accounts at December 31, 20013 and 2012, due to the fact that collected amounts are only kept temporarily.

The contract shall be in force until effective and integral cancellation of the guaranteed liabilities assumed by the trustor in favor of the creditors, or conversely, upon extinction of all the rights and assets making up the trust estate.

TRANSELCA

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Pledge on shares	BCP and bondholders	Pledge on 100% of REP shares in order to guarantee debt service	46,712,619	08-11-31
Pledge on shares	BID and CAF	Pledge on 100% of ISA Bolivia shares in order to guarantee debt service	13,320,038	15-02-19
Total			60,032,657	

XM

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (COP)	MATURITY DATE
Bank	Guachené Municipality (Cauca Province)	Guarantee penalty established for non compliance of Article 651 of Fiscal Law	800,000,000	08-11-14



INTERNEXA

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Stand By (INTERNEXA in Chile)	BBVA	To guarantee loan liabilities	156,250	02-02-15
Stand By (INTERNEXA in Chile)	BBVA	To guarantee loan liabilities	187,500	02-02-15
Stand By (INTERNEXA in Chile)	BBVA	To guarantee loan liabilities	187,500	02-02-15
Stand By (INTERNEXA in Chile)	BBVA	To guarantee loan liabilities	62,500	02-02-15
Stand By (Transamerican Telecommunication)	BBVA	To guarantee loan liabilities	5,940,000	07-07-14
Stand By (INTERNEXA in Chile)	BANCOLOMBIA	To guarantee loan liabilities	7,825,000	03-04-14
Joint and several guarantee (INTERNEXA in Chile)	Helm Bank Panama	To guarantee loan liabilities	2,000,000	13-09-19
Joint and several guarantee (INTERNEXA in Chile)	Helm Bank Panama	To guarantee loan liabilities	1,000,000	06-11-19
Joint and several guarantee (INTERNEXA in Chile)	Helm Bank Panama	To guarantee loan liabilities	3,000,000	18-01-20
Joint and several guarantee (INTERNEXA in Chile)	Helm Bank Panama	To guarantee loan liabilities	1,000,000	02-05-20
Joint and several guarantee (INTERNEXA in Chile)	Helm Bank Panama	To guarantee loan liabilities	500,000	24-06-20
Joint and several co-debtor (INTERNEXA in Peru)	Helm Bank Panama	To guarantee loan liabilities	1,250,000	17-11-15
Joint and several co-debtor (INTERNEXA in Peru)	Helm Bank Panama	To guarantee loan liabilities	1,666,667	30-12-15
Joint and several co-debtor (INTERNEXA in Peru)	Helm Bank Panama	To guarantee loan liabilities	1,200,000	08-08-16
Joint and several co-debtor (INTERNEXA in Peru)	Helm Bank Panama	To guarantee loan liabilities	2,500,000	08-08-16
Pledge on shares (ISA Bolivia)	BID-CAF	To guarantee loan liabilities	434,000	15-02-19
Total			28,909,417	

Additionally, INTERNEXA S.A. granted a comfort letter in order to guarantee debt assumed by INTERNEXA Chile S.A. with Banco de Crédito e Inversiones –BCI–. At the same time, the Company continues to be joint and several co-debtor of Banco Helm Bank Panamá.



19.3 COMMITMENTS IN FORCE

At 2013 year's end the following commitments were in force:

ISA

COMMITMENT	EXPIRATION
<p>Derived from subsidiary ISA Bolivia: Support and Guaranty Agreement under which, ISA and TRANSELCA are bound, as sponsors of ISA Bolivia, to guarantee loans granted by BID and CAF. Outstanding obligation: paying balance pending with IDB and CAF in case of Government intervention or as of the moment the license is revoked. Loans were earmarked for execution of 30-year licenses for Santivañez–Sucre, Punutuma and Carrasco–Urubó transmission lines and the license for Arboleda Substation.</p>	<p>Termination of contracts (February 15, 2019)</p>

INTERNEXA

COMPANY	CONTRACT / COMMITMENT	PARTIES
INTERNEXA in Peru.	To put into service two fiber optics pairs for 20 years. As consideration, Telefónica grants the company the right to use up to 160 Gbps of transport capacity.	Telefónica del Perú S.A.A.
INTERNEXA in Peru.	Contracts of capacity rights	Latín American Nautilus Perú S.A.
INTERNEXA S.A.	In 2002 and 2005, the company contracted infrastructure leasing to fund purchase of telecommunications assets.	Syndicated leasing with Leasing Bancolombia, Helm Leasing S.A and Leasing de Occidente
INTERNEXA S.A.	To provide fiber optic connection service under the national carrier scheme with rights of use for fifteen years.	ETB
INTERNEXA S.A.	To provide the right of information transmission capacity	Telefónica Móviles Colombia S.A.
INTERNEXA S.A.	To provide the right of information transmission capacity	Colombia Móvil S.A.



Cont'd

COMPANY	CONTRACT / COMMITMENT	PARTIES
INTERNEXA S.A.	Data Center hosting services, communication links and support, management and maintenance of the “Radicador de Solicitudes Mineras” (Mining Applications Filing System) platform.	Agencia Nacional de Minería
INTERNEXA S.A.	Contract subject matter is to provide service, install, configure and put into operation one Internet channel at 100 Mbps, two Internet channels at 50 Mbps and one data channel at 20 Mbps.	Dirección Nacional de Inteligencia
INTERNEXA S.A.	Connectivity and collocation service provisioning.	Superintendencia de la Economía Solidaria
INTERNEXA S.A.	Implement the necessary services to install, configure, test and put into operation four data digital telecommunication links (level 2) to transmit point-to-point voice, data and IP video, with supervision, monitoring and control until commissioning.	AES CHIVOR
INTERNEXA S.A.	Alternative Data Center service provisioning for operation of the Ventanilla Única de Comercio Exterior –VUCE– (Single Window for Foreign Trade).	Ministry of Trade, Industry and Tourism
INTERNEXA S.A.	IP capacity contracts in Cali.	Movistar
INTERNEXA S.A.	Indefeasible Right of Use (IRU) of transport capacity.	Comcel S.A. and Telmex Colombia S.A.
INTERNEXA S.A.	Contract between INTERNEXA S.A. and Colombia Movil S.A. E.S.P for information transmission capacity provisioning rights.	Colombia Móvil S.A. E.S.P.
INTERNEXA S.A.	Technological platform support contract.	Unisys de Colombia S.A.
INTERNEXA S.A.	Computer equipment operating leasing agreement for computer equipment and other equipment related to INTERNEXA S.A.'s information technology platform.	Informática Datapoint
INTERNEXA S.A.	Infrastructure use agreement.	EMPRESA DE TELECOMUNICACIONES DE BOGOTÁ S.A. E.S.P., INTERNEXA S.A. and ORBITEL (currently, UNE EPM Telecomunicaciones S.A.)
INTERNEXA S.A.	Contract for the leasing of the Cartagena-Riohacha stations for the Arcos project.	Columbus Network
INTERNEXA S.A.	Fiber optics right of use and network rights purchased from third parties.	TIGO
INTERNEXA S.A.	Contents Northern Node in order to implement the Contents Node –CDN– for the northern region, to be located in Colombia.	Limelight Networks Inc.,
INTERNEXA S.A.	Agreement with Columbus Network on use rights for the submarine cable “ARCOS 1”.	Columbus Network
INTERNEXA S.A.	Transmission equipment supply contract in order to implement 100G lambdas in Colombia, thus expanding network capacity.	NEC



CHILEAN CONCESSIONAIRES

As provided in the bidding terms and supplementary agreements, the concessionaires have to make payments to the State as detailed next:

CONCESSIONAIRE	PURPOSE	AMOUNT
Ruta de la Araucanía	Administration of concession contract	UF 3,000 per year
Ruta de la Araucanía	Use of preexisting infrastructure	UF 100,000 since 2002, 5% increase payable in two equal annual installments
Ruta de los Ríos	Administration of concession contract during exploitation stage	UF 3,000 per year
Ruta del Bosque	Administration of concession contract during exploitation stage	UF 3,000 per year
Ruta del Maipo	Administration of concession contract during exploitation stage	UF 6,000 per year
Ruta del Maipo	Use of preexisting infrastructure	Two annual installments, increasing 5% per year (UF 350,000 from 2003 to the end of concession. For 2013, annual installment amounted to UF 507,224)
Ruta del Maule	Administration of concession contract during exploitation stage	UF 3,000 per year
Ruta del Maule	Use of preexisting infrastructure	Two annual installments, increasing 5% per year until 2009. For 2013, annual installments amounted to UF 326,000 (UF 326,000 in 2012) each

TRANSMANTARO

- Loan from Banco de Crédito del Perú S.A. (Medium-term)

The loan consists of the Administration Trust Estate, which must comply, until maturity and repayment, with certain obligations and restrictive clauses. Among them is maintaining certain financial ratios as part of the contractual commitments. The first indicators report is due at the end of the first quarter, that is, March 13, 2013:

- (i) Maintain Debt Service Coverage Ratio no lower than 1.15x as of 2014.
- (ii) Maintain Leverage Ratio no higher than (i) 2.80x in 2014; (ii) 2.50x in 2015; and (iii) 2.25x as of 2016.
- (iii) Maintain Working Capital Ratio no lower than 2.57x.

Likewise, the company is bound to keep risk rating not lower than “AAA” for the bonds of the First Corporate Bonds Issue Program and cause the Bonds of the Second Program to have risk rating no lower than “AAA”.

The management considers that these financial ratios shall not include the liabilities with bondholders or third parties. In this context, the seventh amendment to the model issuance contract of the First Corporate Bonds Program adds the definition of Trust Projects, and therefore, all other terms and conditions contained in the model issuance contract keep full validity and force.

ISA PERÚ

The loan contract subscribed with IFC on June 24 of 2002, for up to USD18 million, contains a commitment restricting capacity to distribute dividends to the parent company unless it achieves a minimum Debt Service Coverage –DSCR– of 1.20 during the term of the contract, with a maximum ceiling for financial debt of USD 40,000,000. Maturity date of this loan is April 15 of 2016.

ISA BOLIVIA

Covenants and commitments related to loans with IDB and CAF include the following.

- Compliance with environmental laws, regulations and issues: any fact constituting breach of law and regulations could be considered as an event of default regarding contract with IDB and CAF.
- The corporation may not hire new loans other than those with IDB and CAF, except those expressly authorized by the financiers. Handling of cash flows related to operation and earmarked for payment of liabilities must be made through a trust subscribed with Banco de Crédito de Bolivia S.A. Likewise, the following financial ratios are part of covenants:

Debt / Equity equal to or lower than 9.

Historic debt service ratio equal to or higher than 1.2.



ISA Capital do Brasil's commitments derived from concession contract with CTEEP:

- Not transferring, assigning, or selling the controlling shares of CTEEP without previous authorization from Brazilian Agência Nacional de Energia Elétrica –ANEEL–.
- As the guarantor of concession contract B, ISA Capital do Brasil jointly and severally assumes every obligation established.
- ISA Capital do Brasil and ISA commit themselves to making capital contributions necessary to make up for insufficient funds.
- ISA Capital do Brasil and ISA are bound not to transfer, assign or sell direct control capital participations, nor to change thereby the corporate structure of CTEEP.
- Any change in CTEEP's control shall be reported to ANEEL.

CTEEP's commitments derived from concession contract:

- Financial coverage of special obligations is backed up by remuneration on shareholders' capital.
- ISA Capital do Brasil and ISA shall be responsible for covering expenses arising from Law 4819/58, as well as adjustment payments in the event of negative contingency against the concessionaire.

- Covenants include:

FINANCING SOURCE	PURPOSE	RATIO	RANGE
BNDES		Net debt / adjusted EBITDA	<=6.0
		Net debt / (Net debt + Net equity)	<=0.6
DEBENTURES	1st issue and 2nd issue	Net debt / adjusted EBITDA	<=3.5
		Adjusted EBITDA / Financial results	>=3.0
	Single series December 2013	Net debt / adjusted EBITDA	<=6.0
		Net debt / (Net debt + Net equity)	<=0.6

NOTE 20: OPERATING REVENUES

Revenues from services rendered by the companies of ISA for: transmission of electric power (use of the National Transmission System –STN–), connection to the STN, Energy Transport ancillary services, administration, operation, and maintenance, specialized technical services, design, construction, maintenance, exploitation and operation of road concessions, financial yields of concessions classified as financial asset, special studies, infrastructure availability, and project management, organization, administration, trading and delivery of telecommunications services, any activities related to construction of transmission lines, electricity projects of any type, real-time systems intelligent management, and in general, any activity in the construction sector.



ORIGIN OF REVENUE		2013	2012
Energy transmission services	(1)	2,226,573	2,919,517
Connection charges	(2)	176,499	356,399
Dispatch and coordination –CND–		46,146	41,712
MEM services		34,109	41,126
Telecommunications	(3)	148,630	113,810
Roads	(4)	918,131	747,369
Other operating revenues		51,237	83,142
Total operating revenues		3,601,325	4,303,075

(1) Services delivered by ISA and TRANSELCA in Colombia that are regulated by the Energy and Gas Regulatory Commission –CREG–, and affected by the behavior of the PPI, which closed in 2013 at -0.49% (2012: -2.95%). Also delivery of services under concession contracts in Brazil, Peru and Bolivia remunerated in accordance with each country's tariff system, and with annual readjustments during life of the concession, according to tariffs agreed on in each concession contract.

In ISA and TRANSELCA, unavailability of assets for delivery of service of use of and connection to the STN results in revenue decrease, showing in the invoices for services of the immediately following month through compensations. Legal action and administrative endeavors are underway by ISA to achieve both incorporation of STN assets of the Betania Substation into the system's asset base and corresponding remuneration.

Despite revenue increases posted by the companies for \$911,921, they were absorbed by

reduction resulting from the early termination and subsequent renewal of CTEEP 059 concession contract for \$1,836,881.

- (2) Decrease generated by CTEEP due to early termination and subsequent renewal of CTEEP 059 concession contract.
- (3) Increase in telecommunications services, particularly in INTERNEXA, for \$12,115 associated, mainly, with IP transit service and the regular business; revenues of INTERNEXA Perú for \$7,935 associated with new businesses of domestic transport and operation and maintenance as well as with telephone usufruct and capacity rights contract; and revenues from start of operations of INTERNEXA Brasil and INTERNEXA Argentina for \$5,241 and \$3,204, respectively. Additionally, revenues for \$5,684 of new Brazilian companies NQT and IPNET purchased at the end of 2013.
- (4) Increase in the Chilean concessionaires due to recognition of concessions as financial assets.



NOTE 21: OPERATING COSTS

Operating costs for the years ended December 31 are detailed as follows:

		2013	2012
Personnel expenses		322,029	320,584
Materials and maintenance	(1)	191,198	206,063
Taxes and contributions		177,274	171,433
Fees		14,616	10,744
Insurance		33,333	31,765
Rentals		20,979	18,189
Services	(2)	126,573	144,617
Advertising and publications		2,225	1,753
Studies and projects		9,560	6,872
Payments to MOP	(3)	-	110,017
Construction costs of concession contracts	(4)	261,387	47
Miscellaneous	(5)	50,925	37,350
Total operating costs before depreciation, amortization and transfers		1,210,099	1,059,434
Depreciation		146,396	149,022
Amortization	(6)	26,375	403,014
Total depreciation and amortization		172,771	552,036
Total operating costs		1,382,870	1,611,470

- (1) This item includes costs related to construction and building of assets for operation and maintenance of the road and electric networks, including those incurred in recovery of infrastructure affected by terrorist attacks and the rainy season. The reduction is mainly concentrated in ISA, due to the fact that there were fewer terrorist attacks in 2013 and the rainy season was significantly reduced by \$9,710. Additionally, costs associated with scheduled maintenance of the transmission grid and operation constructions and buildings were reduced by \$6,269.
- (2) Corresponds to civil works, IT, satellite, learning and transportation services rendered and outsourcing support processes, among others. The decrease in 2013 is concentrated in CTEEP and is related to services with third parties associated with the technical support of grids for \$10,456, and in ISA, due to the reduction in civil works and assembly projects for third parties, and outsourcing support process for \$5,744.
- (3) As of 2013, operating costs do not apply to payments to MOP for preexisting infrastructure, due to the recognition of the concessions in Chile as financial assets, which in turn requires the present value of payments to the MOP to be both recognized and updated regularly when measuring preexisting infrastructure liabilities, thus affecting financial expenses. (See Note 3.22).
- (4) Corresponds to the recognition of costs related to the construction of the concession's assets in Brazil and Chile that apply under the financial asset model. This recognition is made by means of the expenses incurred in during construction.
- (5) Corresponds to the increase in costs associated with communications, post and telegram services, among others, basically in INTERNEXA and its companies, which are associated with the increase in their operations.
- (6) Due to the recognition of the concessions in Chile and Brazil as financial assets (accounts receivable), as of January 1st, 2013 amortization of the rights as an intangible asset does not apply. (See Note 3.22)



NOTE 22: ADMINISTRATION EXPENSES

Administration expenses at December 31 consisted of:

		2013	2012
Personnel expenses	(1)	229,007	208,538
Materials and maintenance		19,002	11,219
Taxes and contributions		35,812	27,464
Fees	(2)	45,687	35,224
Insurance		5,126	6,587
Rentals		10,932	11,514
Services		13,095	8,573
Advertising and publications		4,611	5,409
Studies and projects		5,734	10,949
Miscellaneous		45,560	47,548
Total administration expenses before depreciation, amortization and provisions		414,566	373,025
Depreciation		10,431	6,949
Amortization	(3)	178,965	252,739
Provisions		63,394	56,175
Total depreciation, amortization and provisions		252,790	315,863
Total administration expenses		667,356	688,888

(1) Variation in salaries and benefits for employees of ISA and its companies due to salary adjustments; it also includes \$6,193 due to worker's compensation in CTEEP and \$3,164 due to increase of the amortization of actuarial calculation at TRANSELCA.

(2) Increases at ISA for \$9,468 due to technical and legal assistance as well as Statutory Auditor and External Auditing fees.

(3) The decrease basically occurs at ISA Capital do Brasil and CTEEP because, due to the early termination of Contract 059, the remaining goodwill is amortized for \$86,644 and \$9,400 respectively. It also includes significant increases in the amortizations of rights and licenses, especially those of Transmantaro for \$15,995 and of the Chilean concessionaires for \$5,412.



TOTAL OPERATING COSTS AND EXPENSES

The following table details total operating costs and expenses for 2013 and 2012:

	2013	2012
Personnel expenses	551,036	529,122
Materials and maintenance	219,718	217,282
Taxes and contributions	213,086	198,897
Fees	60,303	45,968
Insurance	38,459	38,352
Rentals	31,911	29,703
Services	139,668	153,190
Advertising and publications	6,836	7,162
Studies and projects	15,294	17,821
Payments to MOP	-	110,017
Miscellaneous	348,354	84,945
Total costs and expenses before depreciation, amortization and provisions	1,624,665	1,432,459
Depreciation	156,827	155,971
Amortization	205,340	655,753
Provisions	63,394	56,175
Total depreciation, amortization and provisions	425,561	867,899
Total costs and expenses	2,050,226	2,300,358

NOTE 23: NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues at December 31 included:

		2013	2012
Financial revenues			
Interest			
On overdue accounts receivable and other loans	(1)	105,815	43,207
Investment valuations	(2)	139,908	124,000
Commercial, conditioned and agreed discounts	(3)	37,550	18,298
Dividends		1	20
Equity method	(4)	167,606	3,328
Monetary variation	(5)	64,439	48,719
Total interest		515,319	237,572
Exchange difference			
Cash		216,994	56,460
Accounts receivable		27,961	710
Investments abroad		1,032	738
Other assets		473	234
Accounts payable		4,599	36,685
Financial liabilities		61,749	119,935
Total exchange difference		312,808	214,762
Total financial revenues		828,127	452,334

		2013	2012
Extraordinary revenues			
Indemnities	(6)	4,549	2,602,110
Rentals		975	906
Recoveries		10,368	13,138
Revenue from prior years	(7)	23,521	15,263
Gain on sale of property, plant and equipment		970	612
Other	(8)	21,124	29,791
Total extraordinary revenues		61,507	2,661,820
Total non-operating revenues		889,634	3,114,154

For comparative purposes, for the year 2012, the amount corresponding to revenue from equity method was separated.

- (1) Increase of financial returns for placement of securities at CTEEP for \$58,726 and for returns on deposits at ISA for \$2,499.
- (2) Corresponds to the Earnings in Negotiation and Sales of fixed and variable income investments, which presented higher increases at CTEEP for \$22,632, ISA for \$2,227 and INTER-NEXA for \$1,443, while ISA Capital do Brasil had a lower performance than the previous year, by \$13,138.
- (3) The variation basically corresponds to Transmantaro for \$18,679 associated with the interest of accounts receivable related to financial lease agreements with third parties.
- (4) Includes revenue net of taxes at ISA Capital do Brasil for \$97,618 in order to avoid duplication of provisions for obligations of Law 4819 and \$62,642 for updating, through equity method, of investments in joint control with CTEEP; these investments had a sig-

nificant increase in their returns due to their recognition as financial assets after 2013.

- (5) Corresponds to the recognition in CTEEP of interests and financial update of the compensation for \$62,512.
- (6) \$2,594,803 variation corresponds to CTEEP's recognition in 2012 of indemnity associated with assets that entered operation as from May of 2000, according to Law 12783 of January 2013, that ratified contents of Provisory Measures 579 and 591 of 2012, and established provisions regarding renewal of concessions for electric energy generators, distributors and transporters; and reduction of sector rates and tariffs .
- (7) During 2013, there was recognition of \$21,919 at Transmantaro for income from Addendum 10 for previous fiscal periods and a recognition of income associated with the recovery of costs from previous fiscal periods of ISA's different companies, for \$1,602.
- (8) Includes \$13,869 in CTEEP for recognition of earnings in other minor investments, income from tax offsets in ISA Bolivia for \$1,436, and extraordinary revenue from the recovery of stock, asset sales and others in REP for \$1,708, among others.



Non-operating expenses for years ended December 31 included:

		2013	2012
Financial			
Interest and commissions			
On financial liabilities		147,055	218,117
Interest on bonds		410,513	464,602
Other interest	(1)	101,158	4,567
Fees and securities administration		75,758	59,168
Equity method		15,488	11,151
Debt restructuring expenses		48,098	54,773
Loss from valuation and sale of investments		71,594	108,264
Miscellaneous		27,151	34,102
Total interest and commissions		896,815	954,744
Exchange difference			
Assets		231,099	28,831
Investments		10,163	3,919
Accounts payable		127,543	87,239

Cont'd

		2013	2012
Financial liabilities		52,541	75,467
Total exchange difference		421,346	195,456
Total financial expenses		1,318,161	1,150,200
Other expenses			
Losses on casualties		779	605
Loss from retirement of assets	(2)	4,058	2,301,871
Other	(3)	451,173	27,018
Total extraordinary expenses		456,010	2,329,494
Prior years adjustments		4,971	5,362
Total other expenses		460,981	2,334,856
Total non-operating expenses		1,779,142	3,485,056

For comparative purposes, for the year 2012, \$11,151 was reclassified from other expenses to equity method.

(1) Higher expenses for \$99,836 due to the financial update of the preexisting infrastructure liability with the Ministry of Public Works in the Chilean concessionaires because of the change to financial asset. (See Note 3.22).

- (2) Variation corresponds to recognition of costs associated with the retirement of assets that entered operation as from June 2000 (NI), according to Law 12783 of January 2013, which ratified Provisional Measures 579 and 591 of 2012, and established provisions regarding renewal of concessions for electric energy generators, distributors and transporters; and reduction of sector rates and tariffs.
- (3) Higher expenses in CTEEP generated mainly by the provision for the account receivable from the State of São Paulo associated with Law 4819.



NOTE 24: FINANCIAL RATIOS

Some financial ratios at December 31:

RATIO	2013	2012
RETURN ON ASSETS Net income / Total assets (%)	1.69%	1.06%
RETURN ON EQUITY Net income / Equity (per-books income) (%)	5.81%	4.47%
EBITDA / Operating interest (times)	3.61	4.25
EBITDA / Long-term debt (times)	0.25	0.36
LIQUIDITY (%) Current assets / Current liabilities	213.42%	173.35%
INDEBTEDNESS (%) Liabilities / Assets	56.37%	60.09%
LEVERAGE (%) Liabilities / Equity	193.40%	253.45%

RETURN ON ASSETS AND RETURN ON EQUITY: The increase of these two indicators is explained by the increase in earnings, due basically to the impact of the recognition as a financial asset of the Chile and Brazil concessions (See Note 3.22), which absorbed the negative effects of

the early termination and subsequent renewal of Concession Contract 059/2001.

EBITDA / OPERATING INTEREST (TIMES): The decrease of this indicator is explained by lower revenue from the Brazilian companies, basically, due to the termination and subsequent renewal of Concession 059, partially offset by the recognition of the concessions as a financial asset.

LIQUIDITY: The improvement of this indicator is explained by the decrease in short-term accounts payable, mainly the MOP liability for the use of preexisting infrastructure by the companies Ruta del Maipo, Ruta de la Araucanía and Ruta del Maule. This liability decreased basically after methodology change for its valuation. As a result of recognizing concessions as financial assets in year 2013, upon application of CGN technical opinion, the liability is measured as the present value of payments to be made to MOP since the financial asset is measured as the net present value of payments for infrastructure preexisting at concession start-up. (See Note 3.22).

LEVERAGE: Variation explained by increase of equity at a proportion higher than the reduction of liabilities. The largest increase in equity results from the application of the equity method. The decrease of liabilities is explained by a lower financial debt due to higher amortizations and the change in the measurement of the MOP liabilities for the use of preexisting infrastructure by Ruta del Maipo, Ruta de la Araucanía and Ruta del Maule. (See Note 3.22).



NOTE 25: SUBSEQUENT EVENTS

ISA

1. In 2013, the Board of Directors of ISA approved creation of INTERCOLOMBIA, a new subsidiary engaged in energy transport that will represent ISA's electric assets in Colombia and will be in charge of their administration, operation and maintenance.

This decision was framed within the strategic update currently being carried out by the company based on pillars of growth, efficiency and investment portfolio optimization, and seeks focus for the company's activities by separating the double role it has had. After the creation of the new subsidiary, ISA remains as a parent company centered on corporate strategic issues, and INTERCOLOMBIA as a subsidiary that will avail from and optimize existing capabilities to apply them to energy transport.

INTERCOLOMBIA will receive remuneration for the administration, operation, asset maintenance, representation of its own assets and new investments.

Shareholders will continue to be ISA's owners and the debt the company has at the moment will continue without modifications in all of its aspects. Additionally, shareholders structure and ISA's equity will not be affected by the creation of the new subsidiary.

In the same way as ISA does, the new subsidiary, which started operation on January 1, 2014, has its headquarters in Medellin.

2. CHANGES TO THE CAPITAL STOCK OF INTERCOLOMBIA S.A. E.S.P.

2.1 The Special Shareholders' Meeting of INTERCOLOMBIA held on January 2, 2014 approved:

- a. To increase authorized capital by forty thousand million pesos (\$40,000,000,000) represented by forty million (40,000,000) common shares with par value of one thousand pesos (\$1,000) each.
- b. To issue and place common shares through private offer up to twenty million (20,000,000) common shares with par value of one thousand pesos (\$1,000) each, to be placed among its shareholders. Capital stock would be:

CAPITAL	VALUE
Authorized	40,100
Subscribed and paid-in	20,050
To be subscribed	20,050

- c. To provide for placement of common shares, without preemptive rights, in favor of ISA. For such effect, the shareholders and INTERCOLOMBIA expressly abide by the provisions of Article 319 –Contributions to domestic corporations– of the Tax Law.



2.2 The Special Shareholders' Meeting of INTERCOLOMBIA held on January 24, 2014 approved:

- a. To increase authorized capital by forty thirty-two thousand nine hundred and fifty million pesos (\$32,950,000,000) represented by thirty-two million nine hundred and fifty thousand (32,950,000) common shares with par value of one thousand pesos (\$1,000) each.
- b. To issue and place common shares through private offer up to twenty million (53,000,000) common shares with par value of one thousand pesos (\$1,000) each, to be placed among its shareholders.

The corporation will have authorized, subscribed and paid-in capital of seventy- three thousand fifty million pesos (\$73,050,000,000) represented by seventy- three million fifty thousand (73,050,000) common shares with par value of one thousand pesos (\$1,000) each.

CAPITAL	VALUE
Authorized	73,050
Subscribed and paid-in	73,050
To be subscribed	73,050

- c. To provide for placement of common shares, without preemptive rights, in favor of ISA.

3. EMPLOYER SUBSTITUTION

As a consequence of both the separation of the role as operator of the National Transmission System in Colombia from the corporate strategic role, and the establishment of INTERCOLOMBIA, the employer substitution between ISA and INTERCOLOMBIA was effected starting January 1st of 2014.

4. CAPITAL CONTRIBUTIONS TO INTERCOLOMBIA

4.1 Second contribution

CONTRIBUTIONS	VALUE
Cash capital contribution	12,104
In-kind capital contribution - inventories	7,896
Total capital contribution	20,000

4.2. Third contribution

CONTRIBUTIONS	VALUE
In-kind contribution	42,129
Cash contribution	10,871
Total capital contribution	53,000



5. ASSIGNMENT OF CONTRACTS

In furtherance of INTERCOLOMBIA's corporate purpose, ISA assigned to INTERCOLOMBIA S.A. E.S.P., starting January 1st of 2014, the contracts for products and services agreed upon in the Inter-company Agreement subscribed by the parties on December 20, 2013.

During the second half of 2013, authorization was requested from ISA's customers to assign to INTERCOLOMBIA the existing service agreements, while guaranteeing all the service provision conditions and rights for every client.

CTEEP

On January 29, 2014, BRL 124.6 million was disbursed to CTEEP from the BRL 391.3 million loan agreement with BNDES. The annual interest rates of this loan are: for BRL 284.2 million, TJLP cost + 1.80%, for BRL 1.9 million TJLP, and for BRL 105.2 million 3.50%. The loan is for the execution of the Multi-Year Investment Plan for the 2012-2014 period, including works related to the modernization of the electric energy transmission systems, systemic improvements, reinforcement and implementation of new projects, as well as the execution of social investments in the community.

Interests will be charged quarterly (March, June, September and December) and monthly as of April 2015. The capital will be paid starting April 2015 in 168 monthly, equal and consecutive installments. As collateral, the corporation provided a bank guarantee with a maximum validity of 2 years

with Bradesco and Safra banks, at annual rates of 0.94% and 0.80% respectively, with quarterly maturities.

The maximum indicators, calculated annually, established in the agreement are the following:

RATIOS	2014	2015 ONWARDS
Net debt / Net adjusted EBITDA	3.5	3.0
Net debt / (Net debt + Net equity)	0.6	0.6

ISA CAPITAL DO BRASIL

1. Distribution of dividends of the controlling corporation

On January 06, 2014, ISA Capital do Brasil paid cumulative fixed dividends to preferred shareholders HSBC Finance (Brazil) SA, Banco do Brasil and Banco Votorantim SA. Based on the calculation methodology established in Article 6 of the company's corporate bylaws, each preferred share received dividends for BRL 0.051339 for a total of BRL 25,000 thousand paid to all preferred shares.

2. Repurchase of preferred shares

On January 06, 2014, ISA Capital do Brasil repurchased 45,680,346 Class D preferred shares. According to Article 6 of the corporate bylaws, the value



of each preferred reacquired share was BRL 2.020731 per share for a total of BRL 92,308 thousand paid for all Class D preferred shares repurchased.

3. Amendment to the Shareholders Agreement

Given that the preferred shareholders and the common shareholders of ISA Capital do Brasil subscribed on February 25, 2014 the First Amendment to the Shareholders Agreement, the company held a Special Shareholders' Meeting to discuss the following items:

- a. Conversion of the existing preferred shares issued by the corporation to the new classes.
- b. Modification of articles 5 and 6 of the corporate bylaws and their consolidation.
- c. Authorization to ISA Capital do Brasil to subscribe the First Amendment to the Shareholders Agreement in the capacity of intervening-approving agent.

Among the modifications to the Shareholders Agreement, the following stand out:

- a. A new time table for reimbursement of preferred participations and payment of fixed cumulative dividends; final amortization term for preferred shares will be December of 2020 (previously scheduled for April of 2016).

- b. Amortization of preferred shares and payment of fixed cumulative dividends change from quarterly to bi-annually.
- c. Starting February 25, 2014, cumulative fixed dividends will be calculated at CDI plus 1.5% per year instead of CDI plus 1.0% per year.

Also as a result of the First Amendment to the Shareholders Agreement executed on February 28, 2014, ISA Capital do Brasil paid cumulative fixed dividends to preferred shareholders HSBC Finance (Brazil) S.A., Banco do Brasil and Banco Votorantim S.A., calculated according to the former criteria, that is CDI plus 1.0 % per year. This way, each preferred share received BRL 0.031078 for a total amount of BRL 13,714 paid on 441,272 preferred shares.

RUTA DEL MAULE:

Arbitration Proceeding before the Arbitration Commission of the Ruta 5, Tramo Talca-Chillán Concession Contract:

The corporation sued the Fiscal Authority-MOP for payment of UF 47,158.15, for expenses and costs incurred in repair of several bridges existing before the concession, as well as higher costs in execution of extraordinary works ordered by the MOP. On January 7, 2014, Ruta del Maule was notified of MOP Resolution No. 3854 which authorizes the payment to the concessionaire of UF 28,523.68 per the arbitration judgment rendered on September 2, 2013. This payment was received by the concessionaire on January 17, 2014 (CLP 664,874,430).



RUTA DEL MAIPO

Arbitration Proceedings:

Claims for cost overrun during execution of Puente Alto Intercepting Collector Trap and La Serena-Las Industrias Collector Trap works before the Arbitration Commission of Concession Ruta 5, Santiago-Talca Segment and Santiago South Access. On February 28, 2014 the Supreme Court rejected the appeals filed by the CDE, ultimately confirming the judgments of the Arbitration Commission from March 12, 2013, which ordered the MOP in both cases to pay UF 71,698 and UF 62,415.4, respectively, thus ratifying these judgments; the MOP shall proceed to pay the sums mentioned above.

Claim by the concessionaire for cost overrun during execution of the South Santiago Access works: The decision of the Arbitration Commission of December 16, 2013, partially accepted Ruta del Maipo claim and instructed MOP to pay UF 400,734 for all items under complaint. On January 3, 2014, the CDE filed an appeal against the judgment with the Court of Appeals of Santiago.



ABBREVIATIONS

ANEEL:	Agência Nacional de Energia Elétrica (Brazilian National Agency of Electric Energy)	CREG:	(income tax for equity purposes) Comisión de Regulación de Energía y Gas (Energy and Gas Regulatory Commission)
ASIC:	Administración del Sistema de Intercambios Comerciales (Administration of the Commercial Settlement System)	CSM:	Supervision and Switching Center
BCI:	Banco de Crédito e Inversiones	CTEs:	Energy Transmission Centers
BCIE:	Banco Centroamericano de Integración Económica (Central American Bank for Economic Integration)	CT:	Current Transformer
BCP:	Banco de Crédito del Perú	CVM:	Comissão de Valores Mobiliários (Brazil)
IDB:	Inter American Development Bank	DECEVAL:	Depósito Centralizado de Valores de Colombia
BNDES:	Banco Nacional de Desenvolvimento Econômico y Social	DIAN:	Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority)
BRL:	Brazilian Real	DNP:	Dirección Nacional de Planeación (National Planning Department)
CAF:	Corporación Andina de Fomento (Latin American Development Bank)	ECOPETROL:	Empresa Colombiana de Petróleos
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)	EEB:	Empresa de Energía de Bogotá
CESP:	Compañía Energética de São Paulo (Brasil)	ELETROBRÁS:	Centrales Eléctricas Brasileñas S.A. (Brazil)
CGN:	Contaduría General de la Nación (National General Accounting Office)	ELETROPAULO:	Eletropaulo Metropolitana Eletricidad de São Paulo S.A.
CIGRE:	International Council on Large Electric Systems	EPM:	Empresas Públicas de Medellín E.S.P.
CLP:	Chilean Peso	EPR:	Empresa Propietaria de la Red
CND:	Centro Nacional de Despacho (National Dispatch Center)	EPSA:	Empresa de Energía del Pacífico
COP:	Colombian Pesos	E.T.:	Estatuto Tributario Nacional (Fiscal Law)
CRC:	Comisión de Regulación de Comunicaciones (Communications Regulatory Commission - formerly, CRT)	FAER:	Financial Support Fund for Electrification of Interconnected Rural Areas Interconectadas
CRD:	Centro Regional de Despacho (Regional Dispatch Center)	FAZNI:	Financial Support Fund for Electrification of Non-Interconnected Rural Areas Interconectadas
CREE:	Contribución Empresarial para la Equidad	FOES:	Fondo de Energía Social (Energy Social Fund)
		FUT:	Fondo de Utilidades Tributables (Fund of Taxable Earnings-Chile)



GMF:	Levy on Financial Transactions	RAG:	Guaranteed Annual Remuneration (Peru)
IASB:	International Accounting Standards Board	REP:	Red de Energía del Perú S.A.
ICO:	Instituto de Crédito Oficial (Official Credit Institute-Chile)	RTT:	Transition Tax Regime
IFC:	International Finance Corporation	RTU:	Remote Terminal Unit
IGV:	General Sales Tax	SCI:	Sistema contra Incendio (Fire System)
ISS:	Instituto de Seguros Sociales (Social Security Institute)	SIC:	Sistema de Intercambios Comerciales (Commercial Settlement System)
IUE:	Business Income Tax (Bolivia)	SIEPAC:	Sistema de Transmisión Eléctrica para América Central (Central American Electrical Interconnection System)
LAC:	Liquidación y Administración de Cuentas (Account Settling and Clearing)	SID:	Atmospheric Discharge Information System
LT:	Transmission Line	SIN:	National Interconnected System
MOP:	Ministry of Public Works (Chile)	SINAC:	National Interconnected System (Peru)
NDF:	Non-Delivery Forward	SSPD:	Superintendency of Domiciliary Public Utilities (SSPD)
IAS:	International Accounting Standards	STE:	Servicio de Transporte de Energía (Energy Transport Service)
NIC SP:	International Public Sector Accounting Standards	STN:	Sistema de Transmisión Nacional (National Transmission System)
IFRS:	International Financial Reporting Standards	STFC:	Land-Line Telephone Exchange Services
OSINERGMIN:	Organismo Supervisor de la Inversión en Energía y Minería (Supervising Organism of Investment in Energy and Mining (Peru))	SUNARP:	National Superintendency of Public Registry
PAAG:	Tax Year's Adjustment Percentages	SUNAT:	Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal Administration-Peru)
PCGP:	Public Accounting General Plan	UNE:	Une Telecomunicaciones S.A. E.S.P.
PGE:	State Attorney General (Brazil)	UPME:	Unidad de Planeación Minero Energética (Mining and Energy Planning Unit)
PLC:	Power Line Carrier	USD:	United States Dollar
PROINVERSIÓN:	Promoción de la Inversión Privada del Perú (Peruvian Promotion of Private Investment)	VQ:	Voltage Quality
PRONE:	Programa de Normalización de Redes Eléctricas (Network Standardization Program)	VRN:	Cost of Replacement as New
PT:	Power Transformer	VUCE:	Single Window for Foreign Trade
		WAAC:	Weighted Average Capital Cost



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STATUTORY AUDITORS' REPORT

To the Shareholders of
INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. AND ITS SUBORDINATE COMPANIES

I have audited the consolidated balance sheet of INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. and ITS SUBORDINATE COMPANIES as of December 31, 2013, and the related consolidated statements of financial, economic, social and environmental activity, changes in the shareholder's equity and cash flows for the year then ended and the summary of the significant accounting policies and other explanatory notes. The consolidated financial statements as of December 31, 2012 were audited by another statutory auditor, who in report date March 1, 2013, expressed an unqualified opinion there on.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Colombia prescribed by the Colombian General Accounting Office and accounting regulations issued by the Superintendency of Domestic Public Services. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free of material misstatements whether due to fraud or error, selecting and applying appropriate accounting policies as well as making accounting estimates that are reasonable under the circumstances

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I obtained the necessary information to comply with my functions and conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit of consolidated financial statements includes examining, on a test basis, the evidence supporting the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including their evaluation of the risks of significant errors in the consolidated financial statements. In the risk assessments, the auditor considers the Company's internal control that is relevant for the preparation and reasonable presentation of consolidated financial statements, with the purpose of designing audit procedures appropriate to

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the circumstances. An audit also includes an evaluation of the accounting principles used and the significant accounting estimates made by the Management, as well as an evaluation of the financial statements general presentation. I believe that my audit provide a reasonable basis to express my opinion

In my opinion, the consolidated financial statements referred to above, taken from accounting books, present fairly, in all material respects, the consolidated financial position of INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. AND ITS SUBORDINATE COMPANIES as of December 31, 2013, and the consolidated results of its operations, the changes in its shareholder's equity and its cash flows for the year then ended, in accordance with accounting principles generally accepted in Colombia prescribed by the Colombian General Accounting Office and the accounting regulations issued by the Superintendency of Domestic Public Services.

As mentioned in Note 3 to the financial statements, on May 28, 2013, the Colombian General Accounting Office issued a technical opinion establishing that assets under concession shall be recognized as an account receivable as long as the concession operator has an unconditional contractual right to receive from the concession grantor cash or any other financial asset for the services agreed upon in the concession contract. Accordingly, ISA classified the assets of Chilean road concessions and Brazilian electric concessions as accounts receivable instead of intangible assets as was previously done. This change in accounting policy resulted in an increase in ISA's equity of COP 1,500,000 million and an increase in 2013 income of COP 250,000 million, approximately.

As mentioned in Note 7 to the financial statements and based on provisions of Law 12783/13 and technical note No. 402/2013 issued by ANEEL, Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–, a subordinate of ISA in Brazil, is in the process of preparing the valuation report to be presented to the grantor before June 30, 2014, for approval of the value the company will receive as payment for the reversible assets classified as Existing Service –SE–. Considering that such value has not been approved yet, in 2012, the company recorded a provision to reduce such infrastructure's construction cost for BRL 1.535 million (approximately COP 1,260,000 million), with BRL 1,491 million remaining balance (approximately COP 1,230,000 million) equivalent to the historic cost of these fixed assets. The determination of the actual value of payment for such assets, as well as the conditions, remuneration modality and reception terms, are being approved by the grantor.

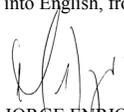
As stated in Notes 7 and 19 to the financial statements, Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–, a subordinate of ISA in Brazil, recorded the net balance of accounts receivable from the State of São Paulo for BRL 643 million (approximately COP 529,489 million) related to impacts of Law 4819/58 that granted to employees of companies controlled by the State of São Paulo benefits already granted to other public employees. The Company's



Cont'd 

Management has been monitoring new facts related to the legal and commercial aspects of this issue, and it is continuously evaluating their impact on the Company's financial information.

These consolidated financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.



JORGE ENRIQUE MÚNERA DURANGO
Statutory Auditor
Professional Card 25295-T
Designated by Deloitte & Touche Ltda.

February 27, 2014

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER DECEMBER
2013 2012

In millions of
Colombian Pesos

Cont'd 

ASSETS	NOTES	DECEMBER 2013	DECEMBER 2012
Current assets			
Cash	(5)	137,167	97,797
Marketable investments	(5)	178,066	137,789
Accounts receivable – net	(7)	518,018	529,318
Inventories – net	(8)	2,898	28,284
Deferred charges and other assets	(10)	63,375	72,658
TOTAL CURRENT ASSETS		899,524	865,846
Non-current assets			
Long-term investments – net	(6)	3,933,010	2,727,530
Long-term accounts receivable	(7)	16,667	14,533
Inventories – net	(8)	51,967	53,328
Property, plant and equipment – net	(9)	2,493,039	2,368,664
Deferred charges and other assets	(10)	329,906	319,117
Reappraisals	(11)	2,542,404	2,563,287
TOTAL NON-CURRENT ASSETS		9,366,993	8,046,459
TOTAL ASSETS		10,266,517	8,912,305
Memorandum accounts			
Debit	(20)	2,892,569	2,892,181
Credit	(20)	7,470,166	7,333,919

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd 

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2013	2012
Current liabilities			
Outstanding bonds	(12)	-	110,000
Financial liabilities	(13)	7,305	6,704
Related parties	(13)	45,859	31,908
Accounts payable	(15)	235,833	243,363
Labor liabilities	(16)	12,341	7,639
Accrued liabilities and estimated provisions	(17)	27,728	53,173
Other liabilities	(18)	9,327	11,110
TOTAL CURRENT LIABILITIES		338,393	463,897
Non-current liabilities			
Outstanding bonds	(12)	1,102,500	991,365
Financial liabilities	(13)	317,768	316,625
Related parties	(13)	244,885	255,060
Accounts payable	(15)	17,211	50,462
Labor liabilities	(16)	1,483	1,433
Accrued liabilities and estimated provisions	(17)	141,428	136,359
Other liabilities	(18)	655,307	577,398
TOTAL NON-CURRENT LIABILITIES		2,480,582	2,328,702
TOTAL LIABILITIES		2,818,975	2,792,599

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd 

PASIVO Y PATRIMONIO DE LOS ACCIONISTAS	NOTAS	2013	2012
Equity			
Subscribed and paid share capital	(19)	36,916	36,916
Capital surplus		1,445,509	1,445,509
Reserves		999,186	934,492
Revaluation surplus		2,542,404	2,563,287
Surplus from equity method		1,574,834	450,919
Equity revaluation		415,645	415,645
Net income		433,048	272,938
TOTAL SHAREHOLDERS' EQUITY		7,447,542	6,119,706
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,266,517	8,912,305
Memorandum accounts			
Credit	(20)	7,470,166	7,333,919
Debit	(20)	2,892,569	2,892,181

See accompanying notes to Financial Statements


Luis Fernando Alarcón M.
 Chief Executive Officer
 (See attached certification)


John Bayron Arango V.
 Chief Accounting Officer
 Professional Card N° 34420 - T
 (See attached certification)


Jorge Enrique Múnera Durango
 Statutory Auditor
 Professional Card N° 25295 - T
 (See attached report)
 Designated by Deloitte & Touche Ltda.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY

DECEMBER 2013 DECEMBER 2012

In millions of Colombian Pesos,
except for net income per share that
is expressed in Colombian Pesos

	NOTES	DECEMBER 2013	DECEMBER 2012
OPERATING REVENUE	(21)		
Electric Energy Transmission Services		848,541	837,892
Connection charges		98,241	100,928
Infrastructure Projects		10,757	29,500
Telecommunications		18,403	17,853
Other operating revenue		21,186	22,685
TOTAL OPERATING REVENUE		997,128	1,008,858
OPERATING COSTS AND EXPENSES			
Operating costs	(22)	383,639	403,976
Administration expenses	(23)	123,941	115,702
TOTAL OPERATING COSTS AND EXPENSES		507,580	519,678
OPERATING INCOME		489,548	489,180
NON-OPERATING REVENUES (EXPENSES)			
Non-operating revenue	(24)	373,795	211,880
Non-operating expenses	(24)	(313,208)	(326,597)
NON-OPERATING INCOME (LOSS)		60,587	(114,717)
INCOME BEFORE TAXES		550,135	374,463
Income tax provision	(17.2)	117,087	101,525
NET INCOME		433,048	272,938
NET INCOME PER SHARE		390.95	246.41

See accompanying notes to Financial Statements



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(See attached certification)



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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CHANGES DECEMBER DECEMBER
IN SHAREHOLDERS' EQUITY **2013** **2012**

In millions of Colombian Pesos,
except for net income per share that
is expressed in Colombian Pesos

	CAPITAL SURPLUS				RESERVES										
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	Repurchase of own shares	Equity reinforcement	For rehabilitation and replacement of STN assets	Total	Net income	Equity revaluation	Surplus from equity method	Revaluation surplus	Total
Balances at December 31, 2011	36,916	1,428,128	17,381	1,445,509	18,458	407,843	38,100	294,155	37,434	795,990	336,776	415,645	680,035	2,685,472	6,396,343
Transfers approved by the Shareholders' Meeting						68,549		69,953		138,502	(138,502)				-
Dividends declared at \$179 per share on 1,107,677,894 outstanding shares, payable in one installment in June 2012											(198,274)				(198,274)
Decrease in surplus from equity method													(229,116)		(229,116)
Decrease in re-appraisals of the year														(122,185)	(122,185)
Net income at December of 2012											272,938				272,938
Balances at December 31, 2012	36,916	1,428,128	17,381	1,445,509	18,458	476,392	38,100	364,108	37,434	934,492	272,938	415,645	450,919	2,563,287	6,119,706
Transfers approved by the Shareholders' Meeting						47,487		17,207		64,694	(64,694)				-
Dividends declared at \$188 per share on 1,107,677,894 outstanding shares, payable in one installment in May 2013											(208,244)				(208,244)
Increase in surplus from equity method													1,123,915		1,123,914
Decrease in re-appraisals of the year														(20,883)	(20,883)
Net income at December of 2013											433,048				433,048
Balances at December 31, 2013	36,916	1,428,128	17,381	1,445,509	18,458	523,879	38,100	381,315	37,434	999,186	433,048	415,645	1,574,834	2,542,404	7,447,542

See accompanying notes to Financial Statements


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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd

	DECEMBER 2013	DECEMBER 2012
CASH FLOW FROM OPERATION ACTIVITIES		
Net income	433,048	272,938
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:	-	-
Depreciation of property, plant and equipment	87,183	91,773
Amortization of deferred charges and other assets	7,469	7,412
Amortization of retirement pensions and fringe benefits	17,497	17,652
Allowance for doubtful accounts	(2,456)	344
Allowance (recovery) for protection of inventories	300	(257)
Recovery of provisions for investments	(241)	(44)
Income tax provision	117,087	101,525
Loss on retirement of property, plant and equipment	519	1,135
Exchange difference revenue (expense)	(11,008)	15,247
Income from equity method	(142,735)	(8,099)
Interest and commissions accrued	103,225	129,053
	609,888	628,679
Changes in operating assets and liabilities		
Accounts receivable	35,891	110,836
Inventories	1,800	(19,471)
Deferred charges and other assets	2,234	(187)
Accounts payable	119,943	139,361

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd 

	DECEMBER 2013	DECEMBER 2012
Labor liabilities	4,752	640
Accrued liabilities and estimated provisions	(119,614)	(78,623)
Other liabilities	121,533	59,893
Cash flow in other operations		
Payment of retirement pensions	(12,238)	(12,421)
Payment of taxes and contributions	(200,256)	(185,206)
NET CASH PROVIDED BY OPERATING ACTIVITIES	563,933	643,501
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Acquisition of long-term investments	(58,532)	(7,165)
Dividends received	120,974	64,885
Sale of property, plant and equipment	-	412
Reimbursement of cost of studies	-	37,282
Acquisition of property, plant and equipment	(226,237)	(114,260)
Deferred charges and other assets variation	(4,810)	(9,508)
NET CASH USED IN INVESTMENT ACTIVITIES	(165,605)	(28,354)

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd

	DECEMBER 2013	DECEMBER 2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received in cash	14,462	13,302
Interest paid in cash	(115,787)	(186,132)
Dividends paid	(208,244)	(245,904)
Increase in financial liabilities	-	71,410
Bond issues	220,000	-
Payment of financial liabilities	(7,248)	(215,421)
Payment of bonds	(218,865)	-
Decrease in related parties loans	1	26,011
NET CASH USED IN FINANCING ACTIVITIES	(315,681)	(536,734)
INCREASE IN CASH AND CASH EQUIVALENTS – NET	79,647	78,413
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	235,586	157,173
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	315,233	235,586

See accompanying notes to Financial Statements

Luis Fernando Alarcón M.
Chief Executive Officer
(See attached certification)

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Statutory Auditor
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(See attached report)
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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER DECEMBER
(DETAILED BY ACCOUNT) **2013** **2012**

In millions of
Colombian Pesos

ITEM	DECEMBER 2013			DECEMBER 2012			
	NOTES	SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
ASSETS							
Cash		100	-	100	123	-	123
Deposits in financial institutions		137,067	-	137,067	97,361	-	97,361
Liquidity Management		-	-	-	313	-	313
Cash	(5)	137,167	-	137,167	97,797	-	97,797
Liquidity management investments in debt securities		176,858	-	176,858	30,304	-	30,304
Liquidity management investments in equity securities		1,208	-	1,208	107,485	-	107,485
Equity investments in non-controlled entities		-	24,642	24,642	-	23,611	23,611
Equity investments in controlled companies		-	3,918,118	3,918,118	-	2,713,910	2,713,910
Provision for investment protection (cr)		-	(9,750)	(9,750)	-	(9,991)	(9,991)
Investments and derivatives	(5) y (6)	178,066	3,933,010	4,111,076	137,789	2,727,530	2,865,319
Services rendered		1,337	-	1,337	6,923	-	6,923
Public utilities		90,981	-	90,981	93,789	-	93,789
Advances and pre-payments		15,339	-	15,339	16,283	-	16,283
Advances or credit balances for taxes and contributions		7,461	-	7,461	25,138	-	25,138
Funds given under administration		106,030	-	106,030	132,543	-	132,543
Deposits as guarantees		242	-	242	242	-	242
Other accounts receivable		297,427	16,667	314,094	255,488	14,533	270,021

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER DECEMBER
(DETAILED BY ACCOUNT) **2013** **2012**

In millions of
Colombian Pesos

Cont'd

ITEM	DECEMBER 2013			DECEMBER 2012			
	NOTES	SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
ASSETS							
Doubtful accounts receivable		7,953	-	7,953	10,120	-	10,120
Provision for accounts receivable (cr)		(8,752)	-	(8,752)	(11,208)	-	(11,208)
Accounts receivable	(7)	518,018	16,667	534,685	529,318	14,533	543,851
Materials to render services		2,898	52,274	55,172	2,947	55,785	58,732
In transit		-	-	-	25,337	-	25,337
Provision for inventory protection (cr)		-	(307)	(307)	-	(2,457)	(2,457)
Inventories	(8)	2,898	51,967	54,865	28,284	53,328	81,612
Land		-	20,369	20,369	-	19,665	19,665
Constructions in progress		-	190,246	190,246	-	133,540	133,540
Machinery, plant and equipment in assembly		-	19,508	19,508	-	11,992	11,992
Un-exploited property, plant and equipment		-	10,377	10,377	-	10,377	10,377
Buildings		-	105,745	105,745	-	95,963	95,963
Plants, ducts and tunnels		-	1,528,990	1,528,990	-	1,516,080	1,516,080
Networks, lines and cables		-	2,234,412	2,234,412	-	2,150,635	2,150,635
Machinery and equipment		-	45,343	45,343	-	44,655	44,655
Furniture, fixtures and office equipment		-	19,622	19,622	-	14,369	14,369
Computer and communications equipment		-	22,922	22,922	-	26,488	26,488
Transport, traction and lifting equipment		-	3,576	3,576	-	3,532	3,532
Investment property		-	3,532	3,532	-	3,532	3,532

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER DECEMBER
(DETAILED BY ACCOUNT) **2013** **2012**

In millions of
Colombian Pesos

Cont'd

ITEM	DECEMBER 2013				DECEMBER 2012		
	NOTES	SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
ASSETS							
Accumulated depreciation (cr)		-	(1,702,682)	(1,702,682)	-	(1,653,243)	(1,653,243)
Allowance for protection of property, plant and equipment (cr)		-	(8,921)	(8,921)	-	(8,921)	(8,921)
Property, plant and equipment	(9)	-	2,493,039	2,493,039	-	2,368,664	2,368,664
Prepaid assets and services		4,467	-	4,467	6,701	-	6,701
Deferred charges		58,908	12,546	71,454	65,957	14,963	80,920
Works and improvements in third party's property		-	-	-	-	308	308
Assets in possession of third parties		-	3,383	3,383	-	3,383	3,383
Accumulated amortization of assets in possession of third parties (cr)		-	(626)	(626)	-	(596)	(596)
Trust rights		-	7,552	7,552	-	2,477	2,477
Intangibles		-	388,722	388,722	-	387,164	387,164
Intangibles' accumulated amortization (cr)		-	(81,672)	(81,672)	-	(88,582)	(88,582)
Reappraisals	(11)	-	2,542,404	2,542,404	-	2,563,287	2,563,287
Other assets	(10)	63,375	2,872,310	2,935,685	72,658	2,882,404	2,955,062
TOTAL ASSETS		899,524	9,366,993	10,266,517	865,846	8,046,459	8,912,305

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER DECEMBER
(DETAILED BY ACCOUNT) **2013** **2012**

In millions of
Colombian Pesos

ITEM	DECEMBER 2013			DECEMBER 2012			
	NOTES	SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
LIABILITIES							
Long-term public credit domestic operations	(12) y (13)	-	1,402,005	1,402,005	110,000	1,284,527	1,394,527
Long-term public credit foreign operations	(13)	7,305	18,263	25,568	6,704	23,463	30,167
Public credit operations and central bank financing		7,305	1,420,268	1,427,573	116,704	1,307,990	1,424,694
Long-term domestic financing operations		-	244,885	244,885	31,908	212,976	244,884
Long-term foreign financing operations		45,859	-	45,859	-	42,084	42,084
Financing and derivatives operations	(13)	45,859	244,885	290,744	31,908	255,060	286,968
Acquisition of national assets and services		52,111	-	52,111	36,515	-	36,515
Acquisition of foreign assets and services		2,550	-	2,550	1,751	-	1,751
Interest payable		19,126	12,817	31,943	23,874	5,861	29,735
Creditors		2,327	-	2,327	5,118	-	5,118
Withholding and stamp tax		5,911	-	5,911	5,133	-	5,133
Taxes, imposts and duties payable		46,180	-	46,180	39,908	39,049	78,957
Value added tax - VAT		614	-	614	529	-	529
Advances and pre-payments received		-	3,699	3,699	-	4,104	4,104
Funds received under administration		107,014	-	107,014	130,535	-	130,535
Deposits received as guarantees		-	695	695	-	1,448	1,448
Accounts payable	(15)	235,833	17,211	253,044	243,363	50,462	293,825

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER DECEMBER
(DETAILED BY ACCOUNT) **2013** **2012**

In millions of
Colombian Pesos

Cont'd

ITEM	DECEMBER 2013				DECEMBER 2012		
	NOTES	SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
LIABILITIES							
Salaries and labor benefits		11,982	1,483	13,465	7,280	1,433	8,713
Pensions and fringe benefits payable		359	-	359	359	-	359
Labor and social security liabilities	(16)	12,341	1,483	13,824	7,639	1,433	9,072
Provision for fiscal liabilities		115	-	115	108	-	108
Provision for contingencies		15,863	-	15,863	14,101	-	14,101
Provision for labor benefits		964	-	964	4,473	-	4,473
Provision for pensions		-	90,783	90,783	-	88,032	88,032
Miscellaneous provisions		10,786	50,645	61,431	34,491	48,327	82,818
Estimated liabilities	(17)	27,728	141,428	169,156	53,173	136,359	189,532
Collections for third parties		566	-	566	61	-	61
Advance revenues		8,761	-	8,761	11,049	-	11,049
Deferred credits		-	655,307	655,307	-	577,398	577,398
Other liabilities	(18)	9,327	655,307	664,634	11,110	577,398	588,508
TOTAL LIABILITIES		338,393	2,480,582	2,818,975	463,897	2,328,702	2,792,599
INSTITUTIONAL EQUITY							
Subscribed and paid share capital		-	36,916	36,916	-	36,916	36,916
Additional paid-in capital		-	1,428,128	1,428,128	-	1,428,128	1,428,128
Reserves		-	999,186	999,186	-	934,492	934,492
Year's results		-	433,048	433,048	-	272,938	272,938

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS DECEMBER DECEMBER
(DETAILED BY ACCOUNT) **2013** **2012**

In millions of
Colombian Pesos

Cont'd

ITEM	DECEMBER 2013			DECEMBER 2012			
	NOTES	SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
LIABILITIES							
Surplus from gifts		-	17,381	17,381	-	17,381	17,381
Revaluation surplus		-	2,542,404	2,542,404	-	2,563,287	2,563,287
Surplus from equity method		-	1,574,834	1,574,834	-	450,919	450,919
Equity revaluation		-	415,645	415,645	-	415,645	415,645
TOTAL INSTITUTIONAL EQUITY	(19)	-	7,447,542	7,447,542	-	6,119,706	6,119,706
LIABILITIES + EQUITY		338,393	9,928,124	10,266,517	463,897	8,448,408	8,912,305
Memorandum accounts	(20)						
Contingent rights		-	41,111	41,111	-	42,961	42,961
Fiscal debit accounts		-	2,849,937	2,849,937	-	2,849,219	2,849,219
Control debit memorandum accounts		-	1,520	1,520	-	-	-
Debit accounts (cr)		-	2,892,569	2,892,569	-	2,892,181	2,892,181
Contingent liabilities		-	6,068,599	6,068,599	-	6,012,970	6,012,970
Fiscal credit accounts		-	168,068	168,068	-	127,538	127,538
Control credit accounts		-	1,233,499	1,233,499	-	1,192,960	1,192,960
Credit accounts (cr)		-	7,470,166	7,470,166	-	7,333,919	7,333,919

See accompanying notes to Financial Statements

Luis Fernando Alarcón M.
Chief Executive Officer
(See attached certification)

John Bayron Arango V.
Chief Accounting Officer
Professional Card N° 34420 - T
(See attached certification)

Jorge Enrique Múnera Durango
Statutory Auditor
Professional Card N° 25295 - T
(See attached report)
Designated by Deloitte & Touche Ltda.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY (DETAILED BY ACCOUNT)

DECEMBER DECEMBER
2013 2012

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

	NOTES	DECEMBER 2013	DECEMBER 2012
REGULAR ACTIVITIES			
OPERATING REVENUE			
Sale of services			
Energy service		951,876	948,153
Other services		50,350	70,134
Returns, rebates and discounts in sale of services (db)		(5,098)	(9,429)
Sale of services	(21)	997,128	1,008,858
Other operating revenue			
Financial		35,468	31,329
Exchange difference adjustment		46,534	20,865
Income from equity method		284,874	145,063
Other operating revenue	(24)	366,876	197,257
TOTAL OPERATING REVENUE		1,364,004	1,206,115
OPERATING AND SALES COSTS			
Cost of Sales of Services			
Public utilities		353,005	359,467
Other services		30,634	44,509
Cost of Sales of Services		383,639	403,976

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY (DETAILED BY ACCOUNT)

DECEMBER 2013 DECEMBER 2012

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

Cont'd

	NOTES	DECEMBER 2013	DECEMBER 2012
Administration expenses			
Wages and salaries		34,800	33,784
Contributions charged		20,745	21,348
Actual contributions		11,763	11,530
Contributions on payroll		941	1,112
General		43,970	35,472
Taxes, imposts and duties		2,695	2,485
Administration expenses	(23)	114,914	105,731
Provisions, depreciation and amortization			
Provision for accounts receivable		170	726
Provision for inventory protection		300	-
Provision for contingencies		2,189	3,319
Depreciation of property, plant and equipment		1,285	1,178
Amortization of intangibles		5,083	4,748
Provisions, depreciation and amortization	(23)	9,027	9,971
Administration expenses and provisions, depreciation and amortization	(23)	123,941	115,702
Subtotal		507,580	519,678

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY (DETAILED BY ACCOUNT)

DECEMBER 2013 DECEMBER 2012

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

Cont'd

	NOTES	DECEMBER 2013	DECEMBER 2012
Other operating expenses			
Interest		117,994	142,699
Commissions		577	492
Exchange difference adjustment		36,387	36,189
Financial		13,087	8,417
Loss from equity method		142,139	136,964
Other operating expenses	(24)	310,184	324,761
TOTAL OPERATING COSTS AND EXPENSES		817,764	844,439
OPERATING SURPLUS		546,240	361,676
NON-OPERATING RESULTS			
Other regular revenue		753	2,008
Other regular expenses		515	1,332
NON-OPERATING SURPLUS	(24)	238	676
TOTAL SURPLUS FROM REGULAR ACTIVITIES		546,478	362,352

See accompanying notes to Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY (DETAILED BY ACCOUNT) DECEMBER 2013 DECEMBER 2012

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

Cont'd

	NOTAS	2013	2012
EXTRAORDINARY REVENUES (EXPENSES)			
Extraordinary revenues			
Extraordinary		5,007	9,129
Prior years adjustment		1,159	3,486
Total extraordinary revenues	(24)	6,166	12,615
Extraordinary expenses			
Extraordinary		85	1
Prior years adjustment		2,424	503
Total extraordinary expenses	(24)	2,509	504
EXTRAORDINARY ITEMS		3,657	12,111
INCOME BEFORE TAXES		550,135	374,463
Provision for fiscal liabilities	(17.2)	117,087	101,525
NET INCOME		433,048	272,938
NET INCOME PER SHARE		390.95	246.41

See accompanying notes to Financial Statements

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(See attached certification)

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
NOTES TO THE DECEMBER DECEMBER
FINANCIAL STATEMENTS **2013** **2012**

(Amounts expressed in millions
of Colombian Pesos and
original currencies)

I. GENERAL NOTES

NOTE 1: CORPORATE PURPOSE

Interconexión Eléctrica S.A. E.S.P. –ISA– was incorporated by public deed N° 3057 of the Notary Public Office N° 8 of Bogotá on September 14, 1967.

On November 22, 1996, by Public Deed N° 746 of the Single Notary Public Office of Sabaneta, ISA changed its legal nature to a mixed-ownership public utility corporation of the national order, with indefinite term, ascribed to the Ministry of Mines and Energy, and subject to the legal regime established by Law 142 of 1994. This process was completed on January 15, 1997, with the arrival of private investment.

As provided by the Constitutional Court in decision C-736 of September 19, 2007, ISA has a special legal nature and is defined as a decentralized mixed-ownership public utility company that is part of the executive branch under a special legal regime of private law.

ISA's main corporate purpose is:

1. The operation and maintenance of its own transmission network.
2. The expansion of the national interconnection grid.
3. The planning and operation coordination of the resources of the National Interconnected System.
4. The administration of the financial settlement system and commercialization of energy in the wholesale energy market.
5. The development of telecommunications systems, activities and services.
6. The direct and indirect participation in activities and services related to the transport of other energy sources, except for those restricted by law.
7. The provision of technical services in activities related to its corporate purpose and professional services required by ISA's companies.



8. The development for third parties of any other activity related to the provision of electric power and telecommunications services within the regulation in force.
9. The direct and indirect participation in activities, services and investments related to engineering works.

DIRECTION AND MANAGEMENT

As to direction and management, the company has directive and administrative bodies that legally and statutorily set the guidelines for its corporate endeavors and execute and carry out every act in pursue of its corporate purpose.

The Shareholders' Meeting is the company's upper directive body, consisting of every natural and legal person that holds subscribed shares, either present or represented, gathered in regular or special meetings.

The company's administration consists of the Board of Directors, the Chief Executive Officer, the Area Managers and the Directors.

The Board of Directors occupies second position after the Shareholders' Meeting and before the Legal Representative. It is an administrative body for cooperation with the legal representative that circumscribes its activities to achieving compliance with the goals for which the company was established.

The Chief Executive Officer is in charge of carrying out the decisions and orders of the Shareholders' Meeting and the Board of Directors, conducts and administers the company, and holds its legal representation. The Chief Executive Officer has three alternates appointed by the Board of Directors, who replace him(her) in his(her) absolute, temporary or accidental absences.

In the hierarchical structure of the company and depending from the Chief Executive Officer, the area managers have as their mission ensuring the permanence, profitability and integral growth of the organization by means of the strategic direction of their management area. Their responsibilities include creation of conditions for development and integral satisfaction of human talent, assuring efficient use of resources by applying cost-benefit criteria, and guaranteeing the creation of economic value for the company.

BRANCHES

Peru ISA Branch

ISA established a branch in Peru on September 4, 2002. The branch's term is indefinite; it has no legal personality and does not carry out any activities independently from ISA. It is an extension of the company in Peru.

In meeting N° 737 of August 30 of 2013, ISA's Board of Directors approved dissolution of its Peru Branch and appointed a liquidator, as required by Peru's General Corporations' Law, (Law 26887), to liquidate the branch. This



was filed with both the National Superintendency of Registry –SUNARP– and the National Superintendency of Fiscal Administration –SUNAT– with the branch’s denomination being changed to: “In Liquidation”.

Argentina ISA Branch

ISA established a branch in Argentina on January 24, 2007. Creation of this branch originated in the fact that corporations incorporated outside of Argentina willing to have a business presence in that country must have a registered office there. This branch is not in commercial operation.

NOTE 2: BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 INDIVIDUAL FINANCIAL STATEMENTS

The individual financial statements of ISA are the basis for dividend distributions and other appropriations; assets, liabilities, equity or results of subsidiaries are not consolidated. However, for legal reasons the company is required to present separate consolidated financial statements to the annual Shareholders’ Meeting for approval.

The company’s bylaws mandate account closing, as well as preparation and disclosing of its general-purpose financial statements, once a year, on December 31.

2.2 CLASSIFICATION OF ASSETS AND LIABILITIES

Assets and liabilities are classified according to their use or degree of realization, demand or liquidation, in terms of time and value. Accordingly, current assets and liabilities (short-term) are understood as such amounts that will be realizable or callable, respectively, within a term not longer than one year.

2.3 ADJUSTMENTS FOR INFLATION

Until December 31, 2000, non-monetary assets and liabilities and shareholders’ equity, except for the surplus from revaluation of assets and income statement accounts, were monetarily updated on a prospective basis, using general consumer-price index (or Tax Year’s Adjustment Percentages – PAAG, for its Spanish initials–). The respective adjustments were recorded in the income statement’s monetary correction account. As of January 1, 2001 the Colombian General Accounting Office –CGN, for its Spanish initials–, through Resolution N° 364 of November 29, 2001, suspended the system of integral inflation adjustments for accounting effects, without reverting the inflation adjustments accounted until December 31, 2000.

According to Resolution N° 041 of 2004 and to External Circular Letter N° 056 of 2004, issued by the Colombian General Accounting Office, inflation adjustment accounts were eliminated from the General Plan of Public Accounting as part of the cost, thereby obligating to incorporate accumulated amounts for adjustments until 2000. In order to comply with regulations in



force, since 2001, integral inflation adjustments continue to be applied for tax effects, giving rise to accounting differences that are recorded in the tax memorandum accounts. Law 1111 of 2006 derogated integral inflation adjustments for tax effects beginning in fiscal year 2007. (See Note 3.10.2)

2.4 MATERIALITY

Recognition and presentation of economic facts are made according to their relative importance.

An economic fact is material when due to its nature or amount, knowing or not knowing it, considering the circumstances, could significantly change the economic decisions of the users of that information.

In preparing the financial statements, it was determined for presentation purposes that an event would be material if it represented 5% of total assets, current assets, total liabilities, current liabilities, working capital, equity, or income.

NOTE 3: SUMMARY OF MAIN ACCOUNTING POLICIES AND PRACTICES

For the preparation and presentation of its financial statements, the company, as required by law, observes the Public Accounting General Plan defined

by the CGN, the accounting regulations issued by the Superintendency of Domiciliary Public Utilities (SSPD) and other applicable regulation.

For keeping, preservation and custody of the accounting books and supporting documents, the regulation applicable to support documents, vouchers, and accounting books, established by the Colombian General Accounting Office, is observed.

The company's financial statements are identified, classified, registered, valued, prepared and disclosed in accordance with the accounting principles of the CGN contained in Resolutions N° 354, 355 and 356 of September 5 of 2007, as amended, through which the Public Accounting Regime (RCP, for its Spanish initials) was implemented in order to harmonize its provisions with the criteria established by International Public Sector Accounting Standards (IPSAS).

Certain accounting principles applied by the company according to accounting principles generally accepted in Colombia (GAAP), could disagree with the accounting principles generally accepted in other countries.

Following is a description of the main accounting policies and practices adopted by the company:



3.1 FOREIGN CURRENCY TRANSLATION AND BALANCES

The monetary unit used by the company is the Colombian Peso. Transactions in foreign currency are recorded at the applicable exchange rates in force on the date of the transaction. At the close of each year, balances of assets and liabilities accounts are adjusted to current exchange rates (See Note 4). Exchange differences resulting from asset balances (other than controlled investments abroad) are recorded in the income statement. With regard to liability accounts, only exchange differences that are not imputable to costs of acquisition of assets are recorded in the income statement. Exchange differences are imputable to the acquisition cost of assets while such assets are under construction or installation, and until they become operational.

3.2 CASH EQUIVALENTS

For purposes of preparing the statement of cash flows, marketable investments redeemable within the next 90 days are considered to be cash equivalents.

3.3 INVESTMENTS

Investments are recorded at cost and are updated in accordance with the intention of realization, the availability of market information, and the degree of control held over the issuing entity by applying methodologies

that approximate their value to economic reality. Methodologies to update their value include Stock Exchange quotes, net present value to determine market price or the security's internal rate of return, the equity method, and the cost method.

The Public Accounting Regime establishes that for matters of their valuation, the company's investments are classified in three categories: i) investments for liquidity management, ii) investments for policy purposes and iii) equity investments.

In the financial statements, investments are classified as marketable and long-term, and they are reported respectively within current and non-current assets. The former include investments for liquidity management, and the latter, investments with policy purposes and equity investments in controlled and non-controlled companies.

Investments for liquidity management

Liquidity management investments in debt titles and securities, as well as derivatives with the purpose of obtaining earnings from short-term price fluctuations, are initially recorded at cost and are updated monthly through methodology issued by the Colombian Financial Superintendency. Changes arising from each valuation made in investments for liquidity management are recognized in the income statement.



Investments with policies purpose

Investments with policies purpose include debt securities issued by local or foreign entities acquired in compliance with macroeconomic policies or the company's internal policies.

Investments for compliance with macroeconomic policies correspond to debt titles acquired under agreed or mandatory subscription.

Investments to comply with the entity's internal policies include investments held to maturity and investments for sale, the latter understood as investments held for at least one year. In both cases, the intention to hold the securities during the stated term, as well as the legal, contractual, financial and operative capacity, are required.

Investments held to maturity are updated on the basis of the internal rate of return foreseen in the methodologies adopted by the Colombian Financial Superintendency.

Equity investments

Equity investments correspond to funds placed in equity securities of national and international entities, represented by shares or participation rights that may permit the company to control, share control or exercise significant influence on the decisions of the issuer.

a. Equity investment in controlled companies

Equity investments in controlled companies include investments made with the intention of exercising or sharing control, as well as those in which the company exercises significant influence. These investments are updated by the equity method, according to CGN Resolution N° 356 of 2001 and its amendments.

Under the equity method investments in subsidiaries are recognized at cost and subsequently adjusted as follows:

- Credit or charge to the investment's cost equal to the participation of the company in net profits and losses of the subsidiary, with a matching entry in the income statement.
- Credit or charge to the investment equal to the participation of the company in the subsidiary's equity variation with a matching entry in the surplus from equity method account in the event of an increase; in the event of a decrease, as surplus from equity method, until its exhaustion, and the excess charged to the income statement, except when originated in equity variations from translation effect and the effective portion of earnings and losses obtained from valuation of foreign entities derivatives, resulting from accounting of the hedging.

- Credit or charge to the investment equal to the amount of dividends received from the subsidiary that correspond to periods during which ISA applied the equity method.

If the difference between intrinsic value and book value of the investment recorded on equity basis is:

- Positive, re-appraisal of assets is increased, and the revaluation surplus included in the equity accounts is credited.
- Negative, re-appraisal of assets is decreased with a charge to revaluation surplus until its exhaustion. Any additional deficit is recognized in the income statement as a loss.

Investments in subordinated companies abroad are recorded on the basis of their financial statements at December 31 of each year, translated into Colombian Pesos, using the United States Dollar as functional currency. For the translation of the financial statements the following is taken into account: Balance sheet items are calculated using the closing exchange rate; income statement items are calculated using the accumulated average exchange rate for each month closing; net effect with respect to closing rate is recognized in equity as translation adjustment

b. Equity investments in non-controlled companies

The other variable-income equity investments in non-controlled companies that are not listed in stock exchanges or have low or minimal market capitalization, are recorded at cost plus the dividends received in shares. If at year's end, the intrinsic value of investments is greater than the book value, a charge is recorded in the re-appraisals account with a contra entry in re-appraisal surplus in equity; otherwise, the re-appraisal established is decreased until its exhaustion, and beyond that value, a provision is charged to the income statement.

3.4 DERIVATIVE INSTRUMENTS FOR HEDGING PURPOSES

In order to reduce exposure to exchange rate and interest rate fluctuations of financial liabilities with local and international commercial banks and multilateral agencies and of bond issues, among others, the company uses derivative instruments such as swaps, forwards and options.

According to the rules issued by the Colombian General Accounting Office, derivative instruments for hedging purposes are recognized for the amount of the right or of the liability on the date of commencement of the contract, are monthly updated using methodologies of recognized technical value, and the difference is recorded as derivative valuation revenue or expense, as the case may be.



3.5 ALLOWANCE FOR DOUBTFUL ACCOUNTS

On each quarter's closing date, the associated credit risk of the accounts receivable from customers and other debtors is examined in order to determine the respective provisions, which include percentages between 10% and 100%, according to aging analysis and evaluations of the collection of individual accounts, in accordance with the following criteria:

TYPE	DESCRIPTION	MATURITY	PROVISION (%)
A	Low-risk accounts receivable	90-180 days	10
		181-360 days	40
		>= 361 days	100
B	Doubtful accounts	31-90 days	20
		91-180 days	50
		>= 181 days	100

For the debts of companies subject to reorganization or under liquidation, the provision for accounts receivable must be adjusted to one hundred percent (100%) of nonperforming accounts receivable, regardless of debt age.

3.6 INVENTORIES

Inventories are recorded at cost, and at end of the year, through a provision charged to the income statement, are reduced to their sale value if it is

lower than their book value. Spare parts, materials and other consumables are valued by the weighted average method.

Based on the technical obsolescence and deterioration analysis, a provision is recorded for inventory protection.

3.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, which, where relevant, may include:

- a. Financing costs associated to acquisition and construction of assets not in operational conditions and,
- b. Until year 2000, includes inflation adjustments on costs, excluding capitalized exchange differences and the portion of capitalized interest corresponding to inflation.

Sales and retirements of such assets are discharged at their respective net adjusted cost, and differences between sale price and net adjusted cost are recorded in the income statement.

A component of a fixed asset is an element that can be regarded as a part of another asset, but due to its own features, because of the function it serves, and the type of strategies or activities developed along its technical service life, can be treated as an independent asset.

Materials with high inventory turnover shall not be classified as fixed assets.



During 2012, the company developed a new methodology for calculation of remaining useful life of assets based on the deterioration index of each asset associated to an instantaneous failure rate, in turn associated to its effective age. The aging rate is calculated with the actual age; then, life expectation and remaining life are calculated on the basis of international survival curves. This methodology has permitted to obtain more reliable values for estimates of remaining life of assets that are very useful for assets renewal plan and their valuation.

For the useful life of assets, the model took as reference the document “Assets management, experiences in the calculation of useful life and impact of assets’ survival in the development of electric systems” (presented at the XIII Ibero American Symposium CIGRE 2009). This study has compiled over 160 databases of fixed assets of power sector companies in ten Latin American countries.

Until 2011, at ISA, remaining life was estimated as the useful life determined by the company’s specialists based on international documents (CIGRE: “Ageing of the System Impact on Planning”, worldwide study of useful life, 2000), minus the chronological age of the equipment.

Depreciation is calculated over the asset’s cost by the straight-line method, based on the estimated useful life of assets. Below is the estimated useful life of assets for 2012 and 2013:

ASSET / COMPONENT	USEFUL LIFE
Transmission lines	63
Buildings	100
Fiber optics	25
Machinery and equipment	15
Telecommunications equipment	15
Furniture, office equipment, laboratory equipment	10
Communications equipment	10
Transport, traction and lifting equipment	10
Supervision and Switching Center's equipment	6
Computer equipment and accessories	5
Substation components	
Battery bank	15
Charger	15
SAS components	15
Condensers	25
SVC condensers	25
Series compensation control	15
SVC control	15
Converter	15
CT	39

Cont'd

ASSET / COMPONENT	USEFUL LIFE
Breaker	40
Inverter	15
Lines (Substations' grounding nets)	63
Lightning arrester	30
Diesel plant	30
Telephone exchange	15
PLC	15
PT	39
Reactor	32
SVC reactors	30
Sequence of events recorder	15
Protection relays	15
RTU	15
Fire system	20
Main breaker	40
Sensors (Atmospheric Discharge Information System)	15
SubMovil	25
Teleprotection	15
Power Transformer	40
SVC thiristor valve	18
VQ	15

Maintenance expenditures of these assets are charged to the income statement, while improvements and additions are added to their costs, since they increase useful life, expand productive capacity and operational efficiency, improve service quality, and permit significant cost reduction.

Repairs required because of attacks to the electric infrastructure are recorded as expenses of the period when the attacks occur and do not increase the useful life originally assigned to the assets. Due to the difficulties to insure this type or risk, these damages are accrued in the financial statements as they occur and are not recorded on estimate basis. Management, in accordance with their historical experience of losses by attacks and the country's political and security circumstances, includes in the annual budget the resources considered enough to cover such losses.

Real property intended for generation of revenues from rent is recorded as investment property.

Assets not being used in operations are classified as non-exploited assets, and their depreciation is suspended.

3.8 DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets include prepaid expenses, deferred charges and other assets. Prepaid expenses include, mainly, monetary items such as insurance premiums and interest, which are amortized according to the loans' terms or the validity period of respective policies.



Deferred charges and other assets include, among others, bond underwriting commissions and share issue costs, which are amortized on a straight-line basis or through a methodology of acknowledged technical value that reflects the amortization conditions during the periods over which their benefits are expected to be received.

The policy related to intangibles is summarized below:

	USEFUL LIFE	AMORTIZATION METHOD	INTERNALLY GENERATED OR ACQUIRED
Easements	Indefinite	Not amortized	Acquired
Rights of use	Term of the contract	Straight line	Acquired
Software/ Licenses	Finite	Straight line	Acquired
Goodwill	Indefinite	Not amortized	Acquired
	Finite	Straight line	Acquired
Research / Development	Finite	Straight line	Acquired

3.9 RE-APPRAISALS

Re-appraisals that are part of assets and equity include:

3.9.1 The excess of the valuation (appraisals) of the main components of property, plant and equipment over per-books net cost. Such appraisals were determined by independent appraisers, in the case of real-estate property; by their market value, in the case of transport equipment; and based on technical studies developed by employees of the company, in the case of other assets. These valuations shall be made at least every three years, or when market conditions indicate that such amounts have materially changed. (See Note 11).

3.9.2 The excess of intrinsic value of long-term investments over their net cost.

3.10 CURRENT INCOME TAX AND DEFERRED TAX

The company determines the provision for income tax and surtax and the income tax for equity purposes (CREE, for its Spanish initials) on the basis of the highest between taxable income and presumptive income estimating it at rates specified by the tax law; additionally, it records as deferred income tax the effect of temporary differences between books and fiscal figures, provided there is reasonable expectation that such differences will revert in the future.

The provision for income tax taken to results includes both the tax on the period's taxable income, and the deferred value of income tax.



3.10.1 Current tax

The provision for income tax and surtax, as well as income tax for equity purposes –CREE– of reporting period, are calculated according to tax law in force, applying the tax rates the law specifies. (See Note 17.2)

3.10.2 Deferred taxes

Deferred income tax is recognized on the temporary differences between the book value of assets and liabilities included in the financial statements and the corresponding fiscal bases used to determine fiscal income.

The credit deferred tax is the lesser current tax calculated during the period, resulting, mainly, from the excess of tax depreciation and amortization over per-books depreciation and amortization, when useful life, depreciation and amortization methods for tax purposes differ from accounting ones, for which differences are expected to be reverted in the future.

The debit deferred tax represents the temporary differences that have generated a higher amount of current income tax. Basically, this includes inflation adjustments on non-monetary depreciable and amortizable assets, balances of provisions for doubtful accounts, retirement payments to pensioners, and health, education and other benefits, among others, for which differences are expected to be reverted in the future.

Starting 2010, the company records deferred tax on exchange difference of investments abroad.

The balance of deferred taxes must be subjected to revision at the end of every reporting period and the deferred tax balance must be reduced whenever it is estimated as probable that there will not be enough future fiscal income to allow its recovery in whole or in part.

According to Opinion N° 20061-57086 of the CGN of January 31, 2006, the company has autonomy in defining the accounting principles regarding deferred tax. Accordingly, ISA has considered as temporary differences that result in the accrual of deferred tax, among others, the one resulting from inflation adjustments recognized only for tax effects on depreciable fixed assets, since these generated a greater fiscal revenue from monetary correction in the period of adjustment, increasing the payable income tax recoverable during the following years as the fixed assets are depreciated (See Notes 10 and 17.2).

3.11 LABOR LIABILITIES

Labor liabilities are adjusted at the end of each period on the basis of legal provisions and labor agreements in force. An actuarial study is conducted every year to determine pension liability, future health and education benefits and retirement payments to pensioners. Retirement pension payments are charged to the actuarial estimate account.

With respect to amortization of retirement pension liabilities for Colombian subsidiaries, it must correspond to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set by regulation in force, applicable to



each particular entity, and counted from the actuarial estimate closing date. For ISA, maximum time provided for by regulation is 30 years starting on December 31, 1994

With respect to the amortization methodology for the actuarial estimate of aids and benefits, for 2012, the company decided to use the same term provided in Resolution N° 356 of 2007, issued by the General Accounting Office; until 2011 they were 100% amortized (See Note 17.1).

In the case of the associates covered by the social security regime (Law 100 of 1993), the company sees to its retirement pension obligations through payment of contributions to pension funds under the terms and conditions mandated by that law.

3.12 DEFERRED REVENUES AND OTHER LIABILITIES

Revenues received in advance and deferred revenues are recognized when rights or benefits have been received that are susceptible of becoming revenues in the periods when the consideration for the services by the company effectively takes place. Among others, amounts received to remunerate recovery of investments executed along UPME bids and usage rights not accrued because their respective costs have not been incurred or because the commitments that make the company a revenue creditor have not been fulfilled, are recognized as deferred revenues. These deferred revenues are amortized over the periods along which they accrue.

3.13 NET INCOME PER SHARE

Net income per share is calculated on the annual weighted average number of outstanding shares.

3.14 RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain amounts included in the financial statements at December 31, 2012 were reclassified to conform to the presentation of the financial statements for 2013.

3.15 MEMORANDUM ACCOUNTS

Memorandum accounts include loans contracted but not disbursed, contingencies resulting from claims and lawsuits, and guarantees established under loan agreements. They also include temporary and permanent differences between accounting and fiscal amounts, which will be reasonably reverted in time, and allow preparation of specific-purpose reports, respectively.

Non-monetary memorandum accounts were adjusted for inflation until December 31 of 2000, with charge to a contra memorandum account.

3.16 RECOGNITION OF REVENUE, COSTS AND EXPENSES

Revenue, costs and expenses are recorded on an accrual basis. Revenue from service provision is recognized during the contractual period or when services are rendered.



Revenues from project construction services are recognized in the income statement in accordance with the proportion of the contract's costs executed until that date with respect to the total costs estimated for the contract.

3.17 JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements according to generally accepted accounting principles requires use by management of judgments, estimates and assumptions to determine the values of assets, liabilities, revenues, costs and expenses reported. The actual result of certain items may differ from such estimates.

Relevant estimates and assumptions are based on management's experience and expectations. They are revised regularly and actual results may differ from such estimates, reason why, adjustments are recognized in the period when the estimate is revised and in any future period affected.

3.18 OPERATING AND ADMINISTRATIVE LIMITATIONS AND DEFICIENCIES

During 2013 and 2012, no operating or administrative limitations or deficiencies were found that would significantly affect the normal accounting processes, or the consistency and reliability of the accounting figures.

3.19 CONTINGENCIES

Contingent conditions may exist on the date of issue of the financial statements that can result in a loss for the company; they will only be solved in the future upon the occurrence of one or several facts and they are estimated by the management and its legal counsels. The estimation of loss contingencies is necessarily a matter of judgment and opinion. When estimating contingent losses in legal processes, legal counsels assess the merit of claims, related decisions, and the current state of processes, among other issues.

If evaluation indicates that a material loss will probably occur and the amount of the liability can be estimated, it is then recorded in the financial statements. If evaluation indicates that loss is improbable but the result is uncertain, or if it is probable but its amount is impossible to estimate, then the nature of the contingency is disclosed in a note to the financial statements together with an estimate of the probable loss. Generally, loss contingencies estimated as remote are not recorded or disclosed.

3.20 STATEMENT OF CASH FLOWS

The cash flows statement shows the movements of cash or cash equivalents made during the year and determined by the indirect method. In addition to cash represented in cash and banks, it includes the cash equivalent of short-term highly liquid investments that are easily convertible into known amounts of cash with insignificant risk of change and maturing not later than within 90 days.



3.21 CONVERGENCE TO INTERNATIONAL STANDARDS

Pursuant to the provisions of Law 1314 of 2009 and regulatory decrees 2706 and 2784 of December, 2012, and decrees 3023 and 3024 of 2013, the company is bound to initiate convergence between the accounting principles generally accepted in Colombia and the International Financial Reporting Standards (IFRS), as they are issued by the IASB (International Accounting Standards Board). Taking into account the complexity of this convergence with IFRS, and the significant effects it will have on the companies, the Technical Council of Public Accounting classified companies into three groups to make the transition.

ISA, as a company classified in Group 1, (securities issuers and others) has January 1 to December 31 of 2014, as the period for mandatory transition period. First comparative financial statements under IFRS will be issued on December 31, 2015.

The company presented to the Colombian Financial Superintendency an IFRS implementation plan on February 28, 2013, pursuant to Circular Letter 10 of January 24, 2013, with a copy of the plan sent to the Colombian General Accounting Office, pursuant to its Resolution 051 of February, 2013. Likewise, pursuant to Circular Letter 038 of the Colombian Financial Superintendency, the company sent on January 30, 2014, a summary of the main policies foreseen for preparation of the initial statement of financial situation, highlighting the exceptions and exemptions in applying the regulatory frame as well as a preliminary calculation with the main qualitative and quantitative impacts that were established. It also defined

the functional currency for financial and accounting information, pursuant to IAS 1 and IAS 21.

3.22. RECOGNITION OF THE ROAD CONCESSIONS IN CHILE AND ELECTRIC POWER CONCESSIONS IN BRAZIL AS A FINANCIAL ASSET

The Colombian General Accounting Office, aiming to adequately reflect the concessions' economic reality, issued a technical opinion¹ establishing that prior to homologation of financial information and to application of the equity method, the business model and the rights and guarantees arising from the conditions agreed upon in the concession contract must be analyzed in order to determine if the asset of a concession operator corresponds to an account receivable (financial asset) or to an intangible.²

The road concessions in Chile and the electric energy transmission concessions in Brazil were classified as financial assets, given that in

1 Technical opinion N° 2013200017991 of 28-05-2013 of the CGN.

2 In light of the above, the operator shall recognize an account receivable as long as it has an unconditional contractual right to receive from the grantor cash or other financial asset for the services agreed upon in the concession contract, given that the grantor is legally and contractually bound to recognize the payments. On the other hand, an intangible asset shall be recognized as long as the operator receives a right to make charges to the users of the public utility, in which case, no unconditional right to receive cash exists, but rather the amounts to be received are conditioned to the exploitation of the service”.

the remuneration mechanisms established in their contracts, the grantor guarantees the operator the recovery of the investment.

Until December 31, 2012, recognition of concessions as an intangible asset was as follows:

- An intangible asset was recognized for the value of the investments.
- Assets under construction were more valuable than the intangible asset.
- The total sum of the payments for pre-existing road infrastructure was recognized as an asset and as a liability.
- Operating revenues originated in tolls collected through the road concessions in Chile and regulatory remuneration for energy services in the Brazil concessions.
- The intangible asset was amortized in the income statement along the concession term.
- Payments of pre-existing infrastructure were considered as operating expenses.

Starting 2013, upon issuing of the technical opinion by the CGN, recognition of concessions as a financial asset is done as follows:

- An account receivable is recognized for the value of the investment and its associated margin.
- Operating revenues include financial yields associated with the account receivable (financial asset), construction services and revenues from operation, administration and maintenance services.
- Operating expenses include construction costs.
- Tolls collected in the road concessions in Chile and regulatory remuneration for energy services in the Brazil concessions are considered as cash holdings.
- The amortization of the financial asset is made in the balance sheet for the difference between the financial yield of the account receivable and the toll collection in Chile or the regulatory remuneration in the Brazil concessions.
- Pre-existing road infrastructure is part of the financial asset and a financial liability is recognized for payments of such infrastructure.

The effect of this change meant \$1,500,000 equity increase, and around \$250,000 million net income increase.



II. SPECIFIC NOTES

NOTE 4: VALUATION OF ACCOUNTING INFORMATION

FOREIGN CURRENCY OPERATIONS

Current regulations permit free negotiation of foreign currencies through banks and other financial intermediaries, at exchange rates that fluctuate in accordance with supply and demand. Debts, indebtedness transactions and debt management operations in foreign and local currency require the approval of the Ministry of Finance and Public Credit.

Operations and balances in foreign currency are translated at the exchange rates in force, as certified by Banco de la Republica –Colombia– or by the State banks in the countries where the company carries out transactions. The exchange rates used for the preparation of the financial statements at December 31, 2013 and 2012, expressed in Colombian Pesos, were:

CURRENCY	CODE	2013	2012
US Dollar	USD	1,926.83	1,768.23
Euro	EUR	2,655.36	2,331.59
Nuevo sol	PEN	688.35	692.07
Boliviano	BOB	276.84	254.06
Brazilian Real	BRL	822.52	865.29
Chilean Peso	CLP	3.67	3.68

At December 31, ISA had the following foreign-currency assets and liabilities, expressed in thousands of equivalent US Dollars:



	BALANCE IN THOUSANDS OF USD		BALANCE IN LOCAL CURRENCY	
	2013	2012	2013	2012
Assets				
Current assets				
Cash and marketable investments	3,545	7,448	6,831	13,170
Accounts receivable	154,664	147,238	298,011	260,351
Total current assets	158,209	154,686	304,842	273,521
Non-current assets				
Foreign currency investments	1,635,464	1,038,220	3,151,261	1,835,812
Total non-current assets	1,635,464	1,038,220	3,151,261	1,835,812
Total assets	1,793,673	1,192,906	3,456,103	2,109,333
Liabilities				
Current liabilities				
Financial liabilities	3,791	3,791	7,305	6,703
Accounts payable	9,032	7,395	17,403	13,076
Total current liabilities	12,823	11,186	24,708	19,779
Non-current liabilities				
Long-term liabilities	49,478	53,270	95,336	94,194
Related parties	23,800	23,800	45,859	42,084
Total non-current liabilities	73,278	77,070	141,195	136,278
Total liabilities	86,101	88,256	165,903	156,057
Net asset monetary position	1,707,572	1,104,650	3,290,200	1,953,276

With respect to foreign-currency liabilities, for 2013 and 2012, the company had no hedging operations contracted.

The application of accounting standards regarding exchange differences gave rise to the following exchange rate differences in Colombian Pesos, which were accounted as shown below:

	2013	2012
Financial revenues (See Note 24)	46,534	20,865
Financial expenses (See Note 24)	(36,386)	(36,190)
Total exchange difference net generated	10,148	(15,325)

In 2013, accounts receivable and loans generated \$23,962 net revenue (2012: expense for \$26,279) from exchange rate difference, while financial liabilities and loans from economic related parties generated \$12,641 net expenses (2012: \$10,858 revenue). (See Note 24)

NOTE 5: CASH AND MARKETABLE INVESTMENTS

Cash and marketable investments on December 31 included:

ACCOUNT		2013	2012	2013 RATE	2012 RATE
Cash					
Cash and deposits in banks	(1)	137,167	97,797	3.86%	5.41%
Total cash		137,167	97,797		
Marketable investments					
CDs, bonds and securities	(2)	170,944	10,805	4.35%	6.06%
Other fixed-income investments	(3)	5,914	19,499	5.17%	5.10%
Trusts	(4)	1,208	107,485	3.08%	5.40%
Total marketable investments		178,066	137,789		
Total cash and marketable investments		315,233	235,586		

- (1) Variation is explained mainly by dividends paid by REP in December for USD 18 million.
- (2) Includes CD \$157,192 (2012: \$8,007), bonds and securities \$13,752 (2012: \$2,798).
- (3) Includes TES³ invested through the investment trust portfolio of the risk retention fund administered by Fiducolumbia S.A.
- (4) Variation is due to lower level of investment in this type of instrument in order to mitigate market risk arising from the volatility along 2013 in both domestic and international markets, affecting TES appreciation and consequently interest rates of the investments making up funds and/or on demand trust funds where ISA invests. TES loss of value generally decreases the returns of all trust companies because of both the participation of these type of investments in their investment portfolio, and the effect directly proportional to the movements of this type of security on investments other than public debt. (Securities issued by the financial and real sectors).

³ Debt Securities.



NOTE 6: LONG-TERM INVESTMENTS – NET

INVESTMENTS IN THE ELECTRIC POWER TRANSPORT BUSINESS

Below is a description of the corporate purpose and other relevant information of the subordinate companies with which the equity method was applied as well as other significant investments:

TRANSELCA S.A. E.S.P.

TRANSELCA is a mixed-ownership utility with main offices in the city of Barranquilla. It was incorporated on July 6, 1998 and is engaged in the provision of energy transmission services, coordination and control of the Regional Dispatch Center and connection to the National Transmission System (STN). The term of the corporation is indefinite. ISA directly owns 99.99% of shares.

INTERCOLOMBIA S.A. E.S.P.

INTERCOLOMBIA is a Colombian corporation with main offices in Medellín. It was incorporated on September 30, 2013 and its purpose is delivery of the public service of electric energy transmission as well as ancillary, supplementary and related services; development of engineering-related activities; delivery of technical and non-technical services related to the above activities; and representation of assets for usage and connection of the National Transmission System owned by other energy transmission companies. ISA owns, directly, 96% of its capital stock, and 3.99% indirectly, through INTERNEXA, INTERVIAL COLOMBIA, ISA Perú and PDI.

INTERCONEXIÓN ELÉCTRICA ISA PERÚ S.A.

Interconexión Eléctrica Perú S.A.– ISA Perú S.A. is a Peruvian corporation with main offices in the city of Lima. It was incorporated on February 16, 2001 and its main activities are the transmission of electric energy and the operation and maintenance of transmission grids. The corporation's term is indefinite.

In May 2013, ISA purchased 11,304,604 shares, or 17.07% of ISA Peru that were owned by Fondo de Inversión en Infraestructura, Servicios Públicos and Recursos Naturales, administered by AC Capitales SAFI. This transaction left ISA with 45.15% of shareholder stake of ISA Perú, while TRANSELCA keeps 54.85%.

RED DE ENERGÍA DEL PERÚ S.A. –REP–

REP is a Peruvian corporation with main offices in the city of Lima. It was incorporated on July 03, 2002. The corporation's term is indefinite. REP provides services of electric power transmission, ancillary services such as operation and maintenance of energy transmission and transport facilities, and specialized technical services. ISA owns directly 30% of capital stock, and indirectly, through TRANSELCA, additional 30%.

CONSORCIO TRANSMANTARO S.A. –CTM–

Transmantaro is a Peruvian corporation with main offices in the city of Lima. It was incorporated in January 1998. In December 13, 1998 ISA became a shareholder of this corporation. The term is indefinite and its



main activities are the transport of electric energy as well as the provision of operation and maintenance services. ISA directly owns 60% of capital stock of the corporation.

INTERCONEXIÓN ELÉCTRICA ISA BOLIVIA S.A.

ISA Bolivia is a Bolivian corporation with main offices in the city of Santa Cruz de la Sierra. It was incorporated on July 14, 2003. The corporation's term is indefinite and its main activities are the transmission of electric energy and the construction, operation and maintenance of transmission grids. ISA owns directly 51% of capital stock, and indirectly, through TRANSELCA and INTERNEXA, 48.99% and 0.01%, respectively.

ISA CAPITAL DO BRASIL S.A.

ISA Capital do Brasil S.A. is a Brazilian corporation with main offices in the city of São Paulo. Established as an investment vehicle on April 28, 2006. Its corporate purpose includes participation in the capital of other corporations and in other undertakings, either as partner or as shareholder, as party in a joint venture, as member of a consortium, or under any other type of business cooperation. It was made into a stock company on September 19, 2006, and on January 4, 2007, it obtained from Comissão de Valores Mobiliários (CVM - Securities and Exchange Commission of Brazil) registration as a public corporation, status that it kept until May 27, 2010, when its shareholders decided to cancel its registration. The corporation's term is indefinite.

ISA owns 63.32% of capital stock and 99.99% of common shares of ISA Capital do Brasil.

ISA Capital do Brasil owns 37.81% of total capital stock of Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– and 89.5% of its common shares.

INTERCONEXIÓN ELÉCTRICA COLOMBIA PANAMÁ S.A. –ICP–

ICP is a corporation with main offices in Panama City. It was established on May 14, 2007 and its term is indefinite. Its main activities are electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting services in such areas and in general engineering matters. Of the authorized capital of this company, ISA owns 50% while Empresa de Transmisión Eléctrica S.A. –ETESA– owns the remaining 50%. This corporation is not yet in commercial operation.

INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A.S. E.S.P.

ICP S.A.S. is a corporation with main offices in the city of Medellín. It was incorporated on February 4, 2010. Its main activities are electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting



services in such areas and in general engineering matters. ISA owns 50% of capital stock, and ETESA the remaining 50%. This corporation is not yet in commercial operation.

INTERCHILE S.A.

Corporation established on December 13, 2012 with main offices in the city of Santiago de Chile. The corporate purpose of this indefinite-term corporation is transmission of electric power by means of trunk transmission, sub-transmission, and/or additional systems or any other transmission facility classification that the rules may include in the future, trading of electricity transport and transformation capacity in the Central Interconnected System, as well as other activities related to the industry of electric transmission and transport. ISA owns 99.90% of the corporation's capital, and ISA Inversiones Chile S.A. owns 0.10%.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C. –PDI–

PDI is a Peruvian corporation with main offices in the city of Lima. It was established on November 15, 2007 with indefinite term. It has as its purpose the conduction of activities related to the construction of transmission lines and electricity projects, and in general, any activity in the construction sector. It started operations in March 2008. ISA owns directly 99.97%, plus 0.03% indirectly through TRANSELCA.

INVESTMENTS IN THE ROADS CONCESSIONS BUSINESS UNIT

ISA INVERSIONES CHILE LTDA.

Corporation with main offices in the city of Santiago de Chile. It was established on February 22, 2010 and its main activity is the long-term investment for profit in any type of real and personal property, including participation in other legal entities and associations of any type. ISA has 99.99% stake in ISA Inversiones Chile, through which it purchased total stake in INTERVIAL CHILE.

ISA INVERSIONES MAULE LTDA.

Corporation with main offices in the city of Santiago de Chile. Incorporated on February 1, 2013, it was born as a consequence of the split of ISA Inversiones Chile.

Its purpose is long-term investment for profit in any type of real and personal property, tangible and intangible, including establishment of and participation in other legal entities and associations of any type, investment in options, participations or rights in every type of corporations, and/or associations, mutual funds, term deposits, bonds, contracts and associations, among others. ISA has 99.99% stake in ISA Inversiones Maule.



INTERVIAL COLOMBIA S.A.S.

Corporation established on January 18, 2011 with main offices in Medellín and ISA as sole shareholder. At the time of its incorporation it was called Autopistas de la Montaña S.A.S, however, on January 17, 2013, it changed its name to INTERVIAL COLOMBIA S.A.S.

This corporation can carry out any activity both in Colombia and abroad, especially activities related to engineering, operation and maintenance of road transport infrastructure, deliver services to users of such infrastructure as well as promotion and structuring of road infrastructure projects. This corporation is not yet in commercial operation.

INVESTMENTS IN THE BUSINESS UNIT OF REAL-TIME SYSTEMS INTELLIGENT MANAGEMENT

XM, COMPAÑÍA DE EXPERTOS EN MERCADOS S.A. E.S.P.

Colombian mixed-ownership utility with main offices in Medellín. It was incorporated on September 1, 2005. The corporation's term is indefinite and its purpose is the operation planning and coordination of the resources of the National Interconnected System, the administration of the Commercial Settlement System (ASIC) in the wholesale energy market, as well as the settling and clearing of charges for use of the National Interconnected System's grids, the administration of financial derivative markets with electric energy and gas as underlying asset, including compensation systems, the planning, design, optimization, commissioning, operation and administration of goods and services markets requiring the development

of information systems or technological platforms that involve value added information exchange, the operation of toll control centers of the road transport infrastructure, the planning and operation of supervision and control centers, management of transport mobility systems both nationally and internationally and of mass transport integrated systems, among others. ISA directly owns 99.73% of capital stock of XM.

SISTEMAS INTELIGENTES EN RED S.A.S. –SIER–

Incorporated on August 10 of 2011, this company has as its corporate purpose the planning, design, optimization, commissioning, operation, management of goods and services markets requiring development of information systems and technological platforms that involve information exchange with value added, operation of road toll collection centers, as well as planning and operation of supervision, control and management of traffic mobility systems, both domestic and international, and also integrated mass transport systems. XM owns 85% of this company's capital stock, while ISA holds the remaining 15%.

INVESTMENTS IN THE TELECOMMUNICATIONS TRANSPORT BUSINESS UNIT

INTERNEXA S.A.

INTERNEXA is a Colombian mixed-ownership company with main offices in Medellín. It was incorporated on January 4, 2000, with indefinite term. Its corporate purpose is the organization, administration, commercialization



and rendering of telecommunications services. It is currently engaged in development and promotion of the telecommunications transport business locally and internationally. ISA directly owns 99.27% of capital stock.

In October of 2011, INTERNEXA S.A. E.S.P. changed its corporate name, due to the fact that, pursuant to Law 1341 of 2009, articles 55 and 73, telecommunications sector companies will no longer be subject to the domiciliary public utilities regime (Law 142 of 1994), and as a consequence, it must eliminate the abbreviation “E.S.P.” from its corporate name.

OTHER INVESTMENTS

FINANCIERA DE DESARROLLO NACIONAL S.A.

It is a financial institution of national order established by Law 11 of 1982 as a State-owned corporation ascribed to the Ministry of Mines and Energy with the purpose of acting as financial and credit organism for the Colombian power sector. Decree 4174 of 2011 changed the denomination of Financiera Energética Nacional S.A. (FEN) to Financiera de Desarrollo Nacional S.A. (FDN). It also widened its corporate purpose, so that references to the power sector will be extensive to every sector of the economy. Investment is represented by 0.00069% participation.

EMPRESA PROPIETARIA DE LA RED –EPR–

EPR is a Panamanian corporation with main offices in San Jose de Costa Rica. Established in 1998, it is a company ruled by private law that has the endorsement of the “Parent Treaty of Central America’s Power Market” and its protocol, through which, each government grants the corresponding permission, authorization or concession, as fits construction and exploitation of the first regional electric interconnection system that will link Honduras, Guatemala, El Salvador, Nicaragua, Costa Rica and Panama. ISA has 11.11% participation in this corporation. This company has already begun operation in some of the line segments.

ELECTRIFICADORA DEL CARIBE S.A. E.S.P. –ELECTRICARIBE–

ELECTRICARIBE is a company that delivers electric energy distribution and trading services in the Colombian Caribbean region. ISA has 0.48072666% participation.



Below is the detail of long-term investments, net, at December 31:

		2013	2012
Investments in controlled companies			
TRANSELCA S.A. E.S.P.	(1)	673,720	766,257
INTERNEXA S.A.	(2)	71,352	86,826
Compañía de Expertos en Mercados S.A. E.S.P. –XM–		25,598	26,875
INTERVAL COLOMBIA S.A.S. (formerly, Autopistas de la Montaña)		411	422
SISTEMAS INTELIGENTES EN RED S.A.S. –SIER–		524	451
INTERCOLOMBIA S.A. E.S.P.	(3)	34	-
ISA Capital Do Brasil S.A.	(4)	761,777	988,026
Consortio Transmantaro S.A.	(5)	342,011	293,654
Red de Energía del Perú S.A. –REP–	(6)	102,893	131,749
ISA Perú S.A.	(7)	25,691	13,017
Proyectos de Infraestructura del Perú S.A.C. –PDI–		10,013	9,945
ISA Bolivia S.A.	(8)	23,345	19,751
INTERCHILE S.A.	(9)	40,550	11
ISA Inversiones Chile Ltda.	(10)	1,162,906	375,822
ISA Inversiones Maule Ltda.	(11)	671,576	-
Total investments in controlled companies		3,912,401	2,712,806
Investments with shared control			
Interconexión Eléctrica Colombia – Panamá S.A. –ICP–	(12)	5,602	85
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.		115	1,019
Total investments with shared control		5,717	1,104
Investments at cost			
ELECTRICARIBE S.A. E.S.P.		12,114	12,114

Cont'd

		2013	2012
Empresa Propietaria de la Red –EPR–		12,524	11,493
Financiera de Desarrollo Nacional S.A.		4	4
Total investments at cost		24,642	23,611
Subtotal investments in corporations		3,942,760	2,737,521
Provision for investments in corporations	(13)		
Investments in controlled companies		(7,742)	(7,742)
Investments at cost		(2,008)	(2,249)
Provision for investments in corporations		(9,750)	(9,991)
Total investments in corporations		3,933,010	2,727,530

- (1) Variation arises from decrease of assets value and payment of dividends for \$67,612.
- (2) Decrease corresponds to loss generated in the period, resulting mainly from application of the equity method in subsidiaries.
- (3) In September, 2013, as a result of the strategic update process that separated within ISA the energy transport business from the role as parent company centered around corporate strategic issues, INTERCOLOMBIA was incorporated with a subscribed and paid-in capital of \$50, with losses of \$14 at year's closing, corresponding to pre-operational expenses.
- (4) Decrease corresponds to the impact from early termination and ulterior renovation of Concession Contract 059 of 2001 at affiliate CTEEP.
- (5) Increase is explained by both the period's earnings, and the effect of currency translation adjustment.
- (6) Decrease corresponds to payment of dividends for \$45,687 during the period.
- (7) Increase results from purchase of shares worth USD9.6 million, raising the Group's participation to 99.9985%.

- (8) Increase is explained by last period's earnings and the effect of currency translation adjustment.
- (9) Increase is due to investment of \$43,923 in the corporation.
- (10) Increase corresponds to adjustment in recognition of the road concessions as a financial asset (formerly intangible asset) (See Note 3.22).
- (11) On February 1st, 2013, the partners of ISA Inversiones Chile Ltda, that is, ISA and INTERNEXA, agreed on split of the corporation, distributing its equity at December 31, 2012, and creating a new corporation denominated "ISA Inversiones Maule Ltda.", made up of the same partners. Distribution of the corporation's equity is conducted on the basis of the financial statements as of December 31, 2012 closing.
- (12) Increase is due to investment of \$5,945 in the corporation.
- (13) Provision on ELECTRICARIBE investments \$2,008 (2012: \$2,247), ISA Bolivia S.A. \$2,045 (2012: \$2,045), Proyectos de Infraestructura del Perú S.A.C. –PDI– \$238 (2012: \$238), Consorcio Transmantaro \$5,459 (2012: \$5,459).



The following table includes financial information of the affiliates and subsidiaries with which ISA applies the equity method:

2013							
COMPANY	ISA PARTICIPATION		FINANCIAL INFORMATION				
	SHARES	%	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)	
In controlled companies							
TRANSELCA S.A. E.S.P.		1,809,691,253	99.99730	1,236,348	562,610	673,738	76,074
INTERNEXA S.A.		34,302,597	99.27450	295,164	223,290	71,874	(28,012)
Compañía de Expertos en Mercados S.A. E.S.P. –XM–		14,789,000	99.73030	254,118	228,451	25,667	2,466
INTERVIAL COLOMBIA S.A.S. (formerly, Autopistas de la Montaña)		1,500,000	100.00000	415	4	411	(11)
SISTEMAS INTELIGENTES EN RED S.A.S. –SIER–		113,850	15.00000	11,316	7,823	3,493	488
INTERCOLOMBIA S.A. E.S.P.		48,000	96.00000	50	14	36	(14)
ISA Capital Do Brasil S.A.	(1)	840,625,000	63.32020	1,992,155	441,386	1,550,769	(110,362)
Consortio Transmantaro S.A.		348,428,555	60.00000	1,683,942	1,121,845	562,097	38,018
Red de Energía del Perú S.A. –REP–		21,648,000	30.00000	960,040	615,960	344,080	35,660
ISA Perú S.A.		29,891,050	45.14640	85,679	28,514	57,165	8,087
Proyectos de Infraestructura del Perú S.A.C. –PDI–		299,901	99.96670	80,137	70,264	9,873	3,070
ISA Bolivia S.A.		95,638	50.99990	113,637	72,012	41,625	4,109
INTERCHILE S. A.		24,556,720	99.90000	124,514	84,341	40,173	(2,277)
ISA Inversiones Chile Ltda.	(2)	-	99.99980	1,166,572	134	1,166,438	107,699
ISA Inversiones Maule Ltda.	(2)	-	99.99980	1,031,289	796,104	235,185	5,701
With shared control							
Interconexión Eléctrica Colombia – Panamá S.A. –ICP–		6,787	50.00000	11,361	250	11,111	1,406
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.		1,200,000	50.00000	259	28	231	1,807



2012							
COMPANY	ISA PARTICIPATION		FINANCIAL INFORMATION				
	SHARES	%	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)	
In controlled companies							
TRANSELCA S.A. E.S.P.		1,809,679,227	99.99670	1,312,919	546,637	766,282	74,833
INTERNEXA S.A.		34,302,597	99.27450	272,810	185,350	87,460	(16,694)
Compañía de Expertos en Mercados S.A. E.S.P. –XM–		14,789,000	99.73030	221,847	194,900	26,947	4,058
Autopistas de la Montaña S.A.S.		1,500,000	100.00000	435	13	422	(1,035)
SISTEMAS INTELIGENTES EN RED S.A.S. –SIER–		113,850	15.00000	12,314	9,309	3,005	1,576
ISA Capital Do Brasil S.A.	(1)	840,624,995	58.60000	2,445,425	1,457,919	987,506	31,139
Consorcio Transmantaro S.A.		348,428,555	60.00000	1,379,689	899,829	479,860	27,860
Red de Energía del Perú S.A. –REP–		21,648,000	30.00000	1,039,134	600,684	438,450	42,774
ISA Perú S.A.		18,586,446	28.07230	77,722	31,486	46,236	8,254
Proyectos de Infraestructura del Perú S.A.C. –PDI–		299,901	99.96700	92,078	82,418	9,660	2,946
ISA Bolivia S.A.		95,638	51.00000	101,479	66,931	34,548	(911)
INITERCHILE S.A.		999	99.90000	11	-	11	-
ISA Inversiones Chile Ltda.	(2)	-	99.99979	680,905	302,882	378,023	(113,632)
With shared control							
Interconexión Eléctrica Colombia – Panamá S.A. –ICP–		1,936	50.00000	366	197	169	(10,333)
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.		1,200,000	50.00000	2,043	5	2,038	(343)

(1) Liabilities include \$319,674 (2012: \$343.430) to be paid to Secretaría de Fazenda, Gobierno de Brasil, as payment commitment for the difference between the purchase price of the shares of CTEEP and pension payments established in Law 4819/58, in case CTEEP is exonerated. ISA owns 63.32% of ISA Capital do Brasil's capital stock, and holds 99.99% of common shares.

(2) Capital contributions of ISA in ISA Inversiones Chile and ISA Inversiones Maule are divided into corporate rights.



Application effect of the equity method

The effect of the application of the equity method generated variations in the investments, which are shown in the results and equity, as loss or income.

INCOME FROM EQUITY METHOD		2013	2012
In Controlled Investments			
TRANSELCA S.A. E.S.P.		76,072	74,830
INTERNEXA S.A.	(1)	(27,809)	(16,572)
Compañía de Expertos en Mercados S. A. E.S.P. –XM–		2,459	4,047
INTERVIAL COLOMBIA S.A.S.		(11)	(1,033)
SISTEMAS INTELIGENTES DE LA RED –SIER–		73	236
INTERCOLOMBIA S.A. E.S.P.		(14)	-
ISA Capital Do Brasil S.A.	(2)	(110,362)	31,139
Consortio Transmantaro S.A.	(3)	22,811	16,716
Red de Energía del Perú S.A. –REP–		10,698	12,832
ISA Perú S.A.		3,651	2,317
Proyectos de Infraestructura del Perú S.A.C. –PDI–		3,069	2,945
ISA Bolivia S.A.		2,096	(465)
INTERCHILE S.A.		(1,881)	-

Cont'd

INCOME FROM EQUITY METHOD		2013	2012
ISA Inversiones Chile Ltda.	(4)	107,699	(113,632)
ISA Inversiones Maule Ltda.	(5)	55,744	-
Total in controlled investments		144,295	13,360
In investments with shared control			
Interconexión Eléctrica Colombia Panamá –ICP–	(6)	(656)	(5,080)
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.		(904)	(181)
Total in investments with shared control		(1,560)	(5,261)
Net income from equity method		142,735	8,099

(1) Higher loss generated from subsidiaries' results.

(2) Decrease in income corresponds to the impact from early termination and ulterior renovation of Concession Contract 059 of 2001 at affiliate CTEEP.

(3) Growth arises from higher revenues resulting from end of arbitration process and signing of agreement with the Peruvian State, recognizing revenues not received since 2005.

(4) Increase corresponds to adjustment in recognition of the road concessions as a financial asset (formerly intangible asset).

(5) On February 1st, 2013, the partners of ISA Inversiones Chile Ltda, that is, ISA and INTER-NEXA, agreed on split of the corporation, distributing its equity at December 31, 2012, and

creating a new corporation denominated "ISA Inversiones Maule Ltda.", made up of the same partners. Distribution of the corporation's equity is conducted on the basis of the financial statements as of December 31, 2012 closing. Once the spin-off materializes, the capital stock of ISA Inversiones Chile will be \$98,794, and the capital stock of ISA Inversiones Maule will be \$48,228.

(6) Last year it included higher pre-operational expenses.

To record the equity method, revenues and expenses resulting from reciprocal transactions are deleted in the subsidiaries. (See Note 26).



NOTE 7: ACCOUNTS RECEIVABLE – NET

Following is the balance of accounts receivable, net, as of December 31:

		2013	2012
Customers			
Energy services		90,696	93,207
Telecommunications	(1)	1,826	3,877
Infrastructure projects	(2)	1,337	6,923
Technical services		4,321	3,839
Total customers		98,180	107,846
Interest receivable			
From customers		791	1,061
On loans		1,044	467
Total interest receivable		1,835	1,528
Prepayments and advances			
Taxes and contributions	(3)	7,461	25,138
To contractors		1,514	470
For purchase of goods and services		13,721	15,704
Advances and prepayments of per-diem and travel expenses		103	109
Other		1	-
Total prepayments and advances		22,800	41,421

Cont'd

		2013	2012
Other accounts receivable			
Related parties	(4)	290,603	248,925
Loans extended	(5)	17,116	14,467
Miscellaneous accounts receivable	(6)	112,903	140,872
Total other accounts receivable		420,622	404,264
Total accounts receivable		543,437	555,059
Less – Allowance for doubtful accounts	(7)	(8,752)	(11,208)
Total accounts receivable – net		534,685	543,851
Long-term accounts receivable			
Loans extended		13,025	10,226
Other accounts receivable		3,642	4,307
Total long-term accounts receivable		16,667	14,533
Total short-term accounts receivable		518,018	529,318

- (1) Corresponds to accounts receivable for the rights of use billed to members of the alliance established in 1997 between ISA and telecommunications companies to undertake joint development of a fiber optic network between Bogotá, Medellín and Cali, to improve the national telecommunications system.
- (2) Corresponds to \$1,337 of accounts receivable for sales projects (2012: \$6,923) including mainly: a) \$636 (2012: \$3,260) for execution of Mitú sales project, b) \$300 (2012: \$1,505) for implementation of Piedecuesta sales project, and c) \$401 (2012: \$0) for environmental diagnosis assistance and technical assistance in subordinate companies in Panama, Peru

and Chile. It is worth mentioning here that no accounts receivable resulted from CANA, DISPAC and Mojana delegated administration project (2012: \$2,158).

- (3) Includes advance tax payments and deferred withholding tax at source in favor; in 2012 it showed balance in favor of \$15,470.
- (4) Increase corresponds mainly to loan granted by ISA to INTERNEXA Participações worth USD 41 million (\$77,176) for purchase of corporations Nelson Quintas Investimentos Globais Ltda –NQIG–, Nelson Quintas Telecomunicações do Brasil Ltda –NQT– and IPNET Serviços de Internet Ltda. This increase was offset in part by payment of principal of loan



granted to ISA Inversiones Maule for purchase of remaining 40% of INTERVIAL CHILE (former Cintra Chile) for USD32 million (\$ 62,641). The loans granted were delivered in a currency different from the Colombian Peso, which subjects them to exchange difference. Year 2013 saw devaluation of the Peso with respect to the Dollar, resulting in \$24,387 increase in accounts receivable from related parties.

- (5) Employee receivables from housing loans, vehicle-purchase loans and other general-purpose loans granted at 5% and 7% interest rates, and terms of 5 years for vehicle and general purpose, and between 13 and 15 years for housing.
- (6) Decrease corresponds mainly to execution of resources from the delegated administration of projects FAER, FAZNI, and Distribuidora del Pacifico S.A. E.S.P. –DISPAC–.
- (7) Movements of provision for accounts receivable are as follows:

MOVEMENTS OF PROVISION FOR ACCOUNTS RECEIVABLE	2013	2012
Initial balance	11,208	10,864
Write-offs *	(1,520)	-
To the income statement **	169	726
Recoveries ***	(1,105)	(382)
Ending Balance	8,752	11,208

* Corresponds to write-off of receivables of Hada Servicios Eléctricos Ltda. and Colombiana de Comunicaciones S.A. and pension portions.

** Corresponds to customers and debtors of pension portions.

*** Corresponds to customers of Emcali and recovery of pension portions.

The composition of receivables (capital only) on December 31 is as follows:

CUSTOMERS	2013	2012
Shareholders		
Empresas Públicas de Medellín –EPM–	156	317
Empresa de Energía de Bogotá –EEB–	37	14
Empresa Colombiana de Petróleos –ECOPETROL–	-	79
Total shareholders	193	410
Other customers	97,987	107,436
Total accounts receivable from customers	98,180	107,846



Classification of accounts receivable from customers according to maturity date:

TOTAL ACCOUNTS RECEIVABLE FROM CUSTOMERS BY AGE	(1)	2013	2012
Current		91,911	98,611
Overdue	(2)		
> 1 and <= 90 days Overdue		267	1,651
> 90 and <= 180 days Overdue		-	-
> 180 and <= 360 days Overdue		103	227
> 360 days Overdue		5,899	7,357
Total overdue		6,269	9,235
Total accounts receivable		98,180	107,846

- (1) Accounts receivable are mostly from electric distribution companies to whom ISA mainly provides a service of connection to and use of the National Transmission System.
- (2) The company invoices for interest on past due accounts at the highest rate allowed by law; for December of 2013 and 2012 the rates were 31.25% and 31.34%, respectively.

NOTE 8: INVENTORIES – NET

Inventories at December 31 included:

		2013	2012
Inventories			
Materials to render services		2,898	2,947
Inventories in transit	(1)	-	25,337
Total short-term inventories		2,898	28,284
Long-term inventories			
Materials to render services	(2)	52,274	55,785
Provision	(3)	(307)	(2,457)
Total long-term inventories		51,967	53,328
Total inventories	(4)	54,865	81,612

- (1) Assets were received by ISA in 2013 in full compliance with required proceedings; no inventories in transit existed at year closing.
- (2) Because of the nature of ISA's fixed assets and their spare parts, many of which are not easily obtainable in the market and have long delivery terms, it is necessary to keep large stocks in order to guarantee continuity of service and compliance with the system's availability indicators.
- (3) Decrease in long-term inventory provision is due mainly to the retirement of inventories in ISA for \$2,450 during 2013, which in turn is associated to the company's surplus, obsolete, and useless assets.
- (4) Inventories movements during 2013:



INVENTORY MOVEMENTS	LOCAL BALANCE
Inventories ending balance 2011	61,884
+ Acquisition of inventories (2012)	14,243
Consumption of inventory 2012	(13,221)
Inventories in transit	18,448
Adjustment to 2012 provision	(14)
+ Retirement of inventories (Less provision)	272
Inventories ending balance 2012	81,612
+ Acquisition of inventories (2013)	19,920
Consumption of inventory 2013	(23,480)
Inventories in transit	(25,337)
Adjustment to 2013 provision	(300)
+ Retirement of inventories (Less provision)	2,450
Inventories ending balance 2013	54,865

The company takes action to guarantee adequate preservation and safeguarding of its inventories, which are covered by a combined material damage insurance policy; additionally, physical counts carried out

periodically have not found meaningful differences. Inventories have no restrictions or liens limiting their use or realization.



NOTE 9: PROPERTY, PLANT AND EQUIPMENT – NET

The net balance of property, plant and equipment at December 31, included:

		2013	2012
Property, plant and equipment in operation	(1)		
Networks, lines and cables		2,234,411	2,150,635
Plants and ducts		1,528,990	1,516,080
Buildings		105,745	95,963
Machinery and equipment		45,343	44,655
Computer and communications equipment		22,922	26,488
Transport, traction and lifting equipment		3,576	3,532
Furniture, fixtures and office equipment		19,622	14,369
Land		20,369	19,665
Subtotal property, plant and equipment in operation		3,980,978	3,871,387
Less accumulated depreciation	(2)	(1,701,186)	(1,651,775)
Less provisions		(173)	(173)
Total property, plant and equipment in operation		2,279,619	2,219,439
Investment property	(3)		

Cont'd

		2013	2012
Buildings		3,532	3,532
Less accumulated depreciation		(1,495)	(1,468)
Total investment property		2,037	2,064
Non-productive assets	(4)		
Land		71	71
Buildings		1,411	1,411
Constructions received as payment		8,895	8,895
Subtotal non-productive assets		10,377	10,377
Less provisions	(5)	(8,748)	(8,748)
Total non-productive assets		1,629	1,629
Constructions in progress	(6)	190,246	133,540
Machinery, plant and equipment in assembly		19,508	11,992
Total property, plant and equipment – Net		2,493,039	2,368,664

- (1) Projects El Bosque for \$98,344, Termocol for \$13,103, Chinú Substation Expansion for \$17,192, phase I of Chivor Substation Expansion for \$1,656 and Guatiguará – Sochagota Alternate Transmission Line for \$1,034 were activated. Ongoing construction works were transferred to operational projects \$606 (transmission lines). Substations equipment additions for a total \$1,736 were made (2012: \$3,942 Likewise, retirements for \$471 (2012: \$1,040). Retirement and sales of property, plant and equipment during the year generated gain for \$336 (2012: \$392).
- (2) Depreciation expense accrual for \$87,183 (2012: \$91,773). Additionally, retirements and transfers of depreciation for \$37,745 (2012: \$12,405).
- (3) Blocks II and V of ISA's headquarters, leased to affiliates XM and INTERNEXA, respectively.
- (4) Corresponding to: telecommunications assets received as payment from the company South American Crossing Ltd. – SAC Colombia Ltda. Formalization of an agreement is expected in 2014 after options were analyzed in 2013 between ISA and INTERNEXA regarding transfer of these fiber optic assets. Included here are the land property in Pailitas and the Manizales offices, none of which is currently on open sale or being used by the company.
- (5) Provision of constructions received as payment from SAC Colombia Ltda.
- (6) Includes mainly:
 - Sogamoso 500 kV Substation project and related transmission works for \$99,203, with estimated commissioning date May 2014. The Ministry of Mines and Energy –MME– granted ISA a deadline extension until March 3, 2014. A new deadline extension request was filed with the MME on January 27, 2014.
 - Environmental licenses were issued through ANLA Resolution 0351 of April 12, 2013, for the Sogamoso Substation and ANLA Resolution 0737 of July 24 for the project's transmission lines.
 - ISA Medellin Headquarters refurbishing project for \$22,873, with 59% advancement; currently, work is being done on the second floor with entry into service expected for March 21, 2014. The fourth floor was put in operation on July 2, 2013, and the third floor on November 22, 2013. Furnishing has started in Building 1 as partial work deliveries take place. Civil works and technical networks will only be activated on the project's finishing date (July 2014), when the whole array of automated systems is ready.
 - Inductive equipment renovation project for \$18,715, to replace transformers and reactors that have ended their useful life, as determined by the Asset Optimization Plan –POA–. A total 13 pieces of equipment will be replaced. At December 31, 2013, 12 out of 13 (92%) pieces of equipment had been received and were ready for installation, and necessary civil work is currently being carried out. Estimated equipment installation completion date is May 30, 2015. Project advancement at December 31, 2013, stands at 61%.
 - Jamondino Substation and associated lines for \$8,063, with 92% advancement at December 31. Even though December 2013 had been defined as the project commissioning date, the public order situation, especially attacks on the transmission network towers, prevented it, being necessary to re-schedule it for February 20, 2014.
 - Chivor Transformation project (phase II) for \$8,241 with advancement level of 30%, and commissioning expected on November 30, 2014.

Assets have no restrictions, or pledges or guarantees for obligations.

ISA contracts insurance for combined material damages, terrorism, and consequential loss every year to cover against all risk of damage to the company's fixed assets. This policy reports as insured value the as-new replacement value of the assets insured, which is determined on the basis of asset information of the National Transmission System of ISA classified in Constructive Units, their corresponding as-new value being estimated as provided in regulations, and the respective refining and adjustment for insurance effects.

In Colombia, towers and transmission lines are not insured. Accordingly, maintenance to electric infrastructure due to attacks and heavy rains is recorded as Administration, Operation and Maintenance (AOM) expenses in the period when the losses occur and they do not increase the useful life originally assigned to the assets (See Note 3.7).

NOTE 10: DEFERRED CHARGES AND OTHER ASSETS

The balance of deferred charges and other assets, at December 31 included:

		2013	2012
Deferred charges and other short-term assets			
Prepaid expenses		4,467	6,701
Deferred tax		58,908	65,957
Total deferred charges and other short-term assets		63,375	72,658
Deferred charges and other long-term assets			
Trust rights	(1)	7,552	2,477
Other deferred charges		12,546	14,963
Total deferred charges		20,098	17,440
Intangibles			
Software	(2)	10,445	22,350
Licenses		11,931	13,115
Easements	(3)	79,727	74,183
Rights		43,422	43,422
Goodwill	(4)	243,197	234,095
Less amortization of intangible assets	(5)	(81,672)	(88,582)
Total intangible assets		307,050	298,583
Miscellaneous		2,758	3,094
Total deferred charges and other long-term assets		329,906	319,117
Total deferred charges and other assets		393,281	391,775

(1) Variation corresponds mainly to STN usage assets that were transferred to Fiducoldex for their administration operation and maintenance.



- (2) Variation corresponds mainly to software retirement for obsolescence for \$12,630.
- (3) Easements correspond to the rights of way acquired by the company for its operation assets, mainly transmission lines. These assets are acquired perpetually, i.e., no expiration date or time limit exists, and the right remains along time.
- (4) Corresponds mainly to goodwill for \$103,631, generated in the purchase of 60% of Consorcio Transmantaro S. A., which is amortized along the term of the concession; \$130,464 generated in the purchase of 34% of TRANSELCA through exchange of shares with ECO-PETROL (the latter is not amortized because TRANSELCA is an indefinite-term company); and goodwill for \$9,102 generated in the purchase of 17.07% of ISA Perú.
- (5) Amortization movements:

AMORTIZATION MOVEMENTS	2013	2012
Initial balance	(88,582)	(83,608)
Amortization expense	(7,439)	(7,382)
Retirements and transfers	14,349	12,408
Total amortization	(81,672)	(78,502)

NOTE 11: RE-APPRAISALS

The balance of re-appraisals at December 31 included:

		2013	2012
Investments		10,990	4,649
Property, plant and equipment	(1)	2,528,454	2,558,638
Investment in other assets		2,960	-
Total re-appraisals		2,542,404	2,563,287

- (1) Economic appraisal was conducted in 2013 and 2012 for main components of property, plant and equipment, in compliance with the provisions of the Public Accounting Regime – Resolution 354 of September 5 of 2007.

Economic appraisal of operational assets use the Linear Depreciated Replacement Cost methodology, a methodology of recognized technical value for ascertaining the value of State assets approved by Colombia's General Accounting Office as indicated in number 18 of accounting procedure for recognition and disclosure of facts related to plant and equipment issued by Resolution N° 356 of September 5, 2007. Such methodology consists of determining the current value of the equipment in operation on the basis of the cost of similar equipment that can provide the same service, the as-new-replacement value –VRN⁴–, proportionally affected by the service time

4 Values determined according to regulation applicable for their remuneration.

remaining (remaining life) in proportion to its total useful life established. This criterion is applied to every specialized asset⁵ that ISA has in operation for energy transmission (use and connection). Market value is used for non-specialized⁶ assets such as vehicles.

Variations of assets appraisal for 2013 with respect to 2012 show decrease of 2.24% for lines and of 7.08% for telecommunications assets. Substation assets show 4.01% increase, explained basically by the commencement of operations of some STN usage units and projects like El Bosque and Termocol, as well as modernization of the Supervision and Maneuver Center.

The following table details the re-appraisal of property, plant and equipment:

ASSETS	2013			2012		
	APPRAISAL	PER-BOOKS BALANCE – NET	REVALUATION	APPRAISAL	PER-BOOKS BALANCE – NET	REVALUATION
Transmission lines	2,538,359	1,312,219	1,226,140	2,596,647	1,255,659	1,340,988
Transmission substations	1,794,357	775,505	1,018,852	1,725,214	780,300	944,914
Land	168,619	20,441	148,178	165,409	19,665	145,744
Buildings	222,443	88,927	133,516	204,019	78,733	125,286
Telecommunications usufruct	73,596	73,596	-	79,200	79,200	-
Vehicles	3,470	1,702	1,768	3,595	1,889	1,706
Total	4,800,844	2,272,390	2,528,454	4,774,084	2,215,446	2,558,638

5 Assets not often offered or demanded on the market.

6 Assets often offered and demanded on the market.

Telecommunications assets are recorded at their per-books net value; negative variation is due to asset depreciation along the same year.



Line and substation asset changes arise basically from:

- Negative PPI behavior for 2013 (-0.49%).
- Yearly update of remaining useful life

NOTE 12: OUTSTANDING BONDS

Characteristics and balances of outstanding bonds at December 31 are detailed below:

ISSUE	SERIES	ISSUE DATE	TERM (YEARS)	INTEREST RATE	2013	2012	EXPIRATION DATE
Program Tranche 2		20-feb-04	12	IPC + 7.3%	150,000	150,000	20-feb-16
Program Tranche 3		07-dec-04	15	IPC + 7.19%	-	108,865	07-dec-19
Program Tranche 4 Batch 1		07-apr-06	20	IPC + 4.58%	118,500	118,500	07-apr-26
Program Tranche 5		21-sep-06	7	IPC + 4.84%	-	110,000	21-sep-13
Program Tranche 4 Batch 2		07-apr-06	17	IPC + 4.58%	104,500	104,500	07-apr-26
Program Tranche 6	A	02-apr-09	6	IPC + 4.99%	150,000	150,000	02-apr-15
Program Tranche 6	B	02-apr-09	9	IPC + 5.90%	59,500	59,500	02-apr-18
Program Tranche 7	A	01-dec-11	12	IPC + 4.47%	180,000	180,000	01-dec-23
Program Tranche 7	B	01-dec-11	30	IPC + 4.84%	120,000	120,000	01-dec-41
Program Tranche 8	C9	22-may-13	9	IPC + 2.84%	120,000	-	22-may-22
Program Tranche 8	C15	22-may-13	15	IPC + 3.25%	100,000	-	22-may-28
Total outstanding bonds					1,102,500	1,101,365	
Total long-term outstanding bonds					1,102,500	991,365	
Total short-term outstanding bonds					-	110,000	

Bonds accrued interest during 2013 for \$81,363 and in 2012 for \$95,347, which were recorded as financial expense (See Note 24). Below is the detail of maturities for outstanding bonds:

YEAR	CAPITAL
2015	150,000
2016	150,000
2018	59,500
2019 onwards	743,000
Total	1,102,500

A Securities Program has been approved with total quota of \$2,700,000, of which \$1,102,500 are outstanding.

In 2004, bonds worth \$150,000 were issued for domestic debt substitution so as to keep adequate interest rate levels and both expand debt maturity and lower financial risk. Additionally, on December 7 of that same year, bonds for \$108,865 were issued in order to substitute the State's loan so as to improve maturity terms, lower cost and enhance the portfolio's medium life.

In 2006, the company issued the Fourth Tranche of the Bonds Program for \$380,000, of which a total \$118,500 was underwritten along 2006, with maturity in 2026, and in 2008, a total \$104,500, with maturity in April 2026.

Resources from the underwriting went to finance cash flow and investment. Additionally, bonds for \$110,000 were issued in 2008 to finance the UPME 01 and UPME 02 projects.

In 2009 the company issued Tranche 6 for \$350,000, of which, \$150,000 was underwritten for Series A maturing in April of 2015, and \$59,500 for Series B maturing in April of 2018. Resources from the underwriting went to debt-management operations and to finance cash flow.

In 2011 the company issued Tranche 7 for \$300,000, of which, \$180,000 was underwritten for Series A maturing in December of 2023, and \$120,000 for Series B maturing in December of 2041. Resources from the underwriting went to investment and cash flow.

In 2013 the company issued Tranche 8 of the Bonds Program for \$220,000, of which, \$120,000 was underwritten for Series C9 maturing in May of 2022, and \$100,000 for Series C15 maturing in May of 2028. Resources from the underwriting went to finance cash flow.

The pre-payment option for the Third Tranche of the Domestic Debt Securities Issue and Underwriting Program of ISA was exercised on June 07, 2013, for \$108,865, paying a premium agreed in the issue of 4% of the amortized capital balance, that is \$4,355.

In September, 2013, the Fifth Tranche of ISA's Domestic Debt Securities Issue and Underwriting Program for \$110,000 was paid upon maturity.

NOTE 13: FINANCIAL LIABILITIES

The balance of financial liabilities at December 31 included:

ENTITY	CURRENCY	INTEREST RATE	2013	2012	LATEST PAYMENT	GUARANTEES
BBVA	COP	DTF + 3.80% (1)	222,432	222,432	26-aug-21	(2)
BANCO DE BOGOTÁ	USD	Libor 6M + 2,6%	77,073	70,730	09-jul-17	(2)
Total domestic financial liabilities			299,505	293,162		

ENTITY	CURRENCY	INTEREST RATE	2013	2012	LATEST PAYMENT	GUARANTEES
BNP PARIBAS	USD	Libor 6M + 0,345%	25,568	30,167	15-may-17	(2)
Total foreign financial liabilities			25,568	30,167		
Total financial liabilities			325,073	323,329		
Less – short-term portion			7,305	6,704		
Total long-term financial liabilities			317,768	316,625		

(1) DTF and the spread are expressed in Quarterly in Advance (TA) terms.

(2) Unsecured.



Financial liabilities accrued interest in 2013 for \$22,059 (2012: \$30,966), which was recorded as financial expense. (See Note 24).

There is a BNP-PARIBAS loan outstanding with German Export Credit Agency (ECA) for financing substations' assets and supplies. This USD 37.9 million loan at Libor + 0.345% and 10-year term has political and commercial risk coverage from German ECA Euler Hermes. In 2013 and 2012, capital was repaid every year in the amount of USD 3.8 million; remaining balance payable is USD 13.2 million that will be paid in 7 equal semi-annual installments.

In 2011, so as to manage exchange rate risk of debt portfolio, the loan from BBVA Colombia for USD 124 million was prepaid by means of a debt-management operation, through which this loan was substituted with a loan in Colombian Pesos from the same bank for \$222,432.

Also, in 2012, funds for USD 40 million were obtained from Banco de Bogotá to finance cash flow. An amendment to the contract was subscribed in June 2013 reducing the agreed interest rate from Libor (6M) + 3.5% SV to Libor (6M) + 2.6% SV.

At December 31, financial liabilities included balances denominated in the following currencies:

CURRENCY	INTEREST RATE	BALANCE IN ORIGINAL CURRENCY (1)		BALANCE IN LOCAL CURRENCY (MILLION)
		2013	2012	2013
US Dollar	Between Libor + 0.345% and Libor + 2.60%	53,269	17,061	102,641
Colombian Pesos	DTF + 3.80%	222,432	222,432	222,432
				325,073

(1) Amounts in original currency other than the Colombian Peso are expressed in thousands.

Maturity of long-term financial liabilities at December 31:

YEAR	VALUE
2015	69,610
2016	39,081
2017	81,673
2018	31,776
2019 onwards	95,328
Total long-term liabilities	317,768



LOANS WITH RELATED PARTIES

Loans with related parties accrued interest in 2013 for \$14,490 (2012: \$12,793), which was recorded as financial expense. (See Note 24).

Financing balance with related parties at December 31 included:

Year 2013

SUBSIDIARY	MATURITY	INTEREST RATE	CAPITAL BALANCE	INTEREST BALANCE PAYABLE
LOANS FROM LOCAL SUBSIDIARIES				
TRANSELCA S.A. E.S.P.	12-oct-22	Fixed rate DTF AE December 31 of former year	60,798	3,598
TRANSELCA S.A. E.S.P.	12-oct-24	Fixed rate DTF AE December 31 of former year	72,642	4,299
TRANSELCA S.A. E.S.P.	12-oct-24	Fixed rate DTF AE December 31 of former year	12,537	742
TRANSELCA S.A. E.S.P.	12-oct-25	Fixed rate DTF AE December 31 of former year	28,500	1,686
TRANSELCA S.A. E.S.P.	12-oct-25	Fixed rate DTF AE December 31 of former year	12,500	740
TRANSELCA S.A. E.S.P.	26-dec-26	Fixed rate DTF AE December 31 of former year	31,908	277
TRANSELCA S.A. E.S.P.	31-oct-27	Fixed rate DTF AE December 31 of former year	26,000	1,475
Total loans with local subsidiaries			244,885	12,817
Loans from foreign subsidiaries				
ISA Capital Do Brasil S.A.	28-dec-14	Libor 6M + 3%	45,859	8
Total loans with foreign subsidiaries			45,859	8
Total loans with subsidiaries			290,744	12,825
Less – short-term portion				
Total long-term loans with subsidiaries			244,885	12,817



Year 2012

SUBSIDIARY	MATURITY	INTEREST RATE	CAPITAL BALANCE	INTEREST BALANCE PAYABLE
LOANS FROM LOCAL SUBSIDIARIES				
TRANSELCA S.A. E.S.P.	12-oct-22	Fixed rate DTF AE December 31 of former year	60,798	618
TRANSELCA S.A. E.S.P.	12-oct-24	Fixed rate DTF AE December 31 of former year	72,642	738
TRANSELCA S.A. E.S.P.	12-oct-24	Fixed rate DTF AE December 31 of former year	12,537	127
TRANSELCA S.A. E.S.P.	12-oct-25	Fixed rate DTF AE December 31 of former year	28,500	290
TRANSELCA S.A. E.S.P.	12-oct-25	Fixed rate DTF AE December 31 of former year	12,500	127
TRANSELCA S.A. E.S.P.	26-dec-13	Fixed rate DTF AE December 31 of former year	31,908	3760
TRANSELCA S.A. E.S.P.	31-oct-27	Fixed rate DTF AE December 31 of former year	26,000	201
Total loans with local subsidiaries			244,885	5,861
Loans from foreign subsidiaries				
ISA Capital Do Brasil S.A.	28-dec-14	Libor 6M + 3%	42,083	8
Total loans with foreign subsidiaries			42,083	8
Total loans with subsidiaries			286,968	5,869
Less – short-term portion			31,908	9
Total long-term loans with subsidiaries			255,060	5,860

In 2012, a debt-management operation was conducted with TRANSELCA for \$186, 976, through which the terms of loans maturing in 2012 were extended. Additionally, a new loan agreement was subscribed with TRANSELCA for \$26,000.

In 2013, a debt-management operation was conducted with TRANSELCA for \$31,908, through which the terms of loans maturing in 2013 were extended.



NOTE 14: HEDGING OPERATIONS

No hedging operations on liabilities existed on December 31, 2013 and 2012.

NOTE 15 ACCOUNTS PAYABLE

The balance of accounts payable at December 31 included

		2013	2012
Related parties	(1)	12,825	5,869
Suppliers and contractors	(2)	54,661	38,263
Financial expenses		19,118	23,867
Creditors		2,327	5,118
Equity tax payable	(3)	39,050	78,100
Other taxes	(4)	13,654	6,521
Deposits received	(5)	107,710	131,982
Dividends		-	1
Sales prepayments		3,699	4,104
Total accounts payable		253,044	293,825
Total long-term accounts payable		17,211	50,462
Total short-term accounts payable		235,833	243,363

- (1) Corresponds to interest accrued from January to December, offset with payment of interest to TRANSELCA for \$5,045.
- (2) Variation explained by purchase of equipment and supplies for construction of Sogamoso and Cana projects, as well as substation equipment maintenance and renewal. Commercial accounts payable originate mainly from acquisition of goods and services destined to develop company operations; these liabilities are denominated in domestic and foreign currency, no interest on them is accrued, and they are normally paid according to payment schedule in 15, 30, and 45 days.
- (3) Variation corresponds to payment of two tax installments along the year.
- (4) Includes mainly the amount to be paid as income tax for equity purposes –CREE– for \$7,054, and withholding tax payable for \$2,030.
- (5) Corresponds mainly to funds received for execution of delegated administration projects: FAZNI – Interconnection Cauca-Nariño Provinces Pacific Coast \$98,021 (2012: \$123,642); FAER – Construction of electric distribution network for rural zones in municipalities of Sucre \$0 (2012: \$1,643); Interconnection Project (DISPAC) \$436 (2012: \$2,700); Relocation of the Colombia-Ecuador-Ipiales Airport Detour energy transmission network \$5,858 (2012: \$0); and Interconnection Colombia-Venezuela IPSE Agreement \$2,705 (2012: \$2,619).



NOTE 16: LABOR LIABILITIES

Labor liabilities at December 31 included:

		2013	2012
Severance payments and interest		3,903	3,821
Vacations		3,203	2,378
Agreed fringe benefits	(1)	6,135	2,343
Other		583	530
Total labor liabilities		13,824	9,072
Less long-term portion		1,483	1,433
Total short-term labor liabilities		12,341	7,639

(1) In 2013 includes liability for variable compensation for \$3,258.

NOTE 17: ESTIMATED LIABILITIES AND PROVISIONS

Estimated liabilities and provisions at December 31 included:

		2013	2012
Retirement pensions	(1)	90,783	88,031
Other provisions for agreed labor benefits	(2)	49,083	46,576
Other provisions for estimated assets		1,562	1,752
Provision for other fiscal liabilities	(3)	115	108
Provision for contingencies	(4)	15,863	14,101
Other estimated liabilities and provisions	(5)	11,750	38,964
Total estimated liabilities and provisions		169,156	189,532
Retirement pensions		90,783	88,031
Other provisions for agreed labor benefits		49,083	46,576
Other provisions for estimated assets		1,562	1,752
Less long-term portion		141,428	136,359
Total short-term estimated liabilities and provisions		27,728	53,173

(1) Corresponds to the amortized present value of pension liabilities at December 31, 2013 and 2012, according to actuarial studies (See Note 17.1).

(2) Estimated liabilities to show present value of future health, education and aging benefits recognized to pensioners and to active personnel with retirement expectations.

(3) Turnover tax.



(4) Includes the following proceedings:

TYPE OF PROCEEDING	TOTAL PROCEEDINGS 2013		TOTAL PROCEEDINGS 2012	
	NUMBER	VALUE	NUMBER	VALUE
Administrative	4	12,459	5	12,416
Civil	101	1,595	34	1,003
Labor	8	1,809	6	682
Total	113	15,863	45	14,101

In 2013, \$2,102 (2012: \$3,319) was carried as provision expenditure and \$31 (2012: \$212) expenditure for judgment, conciliations and arbitration awards. (See Note 20.1).

(5) Includes mainly: \$4,640 for FAER provision (2012: \$4,576), \$3,421 PRONE provision (2012: \$3,435) and \$0 for recovery of towers (2012: \$88), \$695 for provision for bonuses, labor benefits, and variable compensation (2012: \$3,895). Amount associated with variable compensation along 2013 was recognized as labor liability. (See Note 16) In 2012 provision of \$25,337 for purchase of merchandise that was in transit; these assets were totally legalized in 2013.

17.1 RETIREMENT PENSIONS AND AGREED LABOR BENEFITS

Retirement pensions

Under the labor agreements (individual and collective) subscribed, the company is required to pay pensions to employees who meet certain conditions of age and length of service. However, the Social Security Institute (ISS), today Colpensiones, and the pension management funds have assumed the greater part of this obligation upon compliance with certain legal requirements.

The present value for pension liability as of December 31, 2013 and 2012 was determined using actuarial calculations that comply with the law and specifically with labor contracts and collective bargaining agreements. To determine pension liability, provisions of Resolution N° 1555 of July 30 of 2010 of Colombia's Financial Superintendency were included to update mortality rates for male and female pensioners.

The main estimates used in the actuarial calculation were as follows:

VARIABLES	2013	2012
Technical interest rate	4.80%	4.80%
Inflation	2.99%	3.26%
Future increase of pensions and salaries	2.99%	3.26%
Mortality rate	Valid pensioners 2008	Valid pensioners 2008
Number of people covered by the plan	417	422



On December 31, 2013, the company had 696 (2012: 707) active employees, of whom 3 (2012: 6) were covered by the pension plan provided in the collective and individual agreements, while the remaining 693 (2012: 701) are covered by Law 100 of 1993. The actuarial estimate covers active personnel (3), retired personnel (347), surviving spouse pension benefit substitutions (51), pension portion for which ISA is accountable (12) and contingent personnel – retired personnel with more than 20 years of service (4).

As of December 31, 2013, 76.02% has been amortized (2012: 71.34% of the pension liability projected to cover monthly pension payments. Amortization is calculated with methodology set forth in Resolution N° 356 of September 5 of 2007 issued by the CGN.

With respect to amortization, it corresponds to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set, counted from the actuarial estimate closing date.

The movements in the actuarial estimate at December 31 are as follows:

	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
Balance at December 31, 2011	126,010	41,193	84,817
Less decrease in actuarial estimate	(2,619)	(5,833)	3,214
Balance at December 31, 2012	123,391	35,360	88,031
Less decrease in actuarial estimate	(3,965)	(6,717)	2,752
Balance at December 31, 2013	119,426	28,643	90,783

During the year, pension monthly payments totaled \$12,238 (2012: \$12,421)

Agreed fringe benefits

In the calculation of pension liabilities, the company included agreed fringe benefits received by pensioners in addition to those required by legal regulations.

The calculation included fringe benefits agreed in individual and collective labor agreements to which present and future pensioners are entitled, such as education and health (supplementary plans and aid for health expenses) and pension contributions. Amounts and amortization are as follows:

	NUMBER OF PEOPLE 2013	NUMBER OF PEOPLE 2012	TOTAL LIABILITIES 2013	TOTAL LIABILITIES 2012	TOTAL AMORTIZED 2013	TOTAL AMORTIZED 2012
Contribution plan to social security	40	91	1,161	1,722	770	1,166
Education aid plan	663	729	8,589	7,982	5,685	5,407
Medical plans	1,017	1,592	64,402	59,054	42,627	40,003
Total			74,152	68,758	49,082	46,576
Amortization percentage					66.19%	67.74%



In 2012, as a result of negotiation of the labor contract, the company extended health and education benefits to every employee affiliated to the contract, with expectations of retiring at the service of ISA and who have started work at the company before the contract was signed (May 18, 2012). As of 2012, the company decided to amortize fringe aids and benefits on the basis of the methodology stated in Resolution N° 356 of September 5, 2007 issued by the Colombian General Accounting Office.

17.2 INCOME TAX AND CREE TAX

Tax regulations applicable to the company provide:

- Nominal income tax rate is 25% and income tax for equity purposes – CREE– rate will be 9% for the years 2013, 2014, and 2015. As of fiscal 2016, this tax rate will be 8%.
- In both cases, the basis to determine income tax for the year shall not be lower than 3% of net fiscal equity on the last day of the preceding taxable year, refined with the items duly authorized by tax regulations in force.

Income tax and surtax on windfall profit

- a) As of fiscal 2011, no taxpayer can benefit from the special 30% deduction for investment in real fixed productive assets.

However, ISA benefits from special 40% deduction, in virtue of the legal stability agreement signed with the Nation (Ministry of Mines and Energy),

for the activity of energy transmission. Avail of this benefit does not result in income taxable for shareholders.

- b) On June 27, 2008, ISA and the State –Ministry of Mines and Energy– subscribed the legal stability agreement for the activity of electric energy transmission during 20 years. This agreement basically stabilized income tax regulations, among which the following stand out: income tax rate, deduction of inflation component of financial expenses, special 40% deduction for new investments in new productive real fixed assets, tax discount on VAT paid in imports of machinery for energy transport, presumptive income equal to 3% of net fiscal equity, and transitoriness of equity tax.

This agreement guarantees that, in the event of adverse modification to the regulations stabilized under the agreement, unmodified regulations shall continue to apply during the term of the agreement.

- c) As a result of application of Resolution N° 356 of September 5 of 2007 of Colombia's General Accounting Office, exchange rate fluctuations, in update through equity method of equity investments in controlled entities, are considered equity variations until disposal of the investment, and therefore, affect equity; however, when surplus from equity method cannot absorb equity decreases accumulated in equity entries different from results, the excess must be recognized as expense in the form of provision until the book value of the investment is equal to zero.

Pursuant to the provisions of fiscal regulation on investment in foreign currency, and upon application of the accounting rule mentioned above,



a reconciliation entry between accounting and fiscal results is produced arising from the exchange difference of investments in foreign currency in controlled entities. Starting 2010, the company records deferred tax on exchange difference of investments abroad.

- d) In 2005, Decision 578 of the Andean Community of Nations (CAN) entered into force. This decision seeks to avoid double taxation on income earned in any of the member countries (Ecuador, Peru, Bolivia and Colombia) using an exoneration mechanism.

In determining taxable income for income tax and income tax for equity purposes –CREE–, the company requests as exempt income the sums obtained in the member countries of the Andean Community of Nations (Peru, Ecuador and Bolivia) corresponding to the net value resulting from subtracting from the revenues generated the corresponding costs and deductions.

- e) Starting 2011, Article 254 of the Tax Law permits discounting tax paid on earnings of the corporation that pays the dividends, as well as payment by the corporations from which this latter receives the dividends, regardless of jurisdiction.

Additionally, application of this discount is allowed either in the fiscal year when dividends are received, or in the next 4 years.

- f) Income tax payers performing transactions with foreign related or associated parties and/or with residents of countries considered as tax

haven, are required, for income tax purposes, to determine their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, taking into consideration for these transactions the prices and profit margins of the market. At this time, the company's management and its counsels have not concluded the update study for 2013; however, based on the satisfactory results of the study conducted for 2012, their opinion is that no significant additional income tax provisions shall be required as a result of the study.

- g) As of 2003, for fiscal depreciation purposes ISA has utilized fiscal useful lives lower than per books useful lives, as well as accelerated depreciation; this optimization has resulted not only in decreased taxable income, and consequently lower income tax payable, but also deferred credit tax payable for the same value each year.

For the fiscal deduction of the increased depreciation expense to be accepted, ISA constituted a non-distributable reserve from its earnings from 2003 and 2013, amounting to seventy percent (70%) of the amount requested, coming up to \$621,029; this reserve can be released when requested depreciation is lower than per-books depreciation.

- h) Windfall profits are refined separately from regular income. Windfall profits are considered to be those obtained in the transfer of fixed assets held for two or more years, income coming from liquidation of corporations, inheritance, wills, and donations. As of year 2013, windfall profit is taxed at 10%.



The reconciliation between pre-tax income and taxable income for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Income before taxes	550,135	374,463
Plus – Items that increase taxable income:		
Amortization of goodwill	4,583	4,318
Net cost of assets sold	471	1,041
Dividends received	124,885	65,520
Non-deductible provisions	11,202	7,839
Non-deductible costs and expenses	2,825	577
Other	387	(1,177)
Less – Items that decrease taxable income:		
Investments exchange difference	(12,053)	(177,338)
Excess of depreciation and amortization	(124,674)	(47,316)
Additional depreciation/amortization for tax inflation adjustment	(56,736)	(37,960)
Write-off and tax provision for accounts receivable	(1,153)	(1,052)
Recovery of provisions	(5,557)	(7,291)
Equity method	(146,645)	(13,518)
Non-taxable dividends and participations	(64,611)	(48,686)
Special deduction for productive real fixed assets	(56,618)	(38,837)
Total regular income	226,441	80,583

	2013	2012
Gross taxable income	226,441	80,583
Less tax-exempt income	(56,691)	(18,177)
Net taxable income	169,750	62,406
Tax rate	25%	33%
Income tax	42,438	20,594

Income tax for equity purposes (CREE)

Tax regulations applicable to the company provide:

- a) As of January 1, 2013, Law 1607 of December of 2012 creates the income tax for equity purposes –CREE– as the contribution from corporations and legal entities and the like who pay income tax and surtax, in order to favor the workers, job generation and social investment.
- b) The basis to determine the CREE tax cannot be lower than 3% of its net fiscal equity on the final day of the immediately previous taxable period.
- c) For years 2013, 2014 and 2015, CREE tax rate will be 9%, and as of 2016, it will be 8%.
- d) As of July 1, 2013, legal entities and the like who pay income tax and surtax are exempt from payment of quasi-fiscal contributions in favor of

SENA and ICBF, corresponding to workers who earn, individually considered, up to ten (10) minimum monthly wages in force. This exemption is not applicable to those taxpayers not subject to the CREE tax. As of January of 2014, exempt legal entities and the like will be exempt from health benefit payment.

- e) Taxable basis of CREE tax is determined by subtracting returns, rebates and discounts from gross revenue susceptible of increasing equity along the fiscal period, and from the resulting figure, whatever corresponds to revenues that do not constitute income as established in the rule. From the net revenues so obtained, total costs and deductions applicable to this tax will be subtracted, as established in articles 107 and 108 of the Tax Law. From this figure, all exempt income that, as established by Article 22 of Law 1607 of year 2012, can be subtracted.



The reconciliation between income before income tax for equity purposes –CREE– and taxable income for the years ended on December 31 is as follows:

	2013	2012
Income before taxes	550,135	-
Plus – Items that increase taxable income:		
Amortization of goodwill	4,583	-
Net cost of assets sold	471	-
Dividends received	124,885	-
Non-deductible provisions	11,202	-
Non-deductible costs and expenses	2,825	-
Other	387	-
Less – Items that decrease taxable income:		
Investments exchange difference	(12,053)	-
Excess of depreciation and amortization	(124,674)	-
Additional depreciation/amortization for tax inflation adjustment	(56,736)	-
Write-off and tax provision for accounts receivable	(1,153)	-
Recovery of provisions	(5,557)	-
Equity method	(146,645)	-
Non-taxable dividends and participations	(64,611)	-
Total regular income	283,059	-

	2013	2012
Gross taxable income	283,059	-
Less tax-exempt income	(56,691)	-
Net taxable income	226,368	-
Tax rate	9%	-
Income tax for equity purposes (CREE)	20,372	-

The balance payable (in favor) of income tax and surtax on windfall profit and CREE as of December 31 was determined as follows:

	2013	2012
Current income tax and windfall profit tax provision	42,438	20,594
Current income tax for equity purposes (CREE) provision	20,372	-
Less – Items that decrease taxable income:		
Tax discounts (income tax and CREE)	(18,315)	(3,414)
Income tax withholding	(1,766)	(896)
Income tax self-withholding	(25,270)	(25,273)
CREE self-withholding	(10,405)	-
Income tax advance payment	-	(6,481)
Income tax and CREE liabilities (credit balance)	7,054	(15,470)



Net tax effect on the results of the year:

	2013	2012
Income tax	42,438	20,594
CREE income tax	20,372	-
Deferred taxes net, preceding years income adjustment	52,457	78,434
CAN countries tax	1,820	2,497
Net charge to income	117,087	101,525

The following temporary differences generated a deferred tax liability for tax years ended December 31:

CREDIT DEFERRED TAX:

	2013	2012
Excess of tax depreciation	771,613	643,511
Excess of tax amortization	21,097	22,268
Exchange difference	279,931	267,879
Retirement pensions	16,749	18,135
Total deferred tax basis	1,089,390	951,793
Tax rate	33%	33%
Credit deferred tax	359,499	314,092

DEBIT DEFERRED TAX:

	2013	2012
Provision for accounts receivable	1,131	3,106
Estimated liabilities	13,173	10,830
Inflation adjustments	114,770	139,006
Agreed fringe benefits	49,083	46,576
Total deferred tax basis	178,157	199,518
Tax rate	33%	33%
Debit deferred tax	58,792	65,841
Branch's deferred tax	116	116
Debit deferred tax	58,908	65,957

Reconciliation between per-books and taxable equity at December 31:

	2013	2012
Per-books equity	7,447,542	6,119,706
Plus – Items that increase taxable equity:		
Non-deductible provisions	49,669	70,742
Credit deferred tax	359,499	314,092
Monetary correction effect	321,771	380,678
Less – Items that increase taxable equity:		
Per-books re-appraisals	(2,542,404)	(2,563,287)
(Lower) higher fiscal value of investments	(1,589,581)	(433,095)
Debit deferred tax	(58,908)	(65,957)
Excess of tax depreciation of fixed assets	(771,613)	(643,511)
Excess of amortization of deferred charges and intangible assets	(97,772)	(99,804)
Total taxable equity	3,118,203	3,079,564

Income tax returns corresponding to fiscal 2013 will be submitted and paid according to the timetable set by DIAN. Income tax returns corresponding to fiscal 2012 were reviewed within the balance-in-favor reimbursement program and were ordered to be filed.

The company's management and its legal counsels consider that the amounts accounted as tax payable suffice to pay any liability that could be determined for 2013.

Equity tax

Law 1370 of December 30 of 2009, amended by Law 1430 of 2010, sets equity tax for 2011 as follows:

- a) The equity tax for 2011 is payable by individuals, legal entities and unincorporated associations who pay income tax. For matters of this tax, wealth is equivalent to the obligor's total net fiscal equity held on January 1st,



2011, whose value is equal or greater than \$3,000 million. The tax rate is 2.4% for net fiscal equity ranging between \$3,000 and \$5,000, and 4.8% when it exceeds \$5,000. The tax is to be paid in eight equal installments in the years 2011, 2012, 2013 and 2014, within the terms established by the National Government.

- b) Decree 4825 of December of 2010, passed under the powers of Decree 4580 of 2010, declared economic and social emergency, and created 25% equity tax surcharge, ruled by Law 1370 of 2009.

Although equity tax would not be applicable to taxpayers covered by the special legal stability regime determined by Law 963 of 2005, DIAN, through opinion 098797 of December 28 of 2010, indicated that this constitutes a new equity tax, and thus it is not under the umbrella of legal stability agreements under which equity tax had stabilized, as ruled by Law 1111 of 2006, in force until 2010.

According to the above, ISA calculated equity tax for fiscal 2011 on the total value of net fiscal equity. Tax amounted to \$124,960 and surcharge to \$31,240, for a total \$156,200 equity tax, of which two installments were paid during 2012 for \$19,525 each. Such tax was charged in its entirety against the equity revaluation account.

Levy on financial transactions –GMF, for its Spanish initials– (4/1000):

Law 1694 of 2013 permits gradual reduction of this tax rate. For 2015, tax rate shall be 2/1000, for 2016 and 2017, 1/1000, and from 2018 onwards 0/1000.

Law 1430 of 2010 modified the deductibility of this levy as of year 2013 to 50% (2012: 25%).

Tax Law 1607 of 2012

The new tax law (Law 1607) was issued on December 26, 2012; the following aspects are highlighted:

- Income tax rate was lowered from 33% to 25%. For non-resident foreign natural and legal persons, the rate remains at 33%.
- Business Contribution for Equity Purposes (CREE, for its Spanish initials) was created, levying taxes on revenue earned susceptible of increasing the equity of passive subjects; taxable basis is similar to that used in refining ordinary income, but it does not allow certain deductions like investment on productive real fixed assets, environmental control and improvement, presumptive income excesses, and fiscal loss, and it shall have an 8% rate. For the years 2013, 2014 and 2015 it will be 9%.
- Tax tariff on windfall profit from transfer of fixed assets was lowered from 33% to 10%.
- The law that allowed subscribing legal stability agreements with the State was derogated, and it was clarified that legal stability agreements under execution on the date the law was issued will remain valid on the terms agreed on up to termination.

- Article 254 of the Tax Law was modified, stipulating that whoever is the beneficiary of foreign profit levied in the source country has the right to discount from the amount of income tax plus the CREE, the tax paid abroad.
- As to VAT, rate was lowered from 7% to four different rates (0%, 5%, 16% and 35%) and assets and services were classified as levied, excluded and exempted.
- Tax on consumption was created, covering mobile phone service, sale of some vehicles, and sale of food and beverages prepared in restaurants, cafeterias, self-service shops, ice-cream parlors, fruit shops, pastry shops and bakeries, bars, taverns and discotheques. This tax shall be paid bimonthly, and applicable rates shall be 4%, 8%, or 16%. Some transactions levied with this tax are additionally levied with VAT.
- The new law classified individuals into two large groups: employees, and self-employed individuals. For fiscal purposes only, independent workers were likened to employees. Changes were introduced to withholding tax for individuals, and a minimal tax withholding rate was created.
- Law 1607 of 2012 brought, among other provisions:
 - Requirements and terms to set fiscal residence.
 - It eliminated non-levied revenue, among them, additional paid-in capital.
 - It set parameters for corporate reorganizations (mergers and spin-offs) and for contributions in kind whenever corporations are incorporated.
 - It established an amnesty without penalties and tax for undeclared assets, besides exempting them from generating income through equity comparison.
 - In the case of transformations, creation and capitalization of business corporations, additional paid-in capital and contributions were included within the taxable basis for documentary tax.
 - It introduced the concept of sub-capitalization. Expenses from interest generated by debt exceeding the result of multiplying the taxpayer's net fiscal equity for the previous year by three will not be deductible.
 - It is established that, only for tax effects, the references to accounting rules contained in tax regulation will continue in force during 4 years after the International Financial Reporting Standards become binding.
 - It set parameters for transactions abroad and established modifications to the regime of transfer pricing.
 - The notion of permanent establishment was defined as a fixed place where a foreign company does business in the country.
 - The taxpayer's rights and the principles of the penalties regime were outlined.

NOTE 18 OTHER LIABILITIES

Balance of other liabilities at December 31:

		2013	2012
Advance revenue from sales		8,761	11,049
Collections for third parties		566	61
Total other short-term liabilities		9,327	11,110
Other long-term liabilities			
Deferred taxes	(1)	359,499	314,092
Deferred income	(2)	295,808	263,306
Total other long-term liabilities		655,307	577,398
Total other expenses		664,634	588,508

(1) Variation corresponds to the lower value of current tax calculated during the fiscal year resulting from excess of exchange difference of investments abroad and excess of fiscal versus per-books depreciation. (See Note 17.2).

(2) Corresponds mainly to deferred revenues of the National Transmission System –STN– \$247,079 (2012: \$202,768) for UPME bids assets and infrastructure use rights for \$46,556 (2012: \$51,965).

NOTE 19: EQUITY

SUBSCRIBED AND PAID-IN CAPITAL

Subscribed and paid-in capital at December 31 was distributed as follows:

2013			
SHAREHOLDER	NUMBER OF SHARES	\$ MILLION	PARTICIPATION % (1)
State investors			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P. –EPM–	112,605,547	3,693	10.166
Subtotal	682,078,108	22,372	61.577
State and private capital investors			
Empresa Colombiana de Petróleos –ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
Empresa de Energía del Pacífico	1,213,000	40	0.110
Subtotal	78,586,530	2,578	7.095
Subtotal	760,664,638	24,950	68.672
Private capital investors			
Fondo de Pensiones Obligatorias Protección Moderado	61,676,823	2,023	5.568
Fondo de Pensiones Obligatorias Porvenir Moderado	52,052,859	1,707	4.699

Cont'd

2013			
SHAREHOLDER	NUMBER OF SHARES	\$ MILLION	PARTICIPATION % (1)
Fondo de Pensiones Horizonte	25,586,781	839	2.310
Fondo de Pensiones Obligatorias Colfondos Moderado	22,008,670	722	1.987
Fondo Bursátil ISHARES COLCAP	12,768,784	419	1.153
Fondo de Pensiones Obligatorias Skandia S.A.	8,389,764	275	0.757
Vanguard Emerging Markets Stock Index Fund	5,819,037	191	0.525
Abu Dhabi Investment Authority	3,450,519	113	0.312
Ishares MSCI Emerging Markets Index Fund	3,430,366	113	0.310
Blackrock Institutional Trust Company N.A.	2,987,170	98	0.270
Other shareholders	148,842,483	4,881	13.437
Subtotal	347,013,256	11,381	31.328
Total outstanding subscribed capital	1,107,677,894	36,331	100.000
Repurchased own shares (2)	17,820,122	585	
Total subscribed and paid-in capital	1,125,498,016	36,916	



2012			
SHAREHOLDER	NUMBER OF SHARES	\$ MILLION	PARTICIPATION % (1)
State investors			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P. –EPM–	112,605,547	3,693	10.166
Subtotal	682,078,108	22,372	61.577
State and private capital investors			
Empresa Colombiana de Petróleos –ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
Subtotal	77,373,530	2,538	6.985
Subtotal	759,451,638	24,910	68.562
Private capital investors			
Fondo de Pensiones Obligatorias Porvenir Moderado	52,443,705	1,720	4.735
Fondo de Pensiones Obligatorias Protección Moderado	40,917,785	1,342	3.694
Fondo de Pensiones Horizonte	28,312,427	929	2.556
Fondo de Pensiones Obligatorias Colfondos Moderado	23,427,526	768	2.115
ING Fondo de Pensiones - Moderado	19,868,458	652	1.794
Fondo Bursátil ISHARES COLCAP	10,151,260	333	0.916
Fondo de Pensiones Obligatorias Skandia S.A.	8,303,131	272	0.750
Vanguard Emerging Markets Stock Index Fund	5,715,348	187	0.516
Abu Dhabi Investment Authority	3,390,528	111	0.306
Ishares MSCI Emerging Markets Index Fund	3,160,990	104	0.285
Other shareholders	152,535,098	5,003	13.771
Subtotal	348,226,256	11,421	31.438
Total outstanding subscribed capital	1,107,677,894	36,331	100.000
Repurchased own shares (2)	17,820,122	585	
Total subscribed and paid-in capital	1,125,498,016	36,916	

- (1) Participation percentage on outstanding shares.
- (2) Shares initially held by CORELCA, reacquired in August of 1998. To date, all rights inherent to these shares have been suspended; consequently, they do not participate in dividend distributions nor are they taken into account for establishing quorum to deliberate and decide.

As of December 31, 2013 and 2012, authorized capital stock included 1,371,951,219 common shares. Shares had a par value of \$32.800000005352. All shares issued have been fully paid. Unissued shares as of December 31, 2013 and 2012 are detailed below:

CAPITAL

	SHARES	VALUE
Authorized	1,371,951,219	45,000
Subscribed and paid-in	1,125,498,016	36,916
To be subscribed	246,453,203	8,084

ISA can issue common and preferred shares, and shares with preferred dividend but without voting rights. All shares are registered and circulate either in a materialized or dematerialized manner, as decided by the Board of Directors in the corresponding ruling.

Outstanding shares are common, registered and dematerialized. Depósito Centralizado de Valores de Colombia –DECEVAL S.A.– is the entity where securities are deposited for their administration and custody, to facilitate and expedite the market agents' work.

CAPITAL SURPLUS

- Additional paid-in capital

The additional paid-in capital is the excess of the sales price over the par value of the subscribed shares.

- Received for works

This account represents amounts delivered by the National Government for the construction of the first circuit of the 500 kV line to the Caribbean Coast.

RESERVES

		2013	2012
Legal	(1)	18,458	18,458
Mandatory for tax purposes	(2)	523,879	476,392
Repurchase of own shares	(3)	38,100	38,100
Equity reinforcement	(4)	381,315	364,108
Rehabilitation and replacement of STN assets	(5)	37,434	37,434
TOTAL		999,186	934,492

- (1) The law requires the company to appropriate 10% of annual net income as a legal reserve until the balance of the reserve is equal to 50% of subscribed capital. This mandatory reserve may not be distributed prior to the liquidation of the company, but may be used to absorb or reduce net losses of the year. Any balance of the reserve in excess of 50% of subscribed capital is at the disposal of the shareholders.



- (2) The Shareholders' Meeting approved appropriation of this reserve from net income, in compliance with Article 130 of the Tax Law, in order to obtain tax deductions for depreciation in excess of book depreciation. As legally provided, this reserve can be released whenever subsequent per-books depreciation exceeds tax depreciation, or when the assets giving rise to the incremental amount deducted are sold.
- (3) Includes special reserve for the repurchase of shares held by EPM for \$38,100.
- (4) In compliance with Article 47 of the Bylaws, the Shareholders' Meeting approved an occasional reserve, so that the company could retain its solid financial position and maintain the financial ratios required by the rating agencies, in order to obtain the investment degree rating and comply with contractual commitments to financial entities.
- (5) The Shareholders Meeting held on March 30, 2000, approved \$24,932 reserve for the rehabilitation and replacement of assets of the National Transmission System, and on March 18, 2002, approved an additional reserve of \$12,502 for a total of \$37,434.

EQUITY REVALUATION

Adjustments for inflation on balances of equity accounts, recognized until December 31, 2000 have been credited to this account, with charge to the income statement. Although this value is not distributable as dividend, it can be used to increase subscribed capital.

As of 2007, and according to regulations in force, the tax on equity is accrued by decreasing this account.

SURPLUS FROM EQUITY METHOD

Contra entry of equity variations of investments in subsidiaries, as a consequence of application of the equity method (See Notes 3.3 and 3.22).

DIVIDENDS DECLARED

Dividends declared in 2013 and 2012 on earnings of corresponding previous year are detailed below:

	2013	2012
Net income for last year	272,938	336,776
Outstanding shares	1,107,677,894	1,107,677,894
Dividend per share (in \$)	188	179
Dividends declared	208,244	198,274
Terms of payment	One installment in May 2013	One installment in June 2012

NET INCOME PER SHARE

Net income per share has been calculated on the annual weighted average number of outstanding shares as on the date of the statement of financial position.

Calculation was as follows

	2013	2012
Net income for the year	433,048	272,938
Average outstanding shares in the period	1,107,677,894	1,107,677,894
Net income per share (in \$)	390.95	246.41



NOTE 20: MEMORANDUM ACCOUNTS

The balance of memorandum accounts at December 31 was:

		2013	2012
Debit			
Fiscal debit accounts	(1)	2,849,938	2,849,221
Other contingent rights	(2)	41,111	42,960
Other debit control accounts		1,520	-
Total debit memorandum accounts		2,892,569	2,892,181
Credit			
Claims and lawsuits (See Note 20.1)	(3)	5,741,157	5,744,209
Guarantees granted	(4)	327,402	268,721
Fiscal credit accounts	(5)	168,068	127,538
Claims and lawsuits of third parties' administration (See Note 20.1)	(3)	1,233,004	1,192,961
Other credit control accounts		534	490
Total credit memorandum accounts		7,470,166	7,333,919

(1) Represents differences with accounting that result from applying the inflation adjustment system for tax effects, and differences in accounting and tax deductions when determining ordinary net taxable income.

(2) Claims and suits in favor of the company.



(3) Eventual-and-remote-occurrence claims and suits against the company: Includes:

2013						
	ALL PROCESSES		EVENTUAL		REMOTE	
	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE
Administrative	175	6,955,232	16	89,100	159	6,866,132
Civil	12	7,023	9	7,023	3	-
Labor	60	8,272	42	4,951	18	3,320
Total	247	6,970,527	67	101,074	180	6,869,452

2012						
	ALL PROCESSES		EVENTUAL		REMOTE	
	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE
Administrative	180	6,920,037	14	84,132	166	6,835,905
Civil	10	9,621	9	9,615	1	6
Labor	53	7,512	39	4,760	14	2,752
Total	243	6,937,170	62	98,507	181	6,838,663

(4) See Note 20.2.

(5) Shows the net effect of the year's monetary correction on the period's distributable income and the accounting and tax difference on liabilities.



20.1 CLAIMS AND LAWSUITS

ISA currently appears as party, as a defendant, plaintiff or as an intervening third party, of judicial processes of administrative, civil and labor nature. None of the processes in which the company appears as a defendant or as an intervening third party could affect its stability. In its own name,

it has taken the necessary judicial measures to carry out its corporate purpose and the defense of its interests.

Below is the information regarding the main judicial processes which the company is a party to and their estimated amounts expressed in millions:

PROCESSES FILED BY ISA OR ITS COMPANIES

TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
Civil. Trial Court	Comercializar S.A. E.S.P.	Executive claim for the payment of promissory note 03 of September 22, 1995, signed by Comercializar S.A. payable to different companies, ISA among them.	46
Civil. Trial Court	Energen S.A. E.S.P.	Payment claimed of all debts from this company to ISA.	508
Civil. Trial Court	Luz Bibiana Castaño Loaiza	The plaintiff asks for a writ of execution to be issued in favor of ISA, and against Luz Bibiana Castaño Loaiza and Carlos Alberto Ramírez Rubio.	40
Administrative. Trial Court	Atlas Ingeniería Ltda. and Aseguradora Confianza S.A.	Contractual liability claim for not fulfilling works related to laser photogrammetry.	4,743
Administrative Tribunal of Cundinamarca.	Administrative Special Unit of Civil Aeronautics	Claim to declare null the complex administrative act contained in Resolutions 6342 and 07258 of 2012.	6
Administrative. Trial Court	Municipality of San Carlos, Antioquia	Nullity claim of the decision ordering payment of municipal taxes.	1,838



Cont'd

TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative. Trial Court	DIAN	Nullity claim of the decision ordering payment of municipal taxes.	4,779
Administrative. Trial Court	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Contractual liability claim for supply of transformers.	4,361
Administrative. Trial Court	Electrificadora del Atlántico S.A. E.S.P.	Nullity claim against a resolution of the defendant's liquidator.	12,962
Administrative Supreme Court	DIAN	Relative to default interest in favor of ISA for the untimely return of excess income tax paid in 1995.	4,780
Administrative Tribunal of Cundinamarca	Superintendency of Domiciliary Public Utilities (SSPD)	SSPD charged ISA \$1,883 as a special contribution in 2011 because they included expense accounts that shouldn't be considered. Actual ISA's contribution should be \$734.	1,200
Administrative Tribunal of Valle	Municipality of Yumbo	Claim to declare null the Resolution 031 of 2012 issued by the Secretary of Finance of the Municipality of Yumbo.	1,368
Administrative Tribunal of Cundinamarca	The State - CREG	Claim for a nullity declaration of CREG Resolution 106 of July, 1, 2010, which approved the assets base and the necessary parameters to determine ISA's remuneration in the STN.	1,289
Administrative Tribunal of Bolivar	The State, Ministry of Mines and Energy	Claim to declare the existence of a contract between the State, MME and/or UPME and ISA, and a claim of nullity declaration of Resolution 18.0808 of May 20, 2011.	755
Administrative Supreme Court	DIAN	Related to DIAN fine due to criteria difference in refined income related to Art 211 of Fiscal Law of 1995.	750



PROCESSES AGAINST ISA OR ITS COMPANIES

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative. Trial Court	Fernando Rodríguez García	Related to a Group Action filed by Fernando Rodríguez García and others against the State –the Ministry of Finance and Public Credit, the Ministry of Mines and Energy and ISA with the Eight Administrative Circuit Court of Cali. The amount of the claim was defined by the plaintiffs at \$5,693,476 million, amount that is considered unreasonable because there was no real estimation as it is legally required and it was based on hypothetical damages without any proof or support in the claim. This claim is considered as a remote contingency, taking into account that it has no factual and legal basis to succeed.	5,693,476
Civil. Trial Court	Parque Empresarial San Miguel S.A.	The plaintiff asks ISA to be declared as invader of its property without any legal authorization, establishing this way an illegal right of way. For this reason the plaintiff asks to be indemnified.	4,572
Civil. Trial Court	Roberto Ebrath Rojas Estate	To issue decision imposing electric energy transmission legal right of way, considered in Article 18 of Law 126/1938 and Law 56/1981, in favor of ISA, over a piece of land owned by the defendants, called “Tierra Grata”, located in La Esperanza, Municipality of El Paso, identified with real state register 192 – 00463, from the Public Instruments Register Office of Chimichagua (Cesar).	321
Civil. Trial Court	Claudia Andrea Córdoba	The plaintiff requests to declare ISA liable for the missing and alleged death by drowning of Mr. Giampietro Zanin (Juan Pedro Zanin), while working at the crossing of a fiber optics cable belonging to the company, and to award material and moral damages payable by Interconexión Eléctrica S.A E.S.P. – ISA –.	4,000
Civil. Trial Court	Eliel Zapata Díaz	The plaintiff requests to condemn ISA to restore the plaintiff’s real property, which he has held in an irregular way for approximately nine (9) years.	400
Administrative. Trial Court Filing 05001233100020030346100	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	44,429

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TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative. Trial Court. Filing 05001233100020040461800	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	55,840
Administrative. Trial Court Filing 050012331000200300292010	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	85,744
Administrative. Trial Court Filing 05001233100020050591700	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	54,990
Administrative. Trial Court Filing 05001233100020020472100	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	69,548
Administrative. Trial Court Filing 05001233100020050591900	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	62,653

Cont'd

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Labor. Trial Court	Others, Rosa Maria Vásquez Medina	The plaintiff requests to decide that between Mr. Luis Eduardo Vásquez Mahecha and Mr. Edwin Medina Castillo and the defendant, Transmilineas Servicio Ambiental LTDA., existed a labor relationship which ended due to the death caused by a work-related accident of Luis Eduardo Vásquez Mahecha and Edwin Medina Castillo. The plaintiff requests the defendants, Transmilineas Servicio Ambiental LTDA. and ISA, to be declared jointly and severally liable in all aspects related to the payment of employee benefits, wages, compensations and other labor issues resulting from the labor relationship existing with Mr. Luis Eduardo Vásquez Mahecha and Mr. Edwin Medina Castillo.	1,626
Labor. Supreme Court Recourse	Isabel Gutiérrez , Others, Rosalba González	The plaintiffs request a decision accepting they have right to receive the benefits established in the labor agreement existing between ISA and the National Workers Union of Interconexión Eléctrica S.A. E.S.P. (SINTRISA, for its Spanish initials), and, as a consequence, all benefits and damages to be paid to them.	1,452
Labor. Supreme Court Recourse	Rogério Alcides Ruiz and Others	The plaintiffs request that all employee benefits be paid according to the labor contract subscribed with the company.	628
Labor. Appellate Court	Víctor Hugo Mosos Campos	The plaintiff requests to order ISA to re-calculate the retirement pension and to pay the additional pension payment corresponding to the month of June.	368
Circuit Labor Court 002 of Bucaramanga	Jorge Eliécer Reyes Plata	The plaintiff requests a declaration confirming that he had a labor relationship with ISA between February 1, 1999 and January 28, 2011, which ended without good cause using INTERSERVICIOS as an intermediary. The plaintiff also claims to be beneficiary of the ISA's Labor Contract, and for this reason he has rights to receive wage's adjustments as well as fringe benefits, social security, default penalty and the legal costs.	832
Labor. Supreme Court Recourse	Campiteli Carmona Gutiérrez, José Rubiel Valencia and others	Request for a decision accepting they have right to receive the benefits established in the labor agreement existing between ISA and the National Workers Union of Interconexión Eléctrica S.A. SINTRISA, among others.	628
Administrative Tribunal of Antioquia. Filing 05001233100020050355800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials– in order to determine the capacity charge of CHIVOR S.A. E.S.P., calculated according to CREG 077/2000 and CREG 111/2000 resolutions, and included in Invoice N° SIC 16966 of October 12, 2004, signed by Juan Diego Gómez Vélez, Market Operations director. The entity also requests the restoration of its rights affected as a consequence of such administrative acts.	12
Administrative Tribunal of Antioquia. Filing 05001233100020040118700	EMGESA S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice N° SIC 14305 of September 12, 2003.	6,643



Cont'd

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative Tribunal of Antioquia. Filing 05001233100020060012500	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice N° SIC 19104 of August 12, 2005 and in Resolution 1411 of September 06, 2005 issued by ISA-ASIC.	5,491
Administrative Tribunal of Antioquia. Filing 05001233100020030296800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice N° SIC 12920 of March 14, 2003.	9,318
Administrative Tribunal of Antioquia. Filing 05001233100020040049800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice N° SIC 13907 of July 12, 2003.	8,880
Administrative Tribunal of Antioquia. Filing 05001233100020020472100	EMGESA S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA, part of communication 031493-1of December 29, 2000.	69,548
Administrative Tribunal of Antioquia. Filing 05001233100020040084100	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity –CRT, for its Spanish initials–, calculated according to CREG 077/2000 and CREG 111/2000 resolutions, included in Invoice N° SIC 1888 of July 13, 2005.	18,008
Administrative Tribunal of Antioquia. Filing 05001233100020050591800	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2004-2005 period, which amounts to 280.04 MW per month, among others.	26,615
Administrative Tribunal of Antioquia. Filing 05001233100020040461900	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2003-2004 period, which amounts to 273.06 MW per month, among others.	27,609
Administrative Tribunal of Antioquia. Filing 05001233100020030029100	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2001-2002 period, which amounts to 256.47 MW per month, among others.	29,623
Administrative Tribunal of Cundinamarca. Filing 25000232600020060212301	Merilétrica	The plaintiff entity requests that due to incorrect application by the Operations Management of capacity charge allocation corresponding to the 2004-2005 period, material damages were caused to the company.	2,956

The company's management and its legal counsels consider remote the possibility of material loss as a result of such claims.



20.2 GUARANTEES AND COMMITMENTS IN FORCE

At 2013 closing date the following guarantees and commitments were in force:

BANK GUARANTEES				
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY
Performance Bank Guarantee	Unidad de Planeación Minero Energética – UPME	To guarantee performance of liabilities incurred under UPME 04-2009 Sogamoso Project public bid.	15,569,614	03-04-14
Performance Bank Guarantee	Ministry of Energy of Chile	Project I - To guarantee execution term of Relevant Milestone N° 1: Orders for Procurement and Study to determine the Project's detailed specifications as established in the Technical Proposal for exploitation and execution of new works: New Cardones – Maitencillo 2x500 kV line, New Maitencillo – Pan de Azúcar 2x500 kV line and New Pan de Azúcar – Polpaico 2x500 kV line.	9,788,600	16-03-14
Performance Bank Guarantee	Ministry of Energy of Chile	I - To guarantee the Project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Cardones – Maitencillo 2x500kV Line".	6,345,600	02-06-18
Performance Bank Guarantee	Ministry of Energy of Chile	Project I - To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Maitencillo – Pan de Azúcar 2x500kV Line".	10,408,800	26-06-18

Cont'd

BANK GUARANTEES				
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY
Performance Bank Guarantee	Ministry of Energy of Chile	Project I - To guarantee the project's effective execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Pan de Azúcar – Polpaico 2x500kV Line".	22,400,000	16-07-18
Performance Bank Guarantee	ETESAL S.A. DE C.V.	To guarantee performance of contract E806 entered into with ETESAL S.A.	4,248	15-08-14
Performance Bank Guarantee	Ministry of Energy of Chile	Project II - To guarantee execution term of Relevant Milestone N° 1: Insurance hired and study that determines the Project's specifications, as provided in Document N° 14 of the Technical Proposal for exploitation and execution of the new work "New Encuentro – Lagunas 2X220 kV line, First Circuit", and the terms established in the Ministry of Energy's Awarding Decree.	774,000	15-12-14
Performance Bank Guarantee	Ministry of Energy of Chile	Project II - To guarantee execution of the Project and payment of penalties as provided in the Technical Proposal for exploitation and execution of the new work "Encuentro – Lagunas 2X220 kV line, first circuit", and the terms established in the Ministry of Energy's Awarding Decree.	3,096,000	13-10-17
Subtotal			68,386,862	



Cont'd

GUARANTEES GRANTED TO SUBSIDIARIES				
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY
Joint and Several Guarantee	Leasing de Crédito S.A.	To guarantee the leasing agreement, Infrastructure Leasing, granted in 2004 by Leasing de Crédito to Flycom Comunicaciones S.A. E.S.P., subsequently transferred in 2007 to INTERNEXA S.A. E.S.P.	56,558	17/09/2017
Pledge on shares	BID - CAF	Pledge on 100% of shares owned by ISA in ISA Bolivia as debt service guarantee.	13,866,542	15/02/2019
Pledge on shares	BCP - Bondholders	Pledge on 100% of shares owned by ISA in Red de Energía del Perú –REP– as debt service guarantee.	46,712,619	19/04/2031
Joint and Several Guarantee	Banco Centroamericano de Integración Económica –CBIE–	To jointly and severally guarantee loan agreement entered into EPR and BCIE up to USD 44,500,000, related to SIEPAC Project financing. The guarantee must be valid until total principal is paid off.	40,894,728	29/06/2027
Subtotal			101,530,447	
Total			169,917,309	

COMMITMENT	EXPIRATION
<p>Derived from subsidiary ISA Bolivia: Support and Guaranty Agreement under which, ISA and TRANSELCA are bound, as sponsors of ISA Bolivia, to guarantee loans granted by BID and CAF. Outstanding obligation: paying balance pending with IDB and CAF in case of Government intervention or as of the moment the license is revoked.</p> <p>Loans were earmarked for execution licenses for Santivañez–Sucre, Punutuma and Carrasco–Urubó transmission lines and the license for Arboleda Substation.</p>	<p>Termination of contracts (February 15, 2019)</p>



NOTE 21: OPERATING REVENUES

Remuneration of services rendered by the company for transmission of electric power (use of the STN), connection to the National Transmission System (STN) and Energy Transport ancillary services (administration,

operation, and maintenance, specialized technical services, special studies, infrastructure availability), infrastructure projects, technology transfers and corporate services to subordinate companies.

		2013	2012
OPERATING REVENUES	(1)		
Use of STN existing network	(2)	763,011	759,334
UPME bid for use of STN	(2)	85,530	78,558
Connection to STN		98,241	100,928
Telecommunications		18,403	17,853
Rights of use		3,175	3,269
Studies and consulting		1,037	682
Administration, operation and maintenance		2,120	3,964
Other services to subsidiaries		299	328
Energy Transport Service and ancillary services subtotal		971,816	964,916
Services of construction of infrastructure projects	(3)	10,757	29,500
Construction services of infrastructure projects subtotal		10,757	29,500
Energy transport business unit total		982,573	994,416
Technology transfers		7,516	6,903
Corporate services to subsidiaries		7,039	7,539
Total revenues from other services		14,555	14,442
Total operating revenues		997,128	1,008,858

(1) General aspects of revenues:

- STN use tariffs for the existing grid are regulated and subject to update on the basis of the Producer Price Index –IPP–. Revenues from UPME bids, related to new STN projects, are both set in Dollars and translated into Pesos monthly under the Market Representative Rate –TRM– and the USA Producer Price Index –PPI–.
- Connection tariffs in general are updated on the basis of the Producer Price Index (PPI).
- Unavailability of assets for delivery of service of use and connection to the STN results in revenue decrease, showing in the accounting register of revenue for STN and in the utility invoices of the immediately following month through compensations.
- No regulatory change arose in 2013 affecting revenues from use and connection.
- Legal action is underway by ISA to achieve both incorporation of STN assets of the Betania Substation into the system's asset base and corresponding remuneration.
- Given that use rights are invoiced in Dollars, they are affected by the behavior of the Market Representative Rate.

(2) Revenues from service of use of existing STN network are explained by PPI behavior, which closed at -0.49% (2012: -2.95%).

(3) Revenues from construction services of projects owned by third parties are detailed below:

PROJECT	2013	2012
CANA	6,335	9,239
MOJANA	-	62
DISPAC	92	350
MITÚ	1,395	7,559
SPIE	-	7,670
PRODECO	-	276
PORCE	2,935	-
TECHNICAL ASSISTANCE	-	4,344
Total revenues from projects services	10,757	29,500

The methodology used for recognition of construction revenues in each one of the projects is “costs incurred”, methodology reflecting the degree of realization by reference to costs incurred up to date, including the contract costs effectively executed plus the scheduling of costs to be executed along project construction. This methodology applies to every project. For the service of technical assistance revenues are recognized by service delivered.



At December 31, 2013, the value of advance payments received from customers for execution of construction contracts totaled \$108,018 (2012: \$132,005).

A list of the main customers and their participation in revenues, whenever higher than 10% of the service delivered by the company, is as follows:

CUSTOMER	2013	2012
EPM	137,273	144,057
ELECTRICARIBE	134,895	135,610
Codensa	131,869	140,877
Other customers with invoicing less than 10% of total	593,091	588,314
Total operating revenues	997,128	1,008,858

NOTE 22: OPERATING COSTS

Operating costs for the years ended December 31 are detailed as follows:

	2013	2012
Personnel expenses	58,114	60,607
Materials and maintenance	(1) 59,470	69,162
Fees	10,506	9,701
Rentals	2,245	1,814
Insurance	6,068	6,599
Services	(2) 22,962	27,669
Intangibles	5,090	4,841
Environment and Social – ISA Región	4,596	4,653
Communications	963	889
Advertising, prints and publications	74	78
Studies	711	1,206
Research and development	85	270
Miscellaneous	(3) 5,774	11,623
Taxes and contributions	(4) 118,697	111,605
Operating costs before depreciation and amortization	295,355	310,717
Depreciation	(5) 85,898	90,595
Amortization	2,386	2,664
Total depreciation, amortization	88,284	93,259
Total operating costs	383,639	403,976



- (1) Corresponds to maintenance and recovery of towers affected by terrorist attacks or damage to the electric infrastructure from the rainy season, amounting to \$9,710, additionally to scheduled maintenance to the transmission grid and to operation construction works and buildings worth \$ 6,269.
- (2) Reduction in civil works projects for third parties of \$992 (2012: \$3,734) and assembly \$164 (2012: \$2,399); and also for process support outsourcing \$4,389 (2012: \$5,969).
- (3) Decrease in projects for third parties arising from higher asset purchasing levels along 2012; in 2013, asset purchases totaled \$73 (2012: \$6,166).

- (4) Increased contribution to UPME for new projects defined by that entity to be implemented along 2013 for \$7,674 (2012: \$1,936).
- (5) Reduction from methodology change for calculation of remaining life of substations assets, based on the deterioration index for each asset ([See Note 3.7](#)).

No internal or external advisors with the main function of processing affairs with public or private entities, or advice on or prepare studies for such effect were hired in 2013.

The following table summarizes total operating costs detailing capitalization expenses and/or cost assignment:

	2013			2012		
	TOTAL	CAPITALIZED	NET	TOTAL	CAPITALIZED	NET
Operating costs before depreciation and amortization	301,598	(6,243)	295,355	315,043	(4,326)	310,717
Depreciation and amortization	88,284	-	88,284	93,259	-	93,259
Total	389,882	(6,243)	383,639	408,302	(4,326)	403,976

NOTE 23: ADMINISTRATION EXPENSES

Administration expenses at December 31 consisted of:

		2013	2012
Personnel expenses		68,250	67,774
Materials and maintenance	(1)	3,643	1,047
Fees	(2)	15,681	6,213
Rentals		630	519
Insurance		677	442
Services		10,008	9,368
Intangibles		3,534	3,301
Environment and Social – ISA Región		3,808	4,385
Communications		790	646
Advertising, prints and publications		1,377	2,149
Studies	(3)	1,275	5,050
Research and Development		-	233
Miscellaneous		2,546	2,119
Taxes and contributions		2,695	2,485
Total administration expenses before depreciation, amortization and provisions		114,914	105,731
Depreciation		1,285	1,178
Amortization		5,083	4,748
Provisions	(4)	2,659	4,045
Total depreciation, amortization and provisions		9,027	9,971
Total administration expenses		123,941	115,702

- (1) Increase in maintenance of constructions and buildings (Medellin headquarters) in 2013, related to the refurbishing integral design of offices building 1, as well as restaurant reforms and supplementary works.
- (2) Increase in technical consultancy services for optimization of processes aiming to higher operational efficiency.

(3) \$901 reduction in studies and projects (2012: \$5,050).

(4) Reduction in contingencies provision (litigation) \$2,102 (2012: \$3,319).

The following table summarizes total administration expenses, detailing expenses capitalization and/or assignment:

	2013			2012		
	TOTAL	CAPITALIZED	NET	TOTAL	CAPITALIZED	NET
Operating costs before depreciation and amortization	115,174	(260)	114,914	106,197	(466)	105,731
Depreciation and amortization	6,368	-	6,368	5,926	-	5,926
Provisions	2,659	-	2,659	4,045	-	4,045
Total	124,201	(260)	123,941	116,168	(466)	115,702



TOTAL OPERATING COSTS AND EXPENSES

The following table details total operating costs and expenses for 2013 and 2012:

		2013	2012
Personnel expenses	(1)	126,364	128,381
Materials and maintenance		63,113	70,209
Fees		26,187	15,914
Rentals		2,875	2,333
Insurance		6,745	7,041
Services		32,970	37,037
Intangibles		8,624	8,142
Environment and Social – ISA Región		8,404	9,038
Communications		1,753	1,535
Advertising, prints and publications		1,451	2,227
Studies		1,986	6,256
Research and Development		85	503
Miscellaneous		8,320	13,742
Taxes and contributions		121,392	114,090
Operating costs before depreciation, amortization and provisions		410,269	416,448
Depreciation		87,183	91,773
Amortization		7,469	7,412
Provisions		2,659	4,045
Total depreciation, amortization and provisions		97,311	103,230
Total operating costs and expenses		507,580	519,678

(1) Detail of personnel expenses:

FOR	2013	2012
Wages and salaries	43,445	43,574
Social security and other	19,382	19,111
Contribution plans with set payments (retirement pension)	17,117	16,857
Post-employment service costs and long-term benefits (fringe benefits)	380	796
Mandatory benefits costs	7,906	8,241
Fringe benefits costs	11,307	10,958
Other benefits for personnel	26,827	28,844
Total personnel costs / expenses	126,364	128,381

In 2013 and 2012, to record operating and production costs (Class 7) and sales costs (Class 6), the company used costing methods and procedures established in Resolution N° 20051300033635 of 2005 of the Superintendency of Domiciliary Public Utilities.

The costing system is the “Activities-Based Costing”, where the products offered by each service or business are the result of a series of operating processes that interact sequentially, for which reason its structure or costs map will call for observation of the progressive flow of operations or tasks

to constitute activities, the former to conform processes, and the latter to deliver a utility.

This system considers that expenses accrued in each area of administrative responsibility should be assigned to the business or service units in accordance with the activities (support process) developed by these areas.

No internal or external advisors with the main function of processing affairs with public or private entities, or advice on or prepare studies for such effect were hired in 2013.



NOTE 24: NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues at December 31 included:

		2013	2012
Financial Revenues			
Interest			
On overdue accounts receivable and other loans		14,769	13,646
Return on other assets		5,174	2,674
Monetary readjustment yields		2,123	3,521
Dividends		3,910	5,419
Investment valuations		8,433	5,167
Commercial, conditioned and agreed discounts		1,059	902
Total Interest		35,468	31,329
Exchange difference			
Cash		2,904	816
Accounts receivable		1,474	394
Loans	(1)	25,373	130
Investments abroad		1,031	-
Accounts payable		598	1,724
Related parties		7,294	4,164

Cont'd

		2013	2012
Financial liabilities		7,860	13,637
Total exchange difference		46,534	20,865
Total financial revenues		82,002	52,194
Revenues from equity method (See Note 6)		284,874	145,063
Other regular revenues			
Revenues from sale of property, plant and equipment		135	1,481
Rentals		595	508
Other regular revenues		23	19
Total other regular revenues		753	2,008
Extraordinary revenues			
Indemnities		1,361	239
Recoveries		3,299	8,745
Revenue from prior years		1,159	3,486
Other extraordinary revenues		347	145
Total extraordinary revenues		6,166	12,615
Total other regular and extraordinary revenues		6,919	14,623
Total non-operating revenues		373,795	211,880

(1) Increase corresponds to exchange difference on loan granted to ISA Inversiones Chile Ltda.



Non-operating expenses for years ended December 31 included:

		2013	2012
Financial expenses			
Interest and commissions			
On public credit financial liabilities (See Note 13)		22,059	30,966
Interest and commissions on bonds (See Note 13)		81,363	95,347
Interest on loans with related parties		14,490	12,793
Other interest		82	3,593
Commissions and other interest		640	739
Administration of security issues		2,087	2,723
Loss from valuation and sale of investments		9,297	3,811
Miscellaneous		1,640	1,636
Total interest and commissions		131,658	151,608
Exchange difference			
Cash		3,764	894
Accounts receivable	(1)	2,885	26,803
Investments abroad		-	1,134
Accounts payable		1,942	416

Cont'd

	2013	2012
Related parties	11,069	-
Financial liabilities	16,726	6,943
Total exchange difference	36,386	36,190
Total financial expenses	168,044	187,798
Expense from equity method (See Note 6)	142,139	136,964
Other regular and extraordinary expenses		
Other regular expenses		
Losses on casualties	3	-
Loss from retirement of assets	471	1,041
Other regular expenses	44	291
Total other regular expenses	518	1,332
Other extraordinary expenses		
Prior years adjustments	2,424	503
Other extraordinary expenses	83	-
Total other regular expenses	2,507	503
Total other regular and extraordinary expenses	3,025	1,835
Total non-operating expenses	313,208	326,597

(1) Increase corresponds to exchange difference on loan granted to ISA Inversiones Chile Ltda.



NOTE 25: FINANCIAL RATIOS

Some financial ratios at December 31:

INDICATOR		2013	2012
RETURN ON ASSETS Net income/Total assets (%)	(1)	4.2%	3.1%
RETURN ON EQUITY Net income/Equity (Per-books income) (%)		5.8%	4.5%
EBITDA/operating interest (times)	(2)	5.1	4.4
LIQUIDITY Current assets/Current liabilities (times)	(3)	2.7	1.9
DEBT Liabilities / Assets		27.5%	31.3%
ACCOUNTS RECEIVABLE TURNOVER (days) Receivables from customers/Operating revenues * 365		36	39

(1) Increase derived from recognition as financial assets (formerly, intangible assets) of Chile and Brazil concessions.

(2) Increase explained by operating interest reduction.

(3) Growth is explained by increase in cash and cash equivalents arising mainly from dividends received from REP in December, and also by decrease in current debt.

Leverage ratio for the reporting period:

	2013	2012
Debt	1,427,573	1,424,694
Cash and cash equivalents	315,233	235,586
Net debt	1,112,340	1,189,108
Equity	7,447,542	6,119,706
Net debt / equity index	0.15	0.19



NOTE 26: TRANSACTIONS WITH RELATED PARTIES

The main balances and transactions with related parties during 2013 and 2012 are:

	2013	2012
Balance sheet		
Equity investments		
TRANSELCA S.A. E.S.P.	673,720	766,257
INTERNEXA S.A.	71,352	86,826
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	25,598	26,875
INTERVIAL COLOMBIA S.A.S.	411	422
SISTEMAS INTELIGENTES EN RED S.A.S –SIER–	524	451
INTERCOLOMBIA S.A. E.S.P.	34	-
ISA Capital Do Brasil S.A.	761,777	988,026
Consortio Transmantaro S.A.	342,011	293,654
Red de Energía del Perú S.A. –REP–	102,893	131,749
ISA Perú S.A.	25,691	13,017
Proyectos de Infraestructura del Perú S.A.C. –PDI–	10,013	9,945
ISA Bolivia S.A.	23,345	19,751
INTERCHILE S.A.	40,550	11
ISA Inversiones Chile Ltda.	1,162,906	375,822

Cont'd

	2013	2012
ISA Inversiones Maule Ltda.	671,576	-
Interconexión Eléctrica Colombia Panamá S. A. –ICP–	5,602	85
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	115	1,019
Accounts receivable		
TRANSELCA S.A. E.S.P.	397	349
INTERNEXA S.A.	2,320	2,122
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	424	397
INTERNEXA Participações S.A.	79,628	-
Consortio Transmantaro S.A.	42	157
Red de Energía del Perú S.A. –REP–	2,503	2,263
ISA Perú S.A.	239	269
Proyectos de Infraestructura del Perú S.A.C. –PDI–	453	18
INTERNEXA Perú S.A.	35	16
ISA Bolivia S.A.	4,216	1,495
INTERVIAL CHILE S.A.	457	463
Ruta de la Araucanía Sociedad Concesionaria S.A.	637	632
Ruta del Maipo Sociedad Concesionaria S.A.	599	558
ISA Inversiones Chile Ltda.	-	248,712
ISA Inversiones Maule Ltda.	208,560	-
Transnexa S.A. E.M.A	38	29



Cont'd

	2013	2012
Accounts payable and financial liabilities		
TRANSELCA S.A. E.S.P.	258,387	251,277
INTERNEXA S.A.	4,015	3,929
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	52	234
ISA Capital Do Brasil S.A.	45,867	42,092
Proyectos de Infraestructura del Perú S.A.C. –PDI–	57	59
Equity transactions		
Dividends declared in favor of ISA		
TRANSELCA S.A. E.S.P.	67,612	51,457
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	3,642	382
Red de Energía del Perú S.A. –REP–	45,687	-
ISA Perú S.A.	410	2,304
Proyectos de Infraestructura del Perú S.A.C. –PDI–	3,624	5,958
ISA Bolivia S.A. (1)	3,910	5,419
Transactions related to income statement		
Revenues		
TRANSELCA S.A. E.S.P.	1,887	1,321
INTERNEXA S.A.	18,094	53,174
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	2,837	2,751
INTERVIAL COLOMBIA S.A.S.	-	101



Cont'd

	2013	2012
INTERNEXA Participações S.A.	628	-
Consortio Transmantaro S.A.	64	172
Red de Energía del Perú S.A. –REP–	2,841	2,563
ISA Perú S.A.	251	237
Proyectos de Infraestructura del PERÚ –PDI–	2,071	4,557
INTERNEXA Perú S.A.	69	90
ISA Bolivia S.A.	(1) 5,064	6,355
INTERVIAL CHILE S.A.	2,053	2,202
Ruta de la Araucanía Sociedad Concesionaria S.A.	1,308	1,234
Ruta del MAIPO Sociedad Concesionaria S.A.	1,193	1,107
ISA Inversiones Chile Ltda.	-	10,969
ISA Inversiones Maule Ltda.	10,721	-
Transnexa S.A. E.M.A	815	696
Expenses		
TRANSELCA S.A. E.S.P.	16,351	13,820
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	8,746	8,230
INTERNEXA S.A.	8,541	7,798
ISA Capital Do Brasil S.A.	1,584	1,677
Red de Energía del Perú S.A. –REP–	167	83
Proyectos de Infraestructura del Perú S.A.C. –PDI–	187	191

(1) Includes dividends declared for \$3,421 (2012: \$5.419).



	2013	2012
Administrators (1)		
Board of Director's fees	719	804
Executives' salaries and benefits	7,382	7,139
Executives' bonuses	1474	1583
Aids to executives and others	740	778
Loans receivable from executives	1869	1955

(1) The detail of amounts received by the company's executives is:

YEAR 2013

	DIRECTORS (*)	MANAGERS (**)	TOTAL
Integral salary	4,493	2,593	7,086
Aids (education and health)	268	74	342
Bonuses (temporary transfers, results, directive position)	777	696	1,473
Vacations	195	85	280
Other (sick leaves and non-variable per-diems)	124	91	215
Total earned	5,857	3,539	9,396
Loans balance	1,281	588	1,869

YEAR 2012

	DIRECTORS (*)	MANAGERS (**)	TOTAL
Integral salary	4,222	2,440	6,662
Aids (education and health)	247	66	313
Bonuses (temporary transfers, results, directive position)	814	769	1,583
Vacations	296	181	477
Other (sick leaves and non-variable per-diems)	316	149	465
Total earned	5,895	3,605	9,500
Loans balance	1,462	493	1,955

(*) "Directors" includes 28 executives of the company, whose posts are as follows:

(**) "Managers" includes 11 executives, whose posts are as follows: Chief Executive Officer, Secretary General, Corporate Auditor, Corporate Finance Manager, Corporate Strategy Manager, Infrastructure Projects Manager, Corporate Human Resources Management Director, Corporate Finance Vice President, Energy Transport Technical Vice President, Energy Transport Manager and Administrative Manager.



IT Director	Corporate Socio-Environmental Director
Human Talent Management Director	Logistics Director
Accounting and Taxes Director	Maintenance Management Director
Legal Director	Business Integrated Management Director
Road Concessions Director	Northwest CTE Director
Subsidiaries Management Director	Operation Management Director
Corporate Image Director	Central CTE Director
New Businesses Director	East CTE Director
Procurement Director	Southwest CTE Director
Project Execution Director	Project Engineering Director
Corporate Planning Director	Auditing Director
Organizational Development Director	Corporate Operations Director
Operation and Maintenance Director	Financial Planning Director
Financial Resources Director	Project Manager

Covenants or contracts with subsidiaries for the acquisition of goods and services take into account the terms, conditions and costs generally used by ISA with non-related third parties, i.e. the market conditions.

Application of transfer pricing introduced by Law No 788 of December of 2002, started in January 1, 2004. This law states that transactions with related parties abroad should be priced at the same prices that would be applied to independent third parties.

NOTE 27: SUBSEQUENT EVENTS

1. In 2013, the Board of Directors of ISA approved creation of INTERCOLOMBIA S.A. E.S.P., a new subsidiary engaged in energy transport that will represent ISA's electric assets in Colombia and will be in charge of their administration, operation and maintenance.

This decision was framed within the strategic update currently being carried out by the company based on pillars of growth, efficiency and investment portfolio optimization, and seeks focus for the company's activities by separating the double role it has had. After the creation of the new subsidiary, ISA remains as a parent company centered around corporate strategic issues, and INTERCOLOMBIA as a subsidiary that will avail from and optimize existing capabilities to apply them to energy transport.

INTERCOLOMBIA will be in charge of administering, operating and maintaining ISA's assets, and also of representing ISA, thus receiving the corresponding remuneration. The company will also be in charge of building energy transport projects allocated to ISA in Colombia.

Shareholders will continue to be ISA's owners and the debt the company has at the moment will continue without modifications in all of its aspects. Additionally, shareholders structure and ISA's equity will not be affected by the creation of the new subsidiary.

In the same way as ISA does, the new subsidiary, which started operation on January 1, 2014, has its headquarters in Medellín.



2. CHANGES TO THE CAPITAL STOCK OF INTERCOLOMBIA S.A. E.S.P.

2.1 The Special Shareholders' Meeting of INTERCOLOMBIA held on January 2, 2014 approved:

- a. To increase authorized capital by forty thousand million Pesos (\$40,000,000,000) represented by forty million (40,000,000) common shares with par value of one thousand Pesos (\$1,000) each.
- b. To issue and place common shares through private offer up to twenty million (20,000,000) common shares with par value of one thousand Pesos (\$1,000) each, to be placed among its shareholders. Capital stock would be:

CAPITAL	VALUE
Authorized	40,100
Subscribed and paid-in	20,050
To be subscribed	20,050

- c. To provide for placement of common shares, without preemptive rights, in favor of ISA. For such effect, the shareholders and INTERCOLOMBIA expressly abide by the provisions of Article 319 –Contributions to domestic corporations– of the Tax Law.

2.2 The Special Shareholders' Meeting of INTERCOLOMBIA held on January 24, 2014 approved:

- a. To increase authorized capital by thirty-two thousand nine hundred and fifty million Pesos (\$32,950,000,000) represented by thirty-two million nine hundred and fifty thousand (32,950,000) common shares with par value of one thousand Pesos (\$1,000) each.
- b. To issue and place common shares through private offer up to fifty-three million (53,000,000) common shares with par value of one thousand Pesos (\$1,000) each, to be placed among its shareholders.

The corporation will have authorized, subscribed and paid-in capital of seventy- three thousand fifty million Pesos (\$73,050,000,000) represented by seventy- three million fifty thousand (73,050,000) common shares with par value of one thousand Pesos (\$1,000) each.

CAPITAL	VALUE
Authorized	73,050
Subscribed and paid-in	73,050
To be subscribed	73,050

- c. To provide for placement of shares, without preemptive rights, in favor of ISA.



3. EMPLOYER SUBSTITUTION

As a consequence of both the separation of the role as operator of the National Transmission System in Colombia from the corporate strategic role, and the establishment of INTERCOLOMBIA S.A. E.S.P., the employer substitution between ISA and INTERCOLOMBIA was effected starting January 1st of 2014.

4. CAPITAL CONTRIBUTIONS TO INTERCOLOMBIA

4.1 Second contribution

CONTRIBUTIONS	VALUE
Cash capital contribution	12,104
In-kind capital contribution – inventories	7,896
Total capital contribution	20,000

4.2. Third contribution

CONTRIBUTIONS	VALUE
In-kind contribution	42,129
Cash contribution	10,871
Total capital contribution	53,000

5. ASSIGNMENT OF CONTRACTS

In furtherance of INTERCOLOMBIA's corporate purpose, ISA assigned to INTERCOLOMBIA, starting January 1st of 2014, the contracts for products and services agreed upon in the inter-company agreement subscribed by the parties on December 20, 2013.

During the second half of 2013, ISA's customers were requested authorization for assignment to INTERCOLOMBIA of the service contracts in force, guaranteeing each customer all rights and service delivery terms.



ABBREVIATIONS

ANLA:	Autoridad Nacional de Licencias Ambientales (Environmental Licenses National Authority)	CTE:	Energy Transmission Center
AOM:	Administration, Operation and Maintenance	CVM:	Comisión de Valores Moviliarios
ASIC:	Administración del Sistema de Intercambios Comerciales (Administration of the Commercial Settlement System)	DECEVAL:	Depósito Central de Valores (Central Securities Depository)
IDB:	Inter American Development Bank	DIAN:	Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority)
BOB:	Boliviano	DISPAC:	Distribuidora del Pacífico S.A. E.S.P
BRL:	Brazilian Real	DTF:	Fixed Term Deposit
CAF:	Corporación Andina de Fomento (Andean Promotion Corporación)	ECA:	Export Credit Agency
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)	EPR:	Empresa Propietaria de la Red
CDT:	Certificate of deposit	ESP:	Public Utilities Company
CIGRE:	International Council on Large Electric Systems	ETESA:	Empresa de Transmisión Eléctrica S.A.
CSM:	Supervision and Switching Center	EUR:	Euro
CGN:	Contaduría General de la Nación (National General Accounting Office)	FAER:	Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Electrification of Interconnected Rural Areas)
CND:	Centro Nacional de Despacho (National Dispatch Center)	FAZNI:	Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Electrification of Non-Interconnected Areas)
COP:	Colombian Pesos	FEN:	Financiera Energética Nacional S.A.
CREG:	Comisión de Regulación de Energía y Gas (Energy and Gas Regulatory Commission)	FDN:	Financiera de Desarrollo Nacional S.A.
CREE:	Contribución Empresarial para la Equidad (Business Contribution for Equity Purposes)	GMF:	Levy on financial transactions
CT:	Current Transformer	IASB:	International Accounting Standards Board
		ICBF:	Instituto Colombiano de Bienestar Familiar (Colombian Family Welfare Institute)

PPI:	Producer Price Index	RTU:	Remote Terminal Unit
IPSE:	Instituto de Planificación y Promoción de Soluciones Energéticas para las Zonas no Interconectadas (Planning and Promotion Institute for Energy Solutions for Non-interconnected Areas)	SAC:	Closed Corporation
MME:	Ministry of Mines and Energy	SAC:	South American Crossing
MEM:	Mercado de Energía Mayorista (Wholesale Energy Market)	SAS:	Substation Automation System
IAS:	International Accounting Standards	SENA:	Servicio Nacional de Aprendizaje (National Learning Service)
NIC SP:	International Public Sector Accounting Standards	SIC:	Sistema de Intercambios Comerciales (Commercial Settlement System)
IFRS:	International Financial Reporting Standards	SCI:	Sistema contra Incendio (Fire System)
NQIG:	Nelson Quintas Investimentos Globais Ltda	SSPD:	Superintendency of Domiciliary Public Utilities (SSPD)
NQT:	Nelson Quintas Telecomunicações do Brasil Ltda	SUNARP:	National Superintendency of Public Registry
PAAG:	Tax Year's Adjustment Percentages	SUNAT:	National Superintendency of Fiscal Administration
PEN:	Nuevo sol	SVC:	Static Varistor Compensator
PCGA:	Generally Accepted Accounting Principles	STE:	Servicio de Transporte de Energía (Energy Transport Service)
PGCP:	Public Accounting General Plan	STN:	Sistema de Transmisión Nacional (National Transmission System)
PLC:	Power Line Carrier	TES:	Public Debt Securities
PPI:	Producer Price Index	MRT:	Market Representative Rate
PRONE:	Programa de Normalización de Redes Eléctricas (Network Standardization Program)	UPME:	Unidad de Planeación Minero Energética (Mining and Energy Planning Unit)
POA:	Assets Optimization Plan	USD:	United States Dollar
PT:	Power Transformer	VRN:	Cost of Replacement as New
RCP:	Public Accounting Regime	VQ:	Voltage Quality



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STATUTORY AUDITORS' REPORT

To the Shareholders of
INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

I have audited the balance sheet of INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. as of December 31, 2013, and the related statements of financial, economic, social and environmental activity, changes in the shareholder's equity and cash flows for the year then ended and the summary of the significant accounting policies and other explanatory notes. The financial statements as of December 31, 2012 were audited by another statutory auditor, who in report dated February 22, 2013, expressed an unqualified opinion there on.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Colombia prescribed by the Colombian General Accounting Office and accounting regulations issued by the Superintendency of Domestic Public Services. This responsibility includes: designing, implementing and maintaining an adequate internal control system for the preparation and presentation of financial statements free of material misstatements whether due to fraud or error, selecting and applying appropriate accounting policies as well as making accounting estimates that are reasonable under the circumstances.

My responsibility is to express an opinion on these financial statements based on my audit. I obtained the necessary information to comply with my functions and conducted my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit of financial statements includes examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including their evaluation of the risk of significant errors in the financial statements. In the risk assessments, the auditor considers the Company's internal control that is relevant for the preparation and reasonable presentation of the financial statements with the purpose of designing audit procedures appropriate to the circumstances. An audit also includes an evaluation of the accounting principles used and the significant accounting estimates made by the Management, as well as an evaluation of the financial statements general presentation. I believe that my audit provide a reasonable basis to express my opinion.

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In my opinion, the financial statements referred to above, taken from accounting books, present fairly, in all material respects, the financial position of INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. as of December 31, 2013, and the results of its operations, the changes in its shareholder's equity and its cash flows for the year then ended, in accordance with accounting principles generally accepted in Colombia prescribed by the Colombian General Accounting Office and the accounting regulations issued by the Superintendency of Domestic Public Services.

As mentioned in Note 3 to the financial statements, on May 28, 2013, the Colombian General Accounting Office issued a technical opinion establishing that assets under concession shall be recognized as an account receivable as long as the concession operator has an unconditional contractual right to receive from the concession grantor cash or any other financial asset for the services agreed upon in the concession contract. Accordingly, ISA classified the assets of Chilean road concessions and Brazilian electric concessions as accounts receivable instead of intangible assets as was previously done. This change in accounting policy resulted in an increase in ISA's equity of COP 1,500,000 million and an increase in 2013 income of COP 250,000 million, approximately.

As mentioned in Note 27 to the financial statements, in 2013, INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. established INTERCOLOMBIA S. A. E.S.P., which as from 2014, is going to manage, operate and maintain the assets of the parent company in Colombia, and as a consequence, is going to receive the corresponding remuneration for such activity. The shareholders structure and equity of INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. were not be affected by the creation of the new subsidiary.

Based on provisions of Law 12783/13 and technical note No. 402/2013 issued by ANEEL, Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–, a subordinate of ISA in Brazil, where ISA has 37.81% participation, is in the process of preparing the valuation report to be presented to the grantor before June 30, 2014, for approval of the value the company will receive as payment for the reversible assets classified as Existing Service –SE–. Considering that such value has not been approved yet, in 2012, the company recorded a provision to reduce such infrastructure's construction cost for BRL 1,535 million (approximately COP 1,260,000 million), with BRL 1,491 million remaining balance (approximately COP 1,230,000 million) equivalent to the historic cost of these fixed assets. The determination of the actual value of payment for such assets, as well as the conditions, remuneration modality and reception terms, are being approved by the grantor.

Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–, a subordinate of ISA in Brazil, where ISA has 37.81% participation, recorded the net balance of accounts receivable from the State of São Paulo for BRL 643 million (approximately COP 529,489 million) related to impacts of Law 4819/58 that granted to employees of companies controlled by the State of São Paulo benefits already granted to other public employees. The Company's Management has been monitoring new facts related to the legal and commercial aspects of this issue, and it is continuously evaluating their impact on the Company's financial information.



Cont'd 

Further, based on the scope of my audit, I report that the Company's accounting books have been kept according to legal regulations and the accounting technique; the operations recorded in the accounting books and the management's acts are adjusted to the laws and to the General Stockholders' Meeting's and Board of Directors' decisions; the correspondence, account receipts and the minute books and stock registry books are duly kept and preserved; the management report is duly in agreement with the basic financial statements; the Company does not have pending payment with the Integral Social Security System and mechanisms for prevention and control of asset laundering have been implemented as established in External Circular Letter No. 60 of 2008 of the Financial Superintendency. My evaluation of the internal control, conducted with the purpose of establishing the scope of my audit tests, did not indicate that the Company has not followed an adequate internal control system and preservation and custody measure for its assets and those of third parties under its possession.

These financial statements and notes to the financial statements were translated into English, from statements originally issued in Spanish, for the convenience of readers.


JORGE ENRIQUE MÚNERA DURANGO
Statutory Auditor
Professional Card 25295-T
Designated by Deloitte & Touche Ltda.

February 27, 2014

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
SPECIAL REPORT ON TRANSACTIONS DECEMBER DECEMBER
WITH SUBSIDIARIES AND AFFILIATES **2013 2012**

(Amounts expressed in millions of Colombian Pesos and original foreign currencies)

In compliance with Article 29 of Law 222 of 1995 and given the existence of ISA and its companies, we present to the Shareholders' Meeting the special report on the economic relationships with ISA's companies during 2012 and 2013 that have been directed and coordinated by the parent company, Interconexión Eléctrica S.A. E.S.P. –ISA–.

Commercial transactions carried out during 2013 among ISA's companies, either directly or indirectly, abide by the provisions of Law 788 regarding transfer prices in force since January 1, 2004.

The main transactions between ISA and its subsidiaries correspond to:

- Project management.
- Sale of operation and maintenance services.
- Lease of facilities for operation.
- Sale of services of installation and setting up of information systems.
- Consulting on process reorganization and area operation.

- Cash flow loans.
- Other associated services.
- Delivery of dividends.
- Capitalizations.

It is important to highlight that none of the items below has taken place among ISA and its companies during the same period:

- Offset, free-of-charge services.
- Loans without any interest or consideration by the mutuary.
- Loans that impose upon the mutuary an obligation not corresponding to the essence or nature of the agreement.
- Loans with interest rates different from those paid by or charged to third parties.
- Operations whose characteristics differ from those carried out with third parties.



As to equity participation in subsidiaries and affiliates, ISA updates investments in the companies through application of the equity method, after homologating accounting rules and practices and translating the financial statements into Colombian Pesos with the United States Dollar as reference currency for the investments in foreign currency.

The financial information of ISA and its companies is consolidated through the global integration methodology, according to which, significant balances and transactions between ISA and the subsidiaries are deleted, and minority interests corresponding to equity and the results of the period, are recognized and presented in the consolidated financial statements.

The main balances and transactions with related parties during 2013 and 2012 are:

	2013	2012
Balance sheet		
Equity investments		
TRANSELCA S.A. E.S.P.	673,720	766,257
INTERNEXA S.A.	71,352	86,826
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	25,598	26,875
INTERVIAL COLOMBIA S.A.S.	411	422
SISTEMAS INTELIGENTES EN RED S.A.S –SIER–	524	451
INTERCOLOMBIA S.A. E.S.P.	34	-
ISA Capital Do Brasil S.A.	761,777	988,026
Consortio Transmantaro S.A.	342,011	293,654
Red de Energía del Perú S.A. –REP–	102,893	131,749
ISA Perú S.A.	25,691	13,017
Proyectos de Infraestructura del Perú S.A.C. –PDI–	10,013	9,945



Cont'd

	2013	2012
ISA Bolivia S.A.	23,345	19,751
INTERCHILE S.A.	40,550	11
ISA Inversiones Chile Ltda.	1,162,906	375,822
ISA Inversiones Maule Ltda.	671,576	-
Interconexión Eléctrica Colombia Panamá S. A. –ICP–	5,602	85
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	115	1,019
Accounts receivable		
TRANSELCA S.A. E.S.P.	397	349
INTERNEXA S.A.	2,320	2,122
Compañía de Expertos en Mercados S.A. E.S.P.	424	397
INTERNEXA Participações S.A	79,628	-
Consortio Transmantaro S.A.	42	157
Red de Energía del Perú S.A. –REP–	2,503	2,263
ISA Perú S.A.	239	269
Proyectos de Infraestructura del Perú S.A.C. –PDI–	453	18
INTERNEXA Perú S.A.	35	16
ISA Bolivia S.A.	4,216	1,495
INTERVIAL CHILE S.A.	457	463
Ruta de la Araucanía Sociedad Concesionaria S.A.	637	632
Ruta del Maipo Sociedad Concesionaria S.A.	599	558
ISA Inversiones Chile Ltda.	-	248,712



Cont'd

	2013	2012
ISA Inversiones Maule Ltda.	208,560	-
Transnexa S.A. E.M.A	38	29
Accounts payable and financial liabilities		
TRANSELCA S.A. E.S.P.	258,387	251,277
INTERNEXA S.A.	4,015	3,929
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	52	234
ISA Capital Do Brasil S.A.	45,867	42,092
Proyectos de Infraestructura del Perú S.A.C. –PDI–	57	59
Equity transactions		
Dividends declared in favor of ISA		
TRANSELCA S.A. E.S.P.	67,612	51,457
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	3,642	382
Red de Energía del Perú S.A. –REP–	45,687	-
ISA Perú S.A.	410	2,304
Proyectos de Infraestructura del Perú S.A.C. –PDI–	3,624	5,958
ISA Bolivia S.A.	3,910	5,419
Transactions related to income statement		
Revenue		
TRANSELCA S.A. E.S.P.	1,887	1,321
INTERNEXA S.A.	18,094	53,174
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	2,837	2,751



Cont'd

	2013	2012
INTERVIAL COLOMBIA S.A.S.	-	101
INTERNEXA Participações S.A.	628	-
Consortio Transmantaro S.A.	64	172
Red de Energía del Perú S.A. –REP–	2,841	2,563
ISA Perú S.A.	251	237
Proyectos de Infraestructura del PERÚ –PDI–	2,071	4,557
INTERNEXA Perú S.A.	69	90
ISA Bolivia S.A.	(1) 5,064	6,355
INTERVIAL CHILE S.A.	2,053	2,202
Ruta de la Araucanía Sociedad Concesionaria S.A.	1,308	1,234
Ruta del Maipo Sociedad Concesionaria S.A.	1,193	1,107
ISA Inversiones Chile Ltda.	-	10,969
ISA Inversiones Maule Ltda.	10,721	-
Transnexa S.A E.M.A.	815	696
Expenses		
TRANSELCA S.A. E.S.P.	16,351	13,820
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	8,746	8,230
INTERNEXA S.A.	8,541	7,798
ISA Capital Do Brasil S.A.	1,584	1,677
Red de Energía del Perú S.A. –REP–	167	83
Proyectos de Infraestructura del Perú S.A.C. –PDI–	187	191



The decisions of major significance that the controlled corporation has made or has omitted to make because of influence or in interest of the controlling corporation, as well as the decisions of major significance that the controlling corporation has made or has omitted to make because of influence or in interest of the controlled corporation during 2013, are as follows:

TRANSELCA S.A. E.S.P

TRANSELCA's Shareholders' Meeting held on March 21, 2013, approved the project for earnings distribution of year 2012 for COP 67,614 million. COP 67,612 million corresponded to ISA.

INTERCONEXIÓN ELÉCTRICA ISA PERÚ S.A.

In December 2012, the Board of Directors of ISA Perú declared advance payment of dividends for USD 3.3 million on the earnings generated during the January - September 2012 period. The Shareholders' Meeting of ISA Perú held on March 19, 2013 approved dividends for USD 807,000, on the earnings accumulated at 2012. USD 0.9 million and USD 226.7 million, respectively, corresponded to ISA.

In May 2013, ISA acquired 11,304,604 shares equivalent to 17.07% of ISA Perú that were owned by Fondo de Inversión en Infraestructura, Servicios Públicos y Recursos Naturales, administered by AC Capitales SAFI. The transaction amounted to USD 9.6 million and as a result of it ISA totaled 45.14% equity participation in ISA Perú and TRANSELCA retains 54.86%.

RED DE ENERGÍA DEL PERÚ S.A. –REP–

The Shareholders' Meeting held on March 19, 2013 authorized distribution of dividends for USD 20 million from accumulated earnings at December 31, 2012. USD 6 million corresponded to ISA.

The Shareholders' Meeting held on December 10, 2013 authorized distribution of dividends for USD 60 million from accumulated earnings at 2012. USD 18 million corresponded to ISA.

CONSORCIO TRANSMANTARO S.A. –CTM –

In July 2013, ISA won in Lima a public bidding to design, finance, construct, operate and maintain a 900 km transmission line at 500 kV and its associated substations.

The line has three segments: Mantaro-Marcona – 350 km, Marcona – Socabaya – 445 km and Socabaya – Montalvo – 105 km.

The project's estimated annual revenues are close to USD 41.5 million and the maximum reference investment estimated by Proinversión is approximately USD 412 million.

For its execution the project will be transferred to Consorcio Transmantaro. –CTM–, subsidiary of ISA (60%) and EEB (40%).



INTERCONEXIÓN ELÉCTRICA ISA BOLIVIA S.A.

The Shareholders' Meeting of ISA Bolivia, held on March 20, 2013, approved distribution of freely available earnings for the year 2012 for BOB 29 million. BOB 15 million corresponded to ISA.

INTERCOLOMBIA S.A. E.S.P.

In September 2013, ISA incorporated INTERCOLOMBIA, a subsidiary whose purpose will be delivering the public service of electric energy transmission as well as ancillary, supplementary and related services; developing engineering-related activities; delivering technical and non-technical services related to the above activities; and representing the assets for usage and connection of the National Transmission System – STN– owned by other energy transmission companies.

COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA –CTEEP–

During 2013, CTEEP made capital contributions to its affiliates for BRL 279 million. The most significant outlays were made to IE MADEIRA for BRL 145 million and to IE GARANHUNS for BRL 84 million.

INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A. –ICP–

Along 2013, ISA made capital contributions to ICP in the amount of USD 3.2 million.

Funds are earmarked mainly for execution of activities required for viability of Colombia – Panama interconnection project (technical and environmental studies).

INTERCHILE S.A.

ISA won in June 2013, in Santiago de Chile, a new international public bidding to develop an electricity line 174 km long in the country's Northern region.

Expected annual revenues are USD 5.8 million and estimated investment is USD 80 million. With this new project, ISA will total approximately 931 km of power lines in Chile, taking into consideration that, through its company INTERCHILE, it currently designs and finances and will shortly build, operate and maintain three double-circuit transmission lines at 500 kV, 757 km long, won by ISA in 2012 that will benefit the demand supplying of the Chilean system and will maximize the trunk transmission system.

Along 2013, ISA made capital contributions to INTERCHILE in the amount of USD 23.6 million.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C. –PDI–

On March 21, 2012, the Shareholders' Meeting of PDI approved distribution of dividends from earnings of 2011 for the amount of USD 2 million. USD 1.9 million corresponded to ISA.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. PERU BRANCH

In meeting No. 737 of the Board of Directors held on August 30, 2013, ISA approved dissolution of the Peru Branch and appointed a liquidator, in compliance with procedure established by the Peruvian General Law of Corporations, Law 26887, to extinguish the branch office. The above facts were filed with the Superintendencia Nacional de los Registros Públicos (National Superintendency of Public Registry) –SUNARP– and the Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal Administration) changing the name of the branch office to “In Liquidation”.

ISA INVERSIONES CHILE LTDA.

On February 1, 2013 the partners of ISA Inversiones Chile Ltda., that is ISA and INTERNEXA, agreed on the spin-off of the corporation by distributing its equity as on December 31, 2012 and establishing a new corporation called ISA Inversiones Maule Ltda. with the same partners. Distribution of the corporation’s equity was conducted on the basis of the financial statements as on December 31, 2012 closing.

Upon the spin-off, ISA Inversiones Chile will hold 55% of the shares of Intervial Chile, with the remaining 45% being held by ISA Inversiones Maule.

In April, August and September of 2013, ISA Inversiones Chile disbursed loans to INTERCHILE for CLP 2,362 million, CLP 512 million and CLP 4,205 million respectively, with 12-month term.

In November 2013, ISA Inversiones Chile disbursed an additional loan to INTERCHILE for CLP 13,600 million with payment term of 24 months.

ISA INVERSIONES MAULE LTDA.

In 2013, ISA Inversiones Maule disbursed USD 32 million to ISA as capital repayment of a loan for USD 140.4 million.

INTERVIAL CHILE S.A.

During 2013, Intervial Chile declared dividends for a total amount of CLP 41,968 million. CLP 23,081 million corresponded to ISA ISA Inversiones Chile and CLP 18,887 million to ISA Inversiones Maule, both subsidiaries of ISA.

INTERVIAL COLOMBIA S.A.S.

The special Shareholders’ Meeting of Autopistas de la Montaña held on December 19, 2012, and upon approval of the amendment to the bylaws, agreed to change the corporate name and adopt the denomination of INTERVIAL COLOMBIA S.A.S. The same meeting approved absorption of losses for COP 1,079 through reduction of subscribed capital down to COP 420,265 in order to reinstate the ratio between net equity and subscribed capital to a level above 50%, without reimbursing any contribution to shareholders.



XM, COMPAÑÍA DE EXPERTOS EN MERCADOS S.A. E.S.P.

The Shareholders' Meeting of XM held on March 20, 2013, declared distribution of earnings of the year 2012 for COP 3,652. COP 3,642 corresponded to ISA.

INTERNEXA

Along 2013, INTERNEXA made capital contributions to its affiliates in the amount of USD 9.2 million. Capitalized affiliates were INTERNEXA Chile, INTERNEXA Participações and Transamerican Telecommunication, respectively in the amount of USD 1.7 million, USD 4.1 million and USD 3.4 million.

On August 22, 2013, the Board of Directors of INTERNEXA approved acquisition of 300 shares, each with par value of USD 1,000, held by ISA in Sociedad Red Centroamericana de Telecomunicaciones S.A. –REDCA–. The shareholding acquired is equal to 11.11% of REDCA's capital stock.

INTERNEXA PARTICIPAÇÕES S.A.

In November 2013, INTERNEXA Participações S.A., an affiliate of INTERNEXA, acquired the information transport companies NQT and IPNET currently operating in the State of Rio de Janeiro, Brazil, as part of its expansion strategy in order to complement its value offer and expand its customer portfolio. The operation totaled approximately BRL 190 million, which were financed with loans in the local market and capital contributions from Internexa Participações S.A.

On October 28, 2013, ISA, with authorization of its Board of Directors given in meeting No. 739, disbursed a foreign loan for USD 41 million in favor of INTERNEXA Participações. These funds were earmarked to fund the investment plan of its subsidiary in Brazil.

On December 17, 2013, INTERNEXA Participações paid to ISA Capital Do Brasil the loan disbursed in December 2012 for USD 10 million.



ABBREVIATIONS

BOB:	Boliviano
BRL:	Brazilian Real
CLP:	Chilean Peso
USD:	US Dollar
COP:	Colombian Peso



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. CODE OF COMMERCE ARTICLE 446 – REPORT

(Figures in millions
of Colombian
Pesos)

As provided by the Code of Commerce, Article 446, number 3, below is the detail of the information required therein:

A. Remuneration of the company's executives.

DETAILS OF AMOUNTS RECEIVED BY THE CORPORATION'S MANAGEMENT GROUP:

FOR	DIRECTORS (*)	MANAGERS (**)	TOTAL
Integral salary	4,493	2,593	7,086
Benefits (education and health)	268	74	342
Bonuses (temporary transfers, results, directive position)	777	696	1,473
Vacations	195	85	280
Other (sick leaves and non-variable per-diems)	124	91	215
Total earned	5,857	3,539	9,396
Loans balance	1,281	588	1,869

(*) "Directors" includes 28 executives of the company, whose posts are as follows:

IT Director	Corporate Socio-Environmental Director
Human Capital Management Director	Logistics Director
Accounting and Taxes Director	Maintenance Management Director
Legal Director	Business Integrated Management Director
Road Concessions Director	Northwest CTE Director
Subsidiaries Management Director	Operation Management Director
Corporate Image Director	Central CTE Director
New Businesses Director	East CTE Director
Procurement Director	Southwest CTE Director
Project Execution Director	Project Engineering Director
Corporate Planning Director	Auditing Director
Organizational Development Director	Corporate Operations Director
Operation and Maintenance Director	Financial Planning Director
Financial Resources Director	Project Manager

(**) "Managers" includes eleven executives, whose posts are as follows: Chief Executive Officer, Secretary General, Corporate Auditor, Corporate Finance Manager, Corporate Strategy Manager, Infrastructure Projects Manager, Corporate Human Resources Management Director, Corporate Finance Vice President, Energy Transport Technical Vice President, Energy Transport Manager and Administrative Manager.



FEES PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

Between January 1 and December 31, 2013, payments of fees to the members of the Board of Directors totaled COP 719.

B. In 2013, no payments were made for salaries, fees, per-diems, representation expenses, bonuses, premiums in cash or in kind, and no expenditures were made for transportation, in favor of advisors or intermediaries, either or not related to the corporation through work contract, whose main duty were to carry out formalities before public or private entities or to advise or prepare studies for such endeavors.

C. Transfers in cash or other assets, free of charge in favor of individuals or legal entities:

Below is a list of the elements delivered as donations during 2013 under the social management model and not requiring consideration from the other party:

	VALUE
Municipality of Chinú – Córdoba	5
Municipality of Cimitarra – Santander	4
Municipality of Santa María – Boyacá	2
Municipality of Toledo – Norte de Santander	10

D. Between January 1 and December 31 of 2013, expenses paid for public relations with stakeholders totaled COP 15 million.

Between January 1 and December 31 of 2013, COP 1,450 were paid for publicity and advertising, as follows: prints and publications: COP 320 and publicity and advertising: COP 1,130

E. Monies and other assets held abroad by the company and foreign-currency liabilities.

At December 31, ISA had the following foreign-currency assets and liabilities, expressed in thousands of equivalent US Dollars:

	BALANCES IN THOUSANDS OF USD		BALANCES IN LOCAL CURRENCY	
	2013		2013	
Assets				
Current assets				
Cash and marketable investments		3,545		6,831
Accounts receivable		154,664		298,011
Total current assets		158,209		304,842
Non-current assets				
Foreign currency investments		1,635,464		3,151,261
Total non-current assets		1,635,464		3,151,261
Total assets		1,793,673		3,456,103
Liabilities				
Current liabilities				
Financial liabilities		3,791		7,305
Accounts payable		9,032		17,403
Total current liabilities		12,823		24,708
Non-current liabilities				
Long-term liabilities		49,478		95,336
Related parties		23,800		45,859
Total non-current liabilities		73,278		141,195
Total liabilities		86,101		165,903
Net asset monetary position		1,707,572		3,290,200



F. Net equity investments, domestic or foreign, are as follows:

	2013
Investments in controlled companies	
TRANSELCA S.A. E.S.P.	673,720
INTERNEXA S.A.	71,352
Compañía de Expertos en Mercados S.A. E.S.P. –XM–	25,598
INTERVIAL COLOMBIA S.A.S. (before Autopistas de la Montaña)	411
SISTEMAS INTELIGENTES EN RED S.A.S. –SIER–	524
INTERCOLOMBIA S.A. E.S.P.	34
ISA Capital Do Brasil S.A.	761,777
Consortio Transmantaro S.A.	342,011
Red de Energía del Perú –REP–	102,893
ISA PERÚ S.A.	25,691
Proyecto de Infraestructura Perú S. A. C. –PDI–	10,013
ISA Bolivia S. A.	23,345
INTERCHILE S.A.	40,550
ISA Inversiones Chile Ltda.	1,162,906
ISA Inversiones Maule Ltda.	671,576
Total investments in controlled companies	3,912,401
Investments with shared control	



Cont'd

	2013
Interconexión Eléctrica Colombia Panamá S. A. –ICP–	5,602
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	115
Total investments with shared control	5,717
Investments at cost	
ELECTRICARIBE S.A. E.S.P.	12,114
Empresa Propietaria de la Red –EPR–	12,524
Financiera de Desarrollo Nacional S.A.	4
Total investments at cost	24,642
Total investments in corporations	3,942,760
Provision for investments in corporations	
Investments in controlled companies	(7,742)
Investments at cost	(2,008)
Provision for investments in corporations	(9,750)
Total investments in corporations	3,933,010

All other issues mentioned in Article 446 of the Code of Commerce and Law 6 of 1995 are included in the financial statements, the Statutory Auditor's report and the CEO's management report.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CERTIFICATION OF FINANCIAL STATEMENTS AND OTHER RELEVANT REPORTS DECEMBER 2013 DECEMBER 2012

Medellín, February 26, 2014

To the shareholders of Interconexión Eléctrica S.A. E.S.P.

In connection with the 2013 Annual Report of ISA and its companies, the undersigned, Legal Agent and Chief Accounting Officer of Interconexión Eléctrica S.A. E.S.P., in compliance with Article 37 of Law 222 of 1995, Law 964 of 2005, and Resolution 356 of 2007 of the Colombian General Accounting Office, hereby certify that:

1. The financial statements of ISA parent company, and the consolidated financial statements, at December 31, 2013 and 2012, have been faithfully taken from the books, and before making them available to you and to third parties, we have verified the following assertions therein contained:

- a. That facts, transactions and operations have been recognized and carried out during the accounting period.
- b. That the economic facts are disclosed in compliance with the provisions of the Public Accounting Regime.

c. That the total value of assets, liabilities, equity, revenue, expenses, costs and memorandum accounts has been disclosed in the basic accounting statements up to the closing date.

d. That assets represent potential services or future economic benefits while liabilities represent past facts that imply an outflow of resources in execution of its activities, at the closing date.

2. That the financial statements and other reports relevant to the public, related to the fiscal years ended December 31, 2013 and 2012, do not contain defects, inaccuracies or errors that prevent ascertaining the true financial position and operations of ISA and its companies.


Luis Fernando Alarcón M.
Chief Executive Officer
(See attached certification)


John Bayron Arango V.
Chief Accounting Officer
Professional Card N° 34420-T
(See attached certification)



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CERTIFICATION OF COMPLIANCE WITH INTELLECTUAL PROPERTY AND COPYRIGHT REGULATIONS DECEMBER 2013 DECEMBER 2012

Medellín, March 05, 2014

The undersigned Legal Agent and Information Technology Corporate Director of Interconexión Eléctrica S.A. E.S.P., in compliance with Article 1 of Law 603 of 2000,
Certify:

1. That the corporation complies with all regulations regarding intellectual property and copyrights, and that all software used is legal and the rights to use it have been paid for, either through purchases, usage licenses, or assignments. Supporting documents can be found at our central archives.
2. That the corporation's Information Technology Corporate Direction carries an inventory of all software used and controls its installation according to the type of license purchased.
3. That in accordance with corporate policies and institutional guidelines, employees are bound to observe all regulations regarding intellectual property and copyrights.


Luis Fernando Alarcón M.
Chief Executive Officer


OLGA LUCÍA LÓPEZ MARÍN
Information Technology Corporate Director



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED DECEMBER DECEMBER
BALANCE SHEETS **2013** **2012**

In millions of
Colombian Pesos

ASSETS	NOTES	DECEMBER 2013	DECEMBER 2012
Current assets			
Cash	(5)	479,739	429,455
Marketable investments	(5)	1,340,450	1,247,451
Accounts receivable – net	(7)	2,287,334	2,988,625
Inventories – net	(8)	111,129	112,043
Deferred charges and other assets	(10)	129,359	119,410
TOTAL CURRENT ASSETS		4,348,011	4,896,984
Non-current assets			
Long-term investments – net	(6)	956,785	707,607
Long-term accounts receivable	(7)	8,964,725	1,914,598
Inventories – net	(8)	59,503	58,428
Property, plant and equipment – net	(9)	3,208,813	3,031,437
Deferred charges and other assets	(10)	5,147,845	12,148,548
Reappraisals	(11)	2,881,680	3,013,387
TOTAL NON-CURRENT ASSETS		21,219,351	20,874,005
TOTAL ASSETS		25,567,362	25,770,989
Memorandum accounts			
Debit	(19)	3,602,977	3,615,185
Credit	(19)	8,878,987	8,448,635

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED DECEMBER DECEMBER
BALANCE SHEETS **2013** **2012**

In millions of
Colombian Pesos

Cont'd

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2013	2012
Current liabilities			
Outstanding bonds	(12)	300,097	412,934
Financial liabilities	(13)	284,054	936,531
Accounts payable	(14)	838,539	1,017,421
Labor liabilities	(15)	32,220	20,919
Accrued liabilities and estimated provisions	(16)	201,856	176,773
Other liabilities	(17)	380,538	259,299
TOTAL CURRENT LIABILITIES		2,037,304	2,823,877
Non-current liabilities			
Outstanding bonds	(12)	6,145,715	5,574,696
Financial liabilities	(13)	1,968,602	2,468,086
Accounts payable	(14)	1,120,718	1,554,263
Labor liabilities	(15)	1,483	1,433
Accrued liabilities and estimated provisions	(16)	791,543	767,931
Other liabilities	(17)	2,345,975	2,296,767
TOTAL NON-CURRENT LIABILITIES		12,374,036	12,663,176
TOTAL LIABILITIES		14,411,340	15,487,053

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED DECEMBER DECEMBER
BALANCE SHEETS 2013 2012

In millions of
Colombian Pesos

Cont'd

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2013	2012
Minority interest		3,704,545	4,173,321
Shareholders' equity	(18)		
Subscribed and paid share capital		36,916	36,916
Capital surplus		1,445,509	1,445,509
Reserves		999,186	934,492
Results from prior years		-	-
Net income		433,048	272,938
Cumulative translation adjustment		3,935	(9,091)
Equity revaluation		415,645	415,645
Revaluation surplus		2,542,404	2,563,287
Surplus from equity method		1,574,834	450,919
TOTAL SHAREHOLDERS' EQUITY		7,451,477	6,110,615
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY		25,567,362	25,770,989
Memorandum accounts			
Credit	(19)	8,878,987	8,448,635
Debit	(19)	3,602,977	3,615,185

See accompanying notes to Consolidated Financial Statements


Luis Fernando Alarcón M.
 Chief Executive Officer
 (See attached certification)


John Bayron Arango V.
 Chief Accounting Officer
 Professional Card N° 34420 -T
 (See attached certification)


Jorge Enrique Múnera Durango
 Statutory Auditor
 Professional Card N° 25295 - T
 (See attached report)
 Designated by Deloitte & Touche Ltda.



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY EXPRESSED IN US DOLLARS

DECEMBER 2013 DECEMBER 2012

In thousands of US Dollars translated at the exchange rate on closing dates

	2013	2012
OPERATING REVENUE		
Electric energy transmission services	1,155,563	1,651,096
Connection charges	91,601	201,557
Roads	476,498	422,665
Dispatch and CND-MEM coordination	23,949	23,590
MEM Services (STN, SIC, SDI)	17,702	23,258
Telecommunications	77,137	64,364
Other operating revenue	26,591	47,020
TOTAL OPERATING REVENUE	1,869,041	2,433,550
OPERATING COSTS AND EXPENSES		
Operating costs	717,692	911,346
Administration expenses	346,349	389,592
TOTAL OPERATING COSTS AND EXPENSES	1,064,041	1,300,938

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY EXPRESSED IN US DOLLARS

DECEMBER 2013 DECEMBER 2012

In thousands of US Dollars translated at the exchange rate on closing dates

Cont'd 

	2013	2012
OPERATING INCOME	805,000	1,132,612
NON-OPERATING REVENUES (EXPENSES)		
Non-operating revenue	461,709	1,761,170
Non-operating expenses	(923,352)	(1,970,929)
NON-OPERATING LOSS	(461,643)	(209,759)
INCOME BEFORE TAXES	343,357	922,853
Income tax provision	(47,564)	(376,924)
INCOME BEFORE MINORITY INTEREST	295,793	545,929
Minority interest	71,047	391,572
NET INCOME	224,746	154,357

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

	DECEMBER 2013	DECEMBER 2012
CASH FLOW FROM OPERATION ACTIVITIES		
Net income	433,048	272,938
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	136,895	692,389
Depreciation of property, plant and equipment	156,827	155,971
Amortization of deferred charges and other assets	205,340	655,753
Amortization of retirement pensions and fringe benefits	35,014	32,492
Allowance for doubtful accounts	451,987	1,002
Provision for inventory protection	300	-
Investment allowance	349	(64)
Income tax provision	91,648	666,488
Loss on sale and retirement of property, plant and equipment	4,058	1,553
Cost of retirement of rights because of early renewal of contract 059/2001 in CTEEP	-	2,300,318
Exchange difference expense	316,401	33,973
Joint control equity method	(152,118)	-
Recovery of provisions	-	(1,458)
Interest and commissions accrued	451,753	639,512
	2,131,502	5,450,867

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd

	DECEMBER 2013	DECEMBER 2012
Changes in operating assets and liabilities:		
Accounts receivable	(413,334)	(164,325)
Collection (accrual) of compensation for early renewal of 051/2001 contract	1,896,606	(2,551,859)
Inventories	449	(77,441)
Deferred charges and other assets	(8,840)	13,510
Accounts payable and other liabilities	37,980	219,713
Labor liabilities	11,351	2,997
Accrued liabilities and estimated provisions	30,870	5,192
Collections for third parties	27,854	215,759
Minority interest	(534,347)	(291,584)
Equity variation	-	666
Cash flow in other operations:		
Payment of retirement pensions	(26,873)	(26,327)
Payment of taxes	(459,242)	(646,582)
Net cash provided by operation activities	2,693,976	2,150,586
Cash flow from investment activities:		
Variation in long-term investments	(63,178)	6,105
Sale of property, plant and equipment	970	612
Acquisition of intangible assets	(533,313)	(818,612)
Acquisition of property, plant and equipment	(337,862)	(245,485)
Net cash used in investment activities	(933,383)	(1,057,380)

See accompanying notes to Consolidated Financial Statements



INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 2013 DECEMBER 2012

In millions of
Colombian Pesos

Cont'd 

	DECEMBER 2013	DECEMBER 2012
Cash flow from financing activities:		
Interest received in cash	124,646	44,045
Interest and commissions paid in cash	(616,617)	(926,607)
Cash dividends paid	(208,244)	(245,904)
Increase in financial liabilities	370,894	1,427,340
Bond issues	1,567,686	767,727
Payment of financial liabilities	(1,666,112)	(1,434,917)
Bond payment/decrease	(1,189,563)	(460,935)
Net cash used in investment activities	(1,617,310)	(829,251)
Increase in cash and cash equivalents – net	143,283	263,955
Cash and cash equivalents at the beginning of the year	1,676,906	1,412,951
Cash and cash equivalents at the end of the year	1,820,189	1,676,906

See accompanying notes to Consolidated Financial Statements


Luis Fernando Alarcón M.
 Chief Executive Officer
 (See attached certification)


John Bayron Arango V.
 Chief Accounting Officer
 Professional Card N° 34420 -T
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Jorge Enrique Múnera Durango
 Statutory Auditor
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ISA and its companies – Directory



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