

NONCONSOLIDATED FINANCIAL STATEMENTS

**Codensa S.A. E.S.P.**

Year ending December 31 of 2012 and the 3-month periods ending December 31 and September 30 of 2011, with the Statutory Auditor's report

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## STATUTORY AUDITOR'S REPORT

To the Codensa S.A. E.S.P. Shareholders:

I have audited the attached Codensa S.A. E.S.P. nonconsolidated financial statements comprising the nonconsolidated general balance sheet as of December 31 of 2012 and 2011 and September 30 of 2011, and the respective nonconsolidated income, equity changes, financial situation changes, and cash flow statements for the 12-, 3-, and 9-month periods as of December 31 of 2012 and 2011 and September 30, 2011, respectively, ending on such dates, and the summary of significant accounting policies and other explanatory notes.

The Administration is responsible for preparation and proper presentation of the nonconsolidated financial statements according to accounting principles generally accepted in Colombia, as well as for designing, implementing, and keeping relevant internal controls for preparation and proper presentation of financial statements that will be free of material errors on account of fraud or error, and for selecting and applying adequate accounting policies and establishing reasonable accounting estimates according to the circumstances.

My responsibility is providing an opinion regarding such consolidated financial statements, based on my audits. I obtained the necessary information for this and examined the documents according to auditing norms generally accepted in Colombia, which require that audits be planned and carried out so as to reasonably guarantee that the financial statements will be free from significant errors.

An audit includes developing procedures to obtain information supporting figures and disclosures contained in consolidated financial statements. The selected procedures depend on the auditor, including the evaluation of the risk of material errors existing in the consolidated financial statements. Upon evaluating them, the auditor takes into account relevant internal controls for preparation and submittal of such consolidated financial statements which will enable him to design audit procedures according to the circumstances. It also includes an evaluation of accounting principles used and of significant estimates made by the Administration, including their presentation as a whole. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the attached consolidated financial statements reasonably present - in all their material aspects - the Codensa S.A. E.S.P. nonconsolidated financial situation as of December 31 of 2012 and 2011 and September 30 of 2011, the nonconsolidated results of its operations, the changes in its financial situation, and its cash flows for the years ending on such dates, according to accounting principles generally accepted in Colombia as issued by the National Government and applied uniformly.

In addition, based on my audits I am not aware of any situation suggesting a default in compliance with the following Company obligations: 1) keeping minutes, the shareholders book, and accounting books according to legal norms and the accounting technique; 2) performing activities according to the bylaws and the decisions of the Shareholders Assembly and the Board of Directors, according to norms related to integral social security; 3) keeping correspondence and account vouchers; and 4) taking internal control and protection and custody measures regarding Company or third-party goods the Company may have in its possession. Additionally, the attached financial statements are in accordance with accounting information included in the management report prepared by the Company Administration.

Ángela Jaimes Delgado.

Statutory Auditor

Professional card 62183-T

Appointed by Ernst & Young Audit Ltda. TR-530

Bogotá, D.C., Colombia

February 19, 2013

# Codensa S.A. E.S.P.

## Nonconsolidated General Balance Sheets

	As of December 31 of 2012	As of December 31 of 2011 <i>(In thousand pesos)</i>	As of September 30, 2011
<b>Assets</b>			
Current assets			
Cash and cash equivalents <i>(Note 3)</i>	\$ 582,983,143	\$ 490,870,281	\$ 257,218,951
Debtors, net <i>(Note 5)</i>	320,310,396	361,931,550	382,159,262
Expenses paid in advance, net	2,947,312	1,749,871	3,548,206
<b>Total current assets</b>	<b>906,240,851</b>	<b>854,551,702</b>	<b>642,926,419</b>
Inventories net <i>(Note 6)</i>	13,021,855	17,645,076	29,264,780
Debtors net <i>(Note 5)</i>	43,201,497	38,735,445	33,151,133
Long-term investments, net <i>(Note 4)</i>	105,985,097	105,977,395	105,977,458
Properties, plant, and equipment, net <i>(Note 7)</i>	3,367,542,936	3,377,062,373	3,332,311,623
Deferred taxes <i>(Note 17)</i>	51,902,116	51,818,741	48,717,887
Other assets, net <i>(Note 8)</i>	127,906,463	136,090,666	127,827,271
Valuations <i>(Note 9)</i>	738,507,796	630,162,417	622,529,178
<b>Total assets</b>	<b>\$ 5,354,308,611</b>	<b>\$ 5,212,043,815</b>	<b>\$ 4,942,705,749</b>
<b>Liabilities and equity</b>			
Current liabilities:			
<i>(Note 13)</i>	\$ 246,275,487	\$ 39,910,733	\$ 39,204,286
Accounts payable <i>(Note 10)</i>	542,162,552	848,772,287	455,454,173
Taxes, charges, and rates <i>(Note 17)</i>	153,065,335	130,389,608	63,314,709
Labor obligations <i>(Note 12)</i>	21,593,334	17,744,951	16,247,763
Estimated liabilities and reserves <i>(Note 14)</i>	38,711,920	38,207,725	37,754,908
Retirement pensions <i>(Note 16)</i>	27,857,103	28,768,266	29,094,749
Other liabilities <i>(Note 15)</i>	36,677,796	34,993,074	31,038,877
<b>Total current liabilities</b>	<b>\$ 1,066,343,527</b>	<b>\$ 1,138,786,644</b>	<b>\$ 672,109,465</b>
Long-term liabilities			
Outstanding bonds and commercial papers <i>(Note 13)</i>	\$ 865,338,226	1,105,975,483	\$ 1,105,884,051
Estimated liabilities and reserves <i>(Note 14)</i>	3,129,746	-	-
Retirement pensions <i>(Note 16)</i>	178,174,748	172,611,087	188,164,075
Taxes, charges and rates <i>(Note 17)</i>	31,741,157	63,482,312	63,482,312
Deferred taxes <i>(Note 17)</i>	36,431,562	40,816,937	40,816,937
Other liabilities <i>(Note 15)</i>	52,035,458	54,257,255	54,796,863
<b>Total long-term liabilities</b>	<b>1,166,850,897</b>	<b>1,437,143,074</b>	<b>1,453,144,238</b>
<b>Total liabilities</b>	<b>\$ 2,233,194,424</b>	<b>\$ 2,575,929,718</b>	<b>\$ 2,125,253,703</b>
Equity <i>(Note 18):</i>			
Subscribed and paid capital	\$ 13,209,327	\$ 13,209,327	\$ 13,209,327
Capital surplus	13,333,540	13,333,540	13,333,540
Reserves	57,567,062	57,567,062	57,567,072
Equity revaluation	1,787,495,354	1,787,495,354	1,787,495,354
Valuation surplus	738,507,796	630,162,416	622,529,178
Surplus using the participation method	8,290	-	-
Net year profits	510,992,818	134,346,398	323,317,575
<b>Total shareholders equity</b>	<b>3,121,114,187</b>	<b>2,636,114,097</b>	<b>2,817,452,046</b>
<b>Total liabilities and equity</b>	<b>\$ 5,354,308,611</b>	<b>\$ 5,212,043,815</b>	<b>\$ 4,942,705,749</b>
Memorandum accounts, debtors <i>(Note 19)</i>	\$ 932,714,518	\$ 593,649,913	\$ 579,576,188
Memorandum accounts, creditors <i>(Note 19)</i>	\$ 5,565,669,929	\$ 5,158,717,813	\$ 4,709,845,931

See the attached notes.

The undersigned Legal Representative and Accountant certify that we have previously checked statements contained in these financial statements and that they have been accurately taken from the Company accounting books.

David Felipe Acosta Correa  
Legal Representative

Claudia Patricia Cirka Martínez  
Public Accountant  
Professional Card 47715-T

Ángela María Guerrero Olmos  
Statutory Auditor  
Professional Card 104291-T  
Appointed by Ernst & Young Audit Ltda. TR-530  
(See my February 18 of 2013 report)

## Codensa S.A. E.S.P.

### Nonconsolidated Financial Statements

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30 of 2011
	<i>(In thousands pesos except for net profits and preferential per share dividends)</i>		
Operational revenues (Note 20)	\$ 3,141,800,722	\$ 790,884,564	\$ 2,195,268,119
Sales cost (Note 21)	<b>(2,236,531,414)</b>	(576,665,624)	(1,610,810,902)
Gross profits	<b>905,269,308</b>	214,218,940	584,457,217
Administration expenses (Note 22)	<b>(76,768,046)</b>	(20,446,273)	(54,784,888)
Operational profits	<b>828,501,262</b>	193,772,667	529,672,329
Nonoperational revenues/expenses			
Financial revenues (Note 23)	<b>33,929,450</b>	7,183,313	15,696,438
Extraordinary revenues (Note 24)	<b>17,257,166</b>	24,357,609	17,268,415
Financial expenses (Note 25)	<b>(83,525,811)</b>	(21,257,426)	(66,309,014)
Extraordinary expenses (Note 26)	<b>(29,517,148)</b>	(3,349,304)	(6,130,353)
Profits before income tax	<b>766,644,919</b>	200,706,859	490,197,815
Income tax (Note 17)	<b>(255,652,101)</b>	(66,360,461)	(166,880,240)
Net year profits	<b>\$ 510,992,818</b>	\$ 134,346,398	\$ 323,317,575
Preferential per share dividend	<b>176.82</b>	48.57	143.63
Net profits per share	<b>3,841.64</b>	1,009.70	2,425.89
Number of subscribed and outstanding shares	<b>132,093,274</b>	132,093,274	132,093,274

See the attached notes.

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## Codensa S.A. E.S.P.

### Nonconsolidated Equity Change Statements

	Subscribed and paid capital	Capital surplus	Reserves	Equity revaluation	Valuation surplus	Surplus using the participation method	Accrued profits	Total
<i>(En miles de pesos)</i>								
Balances as of September 30 of 2011	\$ 13,209,327	\$ 13,333,540	\$ 57,567,072	\$ 1,787,495,354	\$ 622,529,178	\$ -	\$ 323,317,575	\$ 2,817,452,046
Declared dividends	-	-	-	-	-	-	(323,317,575)	(323,317,575)
Valuation adjustment	-	-	-	-	7,633,238	-	-	7,633,238
Fiscal reserve adjustment (Art 130 Tax Code)	-	-	(10)	-	-	-	-	(10)
Net year profits	-	-	-	-	-	-	134,346,398	134,346,398
Balances as of December 31 of 2011	13,209,327	13,333,540	57,567,062	1,787,495,354	630,162,416	-	134,346,398	2,636,114,097
Declared dividends	-	-	-	-	-	-	(134,346,398)	(134,346,398)
Adjustment to investment valuation	-	-	-	-	10,820,867	8,290	-	10,829,157
Adjustment of property, plant, and equipment valuation	-	-	-	-	97,524,513	-	-	97,524,513
Net year profits	-	-	-	-	-	-	510,992,818	510,992,818
Balances as of December 31 of 2012	<b>\$ 13,209,327</b>	<b>\$ 13,333,540</b>	<b>\$ 57,567,062</b>	<b>\$ 1,787,495,354</b>	<b>\$ 738,507,796</b>	<b>\$ 8,290</b>	<b>\$ 510,992,818</b>	<b>\$ 3,121,114,187</b>

See the attached notes.

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## Codensa S.A. E.S.P.

### Nonconsolidated Financial Situation Change Statements

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30 of 2011
	<i>(In thousand pesos)</i>		
<b>Financial resources provided by:</b>			
Net year profits	\$ 510,992,818	\$ 134,346,398	\$ 323,317,575
Plus/minus items not affecting working capital			
Depreciation and amortization	260,543,791	64,711,153	188,523,741
Bond amortization	363,737	91,432	271,311
Accrued gains/losses	16,196,073	(13,276,268)	(1,065,161)
Recovery of recreation benefit	-	(241,010)	(4,502,723)
Losses in the sale of properties, plant, and equipment	2,156,477	369,857	2,248,007
Losses in the sale of other assets	-	-	977,960
Retirement pension reserve	15,899,054	4,514,762	16,659,499
Inventory reserve	656,878	-	-
Loss applying the participation method	588	63	565
Active deferred tax	(3,551,075)	(3,100,854)	2,921,605
Deferred tax, debit, previous years	3,467,700	-	7,587
Passive deferred tax	(4,385,375)	-	-
Profits from the sale of properties, plant, and equipment	(124,109)	(27,662)	(104,389)
Adjustment to fiscal reserves	-	(10)	-
	<b>802,216,557</b>	<b>187,387,861</b>	<b>529,255,577</b>
Sale of properties, plant, and equipment	199,938	50,324	166,430
Reclassification of short-term bonds	(241,000,994)	-	(33,719,005)
Increase of long-term taxes, charges, and rates	-	-	63,482,312
Increase of estimated liabilities and reserves	3,129,746	-	-
Debtors reduction	-	-	1,048,455
Inventory reduction	3,966,343	11,619,704	-
Reduction of other assets	1,471,796	366,028	-
Total capital provided	<b>569,983,386</b>	<b>199,423,917</b>	<b>560,233,769</b>
<b>Applied financial resources:</b>			
Increase of long-term debtors	(4,466,052)	(5,584,312)	(8,270,028)
Increase of properties, plant, and equipment	(233,657,996)	(105,366,339)	(186,626,685)
Reclassification on account of equity tax payment	(31,741,156)	-	-
Equity tax registration	-	-	(126,964,623)
Increase in other assets	(12,886,255)	(13,117,507)	(3,863,112)
Increase in inventories	-	-	(9,986,832)
Pension liability transfer to short-term	(26,531,466)	(6,550,472)	(20,283,798)
Reduction of other long-term liabilities	(2,221,797)	(539,608)	(1,624,876)
Declared dividends	(134,346,398)	(323,317,575)	(133,502,330)
	<b>(445,851,120)</b>	<b>(454,475,813)</b>	<b>(491,122,284)</b>
Working capital increase (reduction)	<b>\$ 124,132,266</b>	<b>\$ (255,051,896)</b>	<b>\$ 69,111,485</b>



**Changes in working capital components**

Cash and cash equivalents	\$ 92,112,862	\$ 233,651,330	\$ (50,032,426)
Debtors	(41,621,154)	(20,227,712)	(322,706,968)
Expenses paid in advance	1,197,441	(1,798,335)	2,242,079
Outstanding bonds	(206,364,754)	(706,447)	166,955,563
Accounts payable	306,609,735	(393,318,114)	217,635,192
Taxes, charges, and rates	(22,675,727)	(67,074,899)	29,629,943
Labor obligations	(3,848,383)	(1,497,188)	857,177
Estimated liabilities and reserves	(504,195)	(452,817)	16,406,090
Retirement pensions	911,163	326,483	604,474
Other liabilities	(1,684,722)	(3,954,197)	7,520,361
<b>Working capital increase (reduction)</b>	<b>\$ 124,132,266</b>	<b>\$ (255,051,896)</b>	<b>\$ 69,111,485</b>

*See the attached notes.*

The undersigned Legal Representative and Accountant certify that we have previously checked statements contained in these financial statements and that they have been accurately taken from the Company accounting books.

David Felipe Acosta Correa  
Legal Representative

Claudia Patricia Cirka Martínez  
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Professional Card 47715-T

Ángela María Guerrero Olmos  
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(See my February 18 of 2013 report)

## Codensa S.A. E.S.P.

### Nonconsolidated Cash Flow Statements

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30 of 2011
	<i>(In thousand pesos)</i>		
<b>Operational activities</b>			
Net year profits	\$ 510,992,818	\$ 134,346,398	\$ 323,317,575
Adjustments to conciliate net year profits and net cash provided by (used in) operational activities			
Depreciation and amortization	260,543,791	64,711,153	188,523,740
Bond amortization	363,737	91,432	271,311
Active deferred tax	(3,551,075)	(3,100,854)	2,921,605
Deferred tax, previous years	3,467,700	-	7,587
Passive deferred tax	(4,385,375)	-	-
Retirement pensions	15,899,054	4,514,762	16,659,499
Loss using the participation method	588	63	565
Loss in the sale of properties, plant, and equipment	2,156,477	369,857	2,248,007
Actuarial gains (losses)	16,196,073	(13,276,268)	(1,065,161)
Recovery of recreation benefit	-	(241,010)	(4,502,723)
Accounts receivable reserve	1,189,957	1,847,799	2,180,469
Recovery on account of collective workers labor agreement not being formalized	-	-	(3,966,282)
Recovery of accounts receivable reserve	(635,929)	(2,344,990)	(56,360)
Inventory reserve	656,878	-	-
Loss from removal of other assets	-	-	977,960
Recovery of other costs and expenses	(446,133)	(4,474,428)	-
Expenses from invoices not received	1,188,837	-	-
Contingency recovery	(1,132,150)	-	-
Contingency reserve	58,103	759,292	2,237,777
Profits from equipment sales	(124,109)	(27,662)	(104,389)
Adjustment to fiscal reserves	-	(10)	-
Net changes in operational assets and liabilities:			
Debtors	36,601,074	15,140,591	312,312,832
Inventories	3,966,343	11,619,704	(9,986,832)
Expenses paid in advance	(1,197,441)	1,798,335	(2,242,079)
Vendors and accounts payable	(97,678,277)	74,474,967	(132,868,570)
Taxes, charges, and rates	22,675,728	67,074,899	33,852,369
Pension liabilities (payments)	(27,442,629)	(6,876,955)	(20,888,272)
Labor obligations	3,848,383	1,497,188	(857,177)
Estimated liabilities and reserves	4,902,056	(306,475)	(14,677,585)
Other liabilities	934,721	3,780,617	(8,096,782)
Net cash provided by operational activities	<b>749,049,200</b>	<b>351,378,405</b>	<b>686,199,084</b>
<b>Investment activities</b>			
Addition of properties, plant, and equipment	(233,657,996)	(105,366,339)	(186,626,685)
Increase other assets	(12,886,256)	(13,117,507)	(3,863,112)
Sale of properties, plant, and equipment	199,938	50,324	166,430
Net cash used in investment activities	<b>\$ (246,344,314)</b>	<b>\$ (118,433,522)</b>	<b>\$ (190,323,367)</b>

**Financial activities**

Securing of financial obligations and interests	\$ 91,921,625	\$ 26,047,732	\$ 73,151,113
Payment of financial obligations and interests	(126,557,867)	(25,341,285)	(273,825,681)
Dividend payments	(344,214,628)	–	(313,492,419)
Equity tax payments	(31,741,154)	–	(31,741,156)
Net cash provided by (used in) financial activities	(410,592,024)	706,447	(545,908,143)
<b>Net increase (reduction) of cash and cash equivalents</b>	<b>92,112,862</b>	<b>233,651,330</b>	<b>(50,032,426)</b>
Cash and cash equivalents at the beginning of the year	<b>490,870,281</b>	<b>257,218,951</b>	<b>307,251,377</b>
Cash and cash equivalents at year's end	<b>\$ 582,983,143</b>	<b>\$ 490,870,281</b>	<b>\$ 257,218,951</b>

*See the attached notes.*

The undersigned Legal Representative and Accountant certify that we have previously checked statements contained in these financial statements and that they have been accurately taken from the Company accounting books.

David Felipe Acosta Correa  
Legal Representative

Claudia Patricia Cirka Martínez  
Public Accountant  
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Angela María Guerrero Olmos  
Statutory Auditor  
Professional Card 104291–T  
Appointed by Ernst & Young Audit Ltda. TR–530  
(See my February 18 of 2013 report)

## **Codensa S.A. E.S.P.**

### **Notes to Non-Consolidated Financial Statements**

Year ending on December 31 of 2012 and the 3- and 9-month periods ending on December 31 and September 30 of 2011.

*(Amounts in thousand pesos)*

#### **1. Main accounting policies and practices**

##### **Economic entity**

Codensa S.A. E.S.P. is a public household services Company according to Law 142 of 1994. The Company's term is indefinite.

The Company was established in October 23 of 1997 through contribution of distribution and trading assets of Empresa de Energía de Bogotá S.A. E.S.P. with 51.52% of shares and cash contributions by other investors with 48.48% of shares.

The main corporate object is distribution and trading of electrical power and execution of related and supplementary activities; design work, electrical engineering consultancy services, and trading of products in benefit of its clients.

It also includes financing goods and services to residential, urban, and rural clients, including the "Crédito Fácil Codensa" facility, subscriptions, and insurance, some of which were transferred to Banco Colpatría Red Multibanca Colpatría S.A. on November 27 of 2009.

##### **Corporate cooperation agreements**

As part of the Crédito Fácil Codensa business credit portfolio sale process and the transfer of the ongoing business, a corporate cooperation agreement was executed with Banco Colpatría Red Multibanca Colpatría S.A., whose main purpose is regulating terms and conditions between the parties regarding promotion, origination, administration, invoicing, and collection of exclusive financial services to the Crédito Fácil Codensa deal during 10 additional years of operation and 4 wind-down years. The remuneration base is directly related to invoicing and collection. The agreement contains indemnity clauses associated mainly to regulatory changes affecting the transfer, which includes economic sanctions as set forth in the contract.

##### **Legal and regulatory basis**

The Company is mainly governed by Law 142 of 1994 - or Public Utilities Law - and Law 143 of 1994 - or Electrical Law -, its bylaws, and other conditions contained in the Trade Code.

Law 142 contains general criteria applicable to the provision of utility services in Colombia; Law 143 contains norms applicable to generation, transmission, distribution, and trading of electrical power and includes the economic, rates, and subsidy system for the sale of electricity and for the sector's operational aspects.

## **Codensa S.A. E.S.P.**

### **Notes to the Nonconsolidated Financial Statements (cont'd)**

Electrical power sales are regulated by the Energy and Gas Regulatory Commission (CREG), a technical entity belonging to the Ministry of Mines and Energy.

#### **Presentation bases**

The attached financial statements have been prepared according to accounting principles generally accepted in Colombia, as amended by the Superintendence of Public Utility Services which on January 1 of 2006 eliminated for such entities application of the inflation adjustments system for accounting purposes.

The Company records its operations according to the accounts plan for public utility companies issued by the Superintendence of Public Utility Services.

#### **Relative importance criterion**

An economic fact has relative importance whenever, due to its importance, value, and surrounding circumstances, knowing or not knowing it could significantly affect the users' economic decisions. Financial statements itemize specific items according to legal norms, as well as those representing 5% or more of total assets, current assets, current and noncurrent liabilities, working capital, equity, revenues, costs, and expenses, as applicable, including the use of estimates. Additionally, lower amounts are described whenever they could provide better understanding of such financial information.

#### **Accounting period**

According to its bylaws, the Company settles its accounts and prepares and discloses general-purpose financial statements once every year, on December 31.

The duly formalized Company bylaws authorize the Board of Directors to establish the necessary account settlement dates. Through Minutes No. 180 of October 24 of 2011, the Board of Directors ordered the Administration to settle its financial statements as of September 30 of 2011, in order to submit them for the Shareholders Assembly's approval, as well as the dividends distribution and the profits distribution, approved according to Minutes 50 of December 20 of 2011 for the 9-month period ending on September 30 of 2011, and Minutes 51 of March 21 of 2012 for the 3-month period ending on December 31 of 2011.

The attached financial statements for the periods ending on December 31 of 2012, December 31 of 2011, and September 30 of 2011 correspond to 12-, 3-, and 9-month periods, respectively.

#### **Recognition of revenues, costs, and expenses**

Revenues on account of sales are entered as services are being provided. Costs and expenses are entered as accrued. Energy provided and not invoiced at the end of each year has been considered revenues on account of electrical power services, valued at the sale price according to current rates. Such values are included in outstanding assets in the client debtors item. The cost of such power is included in cost of sales.

Operational revenues also include revenues generated by the corporate cooperation agreement executed with Banco Colpatria Red Multibanca Colpatria S.A., directly associated to invoicing and collection of the

## **Codensa S.A. E.S.P.**

### **Notes to the Nonconsolidated Financial Statements (cont'd)**

"Crédito Fácil Codensa" deal.

#### **Use of estimates**

Preparing financial statements according to generally accepted accounting principles requires that the Administration makes estimates and assumptions subject to affecting values of assets, liabilities, and revenues. Actual current or market values could differ from such estimates. The Administration believes estimates and assumptions made have been adequate.

#### **Transactions in foreign currency**

Operations in foreign currency are accounted for using applicable current rates. At the end of each year, balances receivable or payable in foreign currency are updated at the respective market exchange rate certified by the Colombian Financial Superintendence (\$1,768.23 and \$1,942.70 per American dollar as of December 31 of 2012 and December 31 of 2011, respectively). Exchange differences are charged to the respective asset or liability and to income, expenditures, or expenses, as applicable.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in accounts, banks, and savings accounts. Cash equivalents correspond to cash available from investments in fixed income instruments, easily redeemable in between one and 122 days, entered at market value and valued using the yield accrual method. Other investments are recorded at acquisition cost plus interests and adjustments earned, without exceeding their market value.

#### **Financial instruments**

Financial instruments represent the value of agreements executed between two or more parties in order to purchase or sell assets in the future, such as foreign currency, securities, or financial futures on exchange rates, interest rates, or stock indexes, previously defining the transaction quantity, price, and execution date in order to provide or secure hedging. According to current norms, these operations are valued at market price at the end of the year, affecting non-operational revenue/expenditure accounts. The above in order to maintain results according to market prices, with reasonable figures adjusted to the economic reality. The Company carries out no hedging operations with speculation purposes.

#### **Investments, net**

Short-term investments are entered using the cost method, those in non-controlled companies being adjusted for inflation up to December 31 of 2005. Investments representing more than 50% of subscribed capital are entered using the equity participation method, i.e. the proportion corresponding to the subordinated Company profits (losses) in each year's income statements are recognized, changes to equity not resulting from the income statement entered in surplus using the participation method. Investment costs do not exceed market values. Controlled Company investments are reserved whenever the investment - valued at intrinsic value - is lower than the book value.

#### **Delinquent accounts' reserve**

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

This reserve is reviewed and updated based on the risk analysis, on their recovery probability, and on evaluations made by the Administration. Delinquent amounts are charged to such reserve.

Reserve percentages established for each type of delinquent account are the following:

#### **Electrical power**

- 100% More than 360 days in arrears
- 20% Current agreed credits pending application
- 100% Accounts frozen based on creditor agreements
- 100% Accounts frozen on account of other circumstances, more than 360 days in arrears

#### **Other debtors**

- 1.6% Current, 1-30 days in arrears
- 5% 31-90 days in arrears
- 20% 91-180 days in arrears
- 50% 181-360 days in arrears
- 100% More than 360 days in arrears

#### **Infrastructure and electric Company accounts**

- 100% More than 360 days in arrears  
The extended warranty and the vehicle insurance are excluded from the financial services
- 100% account

Debts will be written off once there is legal or material certainty of such loss, for this demonstrating the debtors' insolvency, the lack of real guaranties, or any other circumstance confirming the debt's irrecoverable condition.

#### **Inventories, net**

Inventories are valued at the lower of net realization value and average cost. Based on technical obsolescence analysis and slow turnaround, a reserve is created to protect inventories.

#### **Properties, plant, and equipment, net**

Entered at cost adjusted for inflation up to 2005, including financial expenses and exchange differences from foreign currency financing, until asset commissioning.

Depreciation is calculated on acquisition costs, adjusted for inflation up to 2005 and using the straight-line method based on the assets' service life. The service life weighted average used to calculate depreciation is the following:

<u>Item</u>	<u>Years</u>
Constructions and buildings	36
Plants and ducts	26
Grids, lines, and cables	28
Machinery and equipment	12

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

Office equipment	8
Transportation fleet and equipment	5
Communications equipment	9

The above items include the remaining life of assets acquired from Empresa de Energía de Bogotá in 1997. For electrical assets, this average is calculated taking into account the service life established based on technical studies issued by the Company Distribution Manager.

The Company does not estimate residual values for its assets upon considering them insignificant, being thus fully depreciated.

Profits or losses from the sale or removal of properties, plant, and equipment are entered in the operations of the year the transaction is carried out. Usual expenditures incurred on account of maintenance and repairs are charged to expenses, significant expenditures improving efficiency or extending service life being capitalized.

#### Deferred depreciation

The fiscal depreciation surplus over accounting surplus generates taxes, entered as passive deferred taxes. The Company has created an equity reserve equivalent to 70% of the greater fiscal value, according to article 130 of the Tax Code.

#### Expenses paid in advance

Correspond to insurance policies and prepaid medicine, amortized during their term.

#### Other intangible assets

Mainly represent acquisition costs, development or production of licenses, software, and easements, amortized in 3 years for licenses and software, 50 years for easements.

#### Valuations

Properties, plant, and equipment valuations correspond to differences between a) the net book value and the market value for real estate, or b) the machinery and equipment replacement value, established by capable and authorized experts. Appraisals are less than 3 years old and have been updated according to the indicator applicable to each group of assets.

Properties, plant, and equipment valuations are entered in separate accounts in assets and as a valuation surplus in equity, not subject to being distributed. Properties, plant, and equipment devaluations are entered directly in the income statement as a year expense.

Investment valuations correspond to the difference between cost adjusted for inflation up to December of 2005 and intrinsic value. Investment valuations are entered in separate accounts in assets, as a valuation surplus to equity, not subject to being distributed. Investment devaluations are entered as a lower valuation value, valuation surplus in equity, without the net balance being of a different nature.

#### Taxes, charges, and rates



## **Codensa S.A. E.S.P.**

### **Notes to the Nonconsolidated Financial Statements (cont'd)**

The income tax reserve is calculated at the official 33% rate, using the accrual method and established based on commercial profits in order to properly relate annual revenues to the respective costs and expenses, entered using the estimated liability value.

The effect of temporary differences involving payment of greater or lower taxes is entered as a deferred debit or credit tax, provided it is reasonable to expect that such differences will revert in the future, in addition that the asset will generate sufficient taxable income. Income tax is reported net, after deducting advance payments and positive tax withholdings.

The active deferred tax resulting from the temporary difference generated by deleting accounting inflation adjustments from January 1 of 2006 is amortized according to the fixed assets' service life. The deferred tax is recognized on account of other temporary differences existing between accounting and fiscal balances.

Law 1607 of 2012 changed the income tax rate from 2013, from 33% to 25%, creating the 8% equity income tax applicable to each year's taxable profits. However, this law temporarily established that such rate will be 9% for 2013, 2014, and 2015, 8% from 2016 on.

#### **Labor obligations**

Labor laws consider making a deferred payment to certain employees upon their leaving the Company. The amount received by each employee depends on his work contract date, the type of contract, and his salary. Additionally, in certain cases annual interests are paid on amounts accrued to each employee. Should the employee dismissal be unjustified, he will be entitled to receiving additional payments which vary according to type of service and salary.

The Company makes periodical payments to severance and social security regarding health, professional risks, and pensions, to the respective funds or to the Social Security Institute.

The above laws include the companies' obligation to pay retirement pensions to employees meeting certain age and service time requirements. The pension liability is established through studies made by the actuary according to parameters provided by the National Government. The retirement pension obligation includes the effects of applying new mortality rates authorized by the Financial Superintendence in Decree 1555 of July 30 of 2010, representing the present value of all future monthly payments the Company has to make to employees meeting or to meet certain legal requirements regarding age, service time, and others.

#### **Contingency accounting**

On the day of issuance of these financial statements there could be circumstances that might result in possible losses for the Company, which will only be known should certain circumstances arise in the future. Such circumstances are evaluated by the Administration and by the legal advisors regarding their nature, their probability, and amounts involved, in order to decide on changes to amounts reserved and/or disclosed. Such analyses include existing legal and labor processes against the Company and claims not yet initiated.

#### **Bond placement deduction**

Corresponds to the lower value received from placement of ordinary bonds issued by the Company as a

## **Codensa S.A. E.S.P.**

### **Notes to the Nonconsolidated Financial Statements (cont'd)**

result of the negative difference of rates existing between the bonds' face value and the yield rate they were sold at. This balance is amortized in 119 months after June of 2007, time equivalent to the bonds' term from placement day.

#### **Equity tax**

Law 1370 of December of 2009 created a new equity tax for the 2011 tax year, with a 2.4% rate for taxpayers with fiscal equities in excess of \$3000 million and less than \$5000 million, 4.8% for taxpayers with equities equal to or greater than \$5000 million.

Subsequently, Decree 4825 of December of 2010 established a 25% surtax for taxpayers with equities equal to or greater than \$3000 million.

This tax applies to equities existing as of January 1 of 2011, payment being made in 8 equal installments between 2011 and 2014.

According to Law 1111 of 2006, the Company enters the equity tax against equity revaluation.

#### **Memorandum accounts**

Contingent rights and responsibilities, differences between accounting and fiscal figures, and commitments under credits assigned to clients and workers are entered in memorandum accounts.

#### **Net per-share profits**

Established based on outstanding subscribed and paid shares at the end of the year. The net per-share profits calculation involves clearing preferential dividends corresponding to 20,010,799 shares as of December 31 of 2012, from Empresa de Energía de Bogotá S.A. E.S.P. Preferential dividends are valued at US \$0.0 per share.

#### **New accounting statements**

##### *Compliance with international financial information norms.*

According to Law 1314 of 2009 and Regulatory Decrees 2706 and 2784 of December of 2012, the Company is required to initiate the process required for accounting principles generally accepted in Colombia in order to comply with financial information international norms (NIIF o IFRS), as issued by the IASB (International Accounting Standards Board). Since this is a complex process that will significantly affect the companies, the Public Accountants Technical Council classified the companies in 3 groups for the purpose of this transition.

The Company belongs to group 1, whose transition starts on January 1 of 2014 (January 1 of 2015 for group 2), the first comparative financial statements having to be issued on December 31 of 2015 (December 31 of 2016 for group 2). For companies in group 3, this process will be carried out concurrently with group 1 companies.

## **2. Assets and liabilities in foreign currency**

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

Basic norms existing in Colombia allow for free negotiation of foreign currency through banks and other financial institutions, at free exchange rates. However, most foreign currency transactions require compliance with certain legal requirements.

Following is a summary of assets and liabilities in foreign currency:

	2012		2011	
	(In US dollars)	(In thousand pesos)	(In US dollars)	(In thousand pesos)
Cash and cash equivalents	\$ 18,686	\$ 33,041	\$ 93,567	\$ 181,772
Debtors (Note 5)	232,958	405,879	114,685	227,009
Accounts Payable (Note 10)	(1,608,492)	(2,894,274)	(5,029,161)	(9,661,748)
<b>Net liability position</b>	<b>\$ (1,356,848)</b>	<b>\$ (2,455,354)</b>	<b>\$ (4,820,909)</b>	<b>\$ (9,252,967)</b>

### 3. Cash and cash equivalents

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Cash	\$ 17,163	\$ 55,976	\$ 14,082
Banks, local currency	388,058,920	290,654,389	202,714,103
Term deposits (1)	193,698,258	196,600,000	54,000,000
Trust accounts	1,208,802	3,466,409	397,122
Futures – liquidity operations (2)	–	93,507	93,644
	<b>\$ 582,983,143</b>	<b>\$ 490,870,281</b>	<b>\$ 257,218,951</b>

(1) Fixed income investments have an average effective yield of 5.31%, 5.86%, and 5.22% as of December 31 of 2012, December 31 of 2011, and September 30, 2011, respectively. The balance as of December 31 of 2012 corresponds to fixed term deposits with maturities between January and April of 2013.

(2) A hedge agreement was executed on August 24 of 2011 (non-delivery) with Banco de Bogotá for the purchase of US\$722,840 at an exchange rate of \$1,792.95. As a result of the contract valuation at market prices, the Company entered \$93,507 against results. In 2012, hedging agreements were executed with BBVA and Citibank, which at the end of 2012 had already been liquidated.

### 4. Long-term investments, net

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Bonds convertible into shares	\$ 1,044,516	\$ 1,044,516	\$ 1,044,516
Equity investments, equity participation method	12,074	4,372	4,435
Equity investments, cost method	105,973,023	105,973,023	105,973,023
	<b>107,029,613</b>	<b>107,021,911</b>	<b>107,021,974</b>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

Minus reserve for investments	<u>(1,044,516)</u>	<u>(1,044,516)</u>	<u>(1,044,516)</u>
	<u>\$ 105,985,097</u>	<u>\$ 105,977,395</u>	<u>\$ 105,977,458</u>

	%	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
	Participation			
<b>Majority participation</b>				
Inversora Codensa S.A.S.				
acquisition cost	100.00	\$ 5,000	\$ 5,000	\$ 5,000
Surplus using the participation method		8,290	-	-
Loss using the participation method		(1,216)	(628)	(565)
		<u>\$ 12,074</u>	<u>\$ 4,372</u>	<u>\$ 4,435</u>
<b>Minority participation:</b>				
Electrificadora del Caribe S.A. E.S.P.	0.0013	\$ 57,442	\$ 57,442	\$ 57,442
Distribuidora Eléctrica C/marca S.A. E.S.P.	48.90	105,915,581	105,915,581	105,915,581
		<u>\$ 105,973,023</u>	<u>\$ 105,973,023</u>	<u>\$ 105,973,023</u>

Losses on account on investments valued using the participation method are:

Company	Valuation method	Number of shares	Class of share	Adjusted acquisition cost	Loss, participation method 2012	Loss, participation method 2011	Accrued loss, participation method 2012
Inversora Codensa S.A.S.	Participation	5,000	Ordinary	\$ 5,000	\$ (588)	\$ (628)	\$ (1,216)

Valuations and devaluations from investments valued using the cost method are:

Company	Valuation method	Number of shares	Class of shares	Adjusted acquisition cost	Intrinsic per share value as of December 31 of 2012	Valuation as of December 31 of 2012
Distribuidora Eléctrica C/marca S.A. E.S.P.	Intrinsic value	104,247,499	Ordinary	\$105,915,581	1.41	\$ 41,501,051
Electrificadora del Caribe S.A. E.S.P.	Intrinsic value	654,735	Ordinary	57,442	41.72	(30,126)
						<u>\$ 41,470,925</u>

## 5. Debtors, net

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Clients (1)	\$ 311,140,657	\$ 335,656,216	\$ 329,639,123
Payment agreements (2)	31,877,499	28,309,357	28,712,901
Related companies and parties (Note 11)	9,020,767	36,642,809	78,948,510
Advance payments	461,029	218,681	933,380
Deposits delivered (3)	14,142,507	15,475,555	825,400
Advance payments, contributions	1,176,303	1,024,135	946,493
Other debtors (4)	57,121,747	53,237,503	46,235,464
	<u>424,940,509</u>	<u>470,564,256</u>	<u>486,241,271</u>
Minus client reserve	(61,428,616)	(69,897,261)	(70,930,876)

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

	<b>\$ 363,511,893</b>	\$ 400,666,995	\$ 415,310,395
Minus short-term portion	<b>320,310,396</b>	361,931,550	382,159,262
Long-term portion (5)	<b>\$ 43,201,497</b>	\$ 38,735,445	\$ 33,151,133

- (1) As of December 31 of 2012 and 2011, the tolls accounts receivable are \$3,813,355 and \$20,340,285. The reduction in the above accounts receivable results mainly from the \$6,594,500 Comercializar S.A. E.S.P. write-off and from the new expiration and payment method applied to invoices issued on account of STR and SDL use charges according to resolution CREG No 156 of 2011, meaning that invoices expire on the 5th business day after their delivery, consequently the respective amounts being collected on the month of the invoice and not on the 1st business day of the following month, as was previously done.
- (2) Payment agreements correspond to agreements between Codensa S.A. E.S.P. and its clients for payment of specific amounts at a certain time and at a pre-established interest rate. These agreements apply to clients requesting financing on account of use, installations, customization work, sanctions for losses, and other services provided by the Company, as follows:

Year	As of December 31 of 2012
2013	\$ 18,759,603
2014	6,793,070
2015	2,682,085
2016 and following	3,642,741
	<b>\$ 31,877,499</b>

- (3) As of December 31 of 2012 and 2011, the Company had established guaranties for \$14,142,507 and \$15,475,555, mainly to back local electrical power purchases and international power transactions, according to XM Compañía de Expertos en Mercado requirements.
- (4) As of December 31 of 2012 and 2011, this item includes accounts receivable from employees for \$36,103,355 and \$33,464,310.
- (5) Long-term accounts receivable include the "Crédito Fácil Codensa" deal for \$16,008, electrical power payment agreements for \$5,490,296, electrical work accounts receivable for \$5,936,328, service accounts receivable for \$1,675,226, and credits to employees for \$30,083,639, as follows:

Year	Value
2014	\$ 14,813,779
2015	9,981,376
2016 and following	18,406,342
	<b>\$ 43,201,497</b>

The accounts receivable reserves are the following:

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Initial balance	\$ 69,897,261	\$ 70,930,876	\$ 71,476,800
Reserve against results	1,189,957	1,847,799	2,180,469
Recoveries (1)	(635,929)	(2,344,990)	(56,360)
Write-offs (2)	(9,022,673)	(536,424)	(2,670,033)
	<b>\$ 61,428,616</b>	\$ 69,897,261	\$ 70,930,876

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

- (1) As of December 31 of 2012 and December 31 of 2011, recoveries correspond mainly to payment agreements executed by the Company with municipalities comprising the official sector and public lighting energy portfolios.
- (2) As of December 31 of 2012, the Company wrote off the Comercializar S.A E.S.P. accounts receivable for \$6,594,500, company that had suspended payments to Sistema de Interconexión Nacional SIN, Sistema de Distribución Local SDL, and to Sistema de Distribución Regional STR, and other payments since February of 2010, so that supply limitations were applied and the MEM removed. The Company made a financial study on such companies insolvency and the inability to legally collect amounts due to lack of real guaranties.

#### 6. Inventories, net

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Raw materials and supplies	\$ 13,724,580	\$ 17,690,923	\$ 29,310,627
Minus obsolescence reserve	(702,725)	(45,847)	(45,847)
	<u>\$ 13,021,855</u>	<u>\$ 17,645,076</u>	<u>\$ 29,264,780</u>

#### 7. Properties, plant, and equipment, net

As of December 31 of 2012, following are properties, plant, and equipment values:

	As of December 31 of 2012		
	Cost	Accrued depreciation	Net value
Grids, lines, and cables	\$ 5,078,312,008	\$ (2,607,671,860)	\$ 2,470,640,148
Plants, ducts, and tunnels	1,071,396,464	(533,005,984)	538,390,480
Constructions and buildings	200,128,848	(89,429,518)	110,699,330
Constructions in progress (1)	71,794,663	-	71,794,663
Communications and computer equipment	70,942,733	(38,142,669)	32,800,064
Land	68,901,941	-	68,901,941
Machinery and equipment	47,324,919	(33,648,260)	13,676,659
Machinery, plant, and equipment being erected (1)	45,057,965	-	45,057,965
Furniture, furnishings, and office equipment	33,893,132	(20,666,939)	13,226,193
Transportation and lifting equipment	5,698,309	(3,342,816)	2,355,493
	<u>6,693,450,982</u>	<u>(3,325,908,046)</u>	<u>3,367,542,936</u>
Deferred depreciation, Db	-	110,398,439	-
Deferred depreciation, Cr	-	(110,398,439)	-
	<u>\$ 6,693,450,982</u>	<u>\$ (3,325,908,046)</u>	<u>\$ 3,367,542,936</u>

As of December 31 and September 30, 2011, following are property, plant, and equipment values:

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

	As of December 31 of 2011			As of September 30, 2011		
	Cost	Accrued depreciation	Net value	Cost	Accrued depreciation	Net value
Grids, lines, and cables	\$4,927,118,534	\$(2,420,758,797)	\$2,506,359,737	\$4,774,460,831	\$(2,374,532,271)	\$ 2,399,928,560
Plants, ducts, and tunnels	1,032,825,626	(499,935,548)	532,890,078	980,997,749	(491,686,901)	489,310,848
Constructions and buildings	197,077,058	(84,672,850)	112,404,208	181,314,396	(83,551,400)	97,762,996
Constructions in progress	46,566,710	–	46,566,710	135,164,236	–	135,164,236
Communications and computer equipment	64,348,251			64,287,124		
Land	68,542,378	(32,384,719)	31,963,532		(30,725,271)	33,561,853
Machinery and equipment	45,350,758	–	68,542,378	68,549,202	–	68,549,202
Machinery, plant, and equipment being erected	49,486,997	(31,216,649)	14,134,109	44,412,964	(30,599,113)	13,813,851
Furniture, furnishings, and office equipment	30,871,267	–	49,486,997	81,631,330	–	81,631,330
Transportation and lifting equipment	4,303,223	(17,557,057)	13,314,210	27,303,249	(15,943,335)	11,359,914
		(2,902,809)	1,400,414		(2,777,693)	1,228,833
	<b>6,466,490,802</b>	<b>(3,089,428,429)</b>	<b>3,377,062,373</b>	<b>6,362,127,607</b>	<b>(3,029,815,984)</b>	<b>3,332,311,623</b>
Deferred depreciation, Db	–	123,687,689	–	–	–	–
Deferred depreciation, Cr	–	(123,687,689)	–	–	–	–
	<b>\$6,466,490,802</b>	<b>\$(3,089,428,429)</b>	<b>\$3,377,062,373</b>	<b>\$6,362,127,607</b>	<b>\$(3,029,815,984)</b>	<b>\$3,332,311,623</b>

- (1) As of December 31 of 2012, construction in progress and machinery being erected correspond to civil work for improvement of productive installations and general administration.

Following are depreciation values:

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Initial balance	\$ 3,089,428,429	\$ 3,029,815,984	\$ 2,859,901,913
Year depreciation	240,945,127	60,223,069	177,719,079
Depreciation withdrawals	(4,465,510)	(610,624)	(7,805,008)
Final balance	<b>\$ 3,325,908,046</b>	<b>\$ 3,089,428,429</b>	<b>\$ 3,029,815,984</b>

Properties, plant, and equipment have no restrictions or liens affecting their realization or negotiation capacity, representing Company exclusively owned goods. They are covered by an all-risk corporate policy.

### 8. Other assets, net

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Studies and projects (1)	\$ 17,590,265	\$ 21,559,404	\$ 20,132,676
Goods received in payment	899,478	899,478	899,478
Improvements to third-party properties (2)	2,369,051	2,303,967	414,811
Deferred monetary correction (3)	48,597,958	50,069,755	50,435,783
Intangibles (4)	58,449,711	61,258,062	55,944,523
	<b>\$ 127,906,463</b>	<b>\$ 136,090,666</b>	<b>\$ 127,827,271</b>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

- (1) As of December 31 of 2012, correspond mainly to projects of the new commercial management system SAP-ISU Génesis, commissioned in October of 2012, and Sinergia 4J "Epic@" commissioned the 2nd half of 2008. These projects are amortized in 5 years for SAP-ISU and 10 years for Sinergia 4J. Includes costs of projects for improvement and optimization of the distribution system, amortized in 3 and 5 years, respectively.
- (2) During 2012, the Company made improvements to third-party properties in the San Diego, and Soacha, Galerias service centers and in the Calle 82 building, for \$1,353 M..
- (3) Corresponds to the inflation adjustment to fixed assets in progress and/or being erected, entered up to December of 2005 and amortized in up to 45 years. The portion corresponding to the equity inflation adjustment was entered as passive deferred monetary correction.
- (4) Corresponds mainly to:

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Rights	\$ 2,403,773	\$ 2,103,539	\$ 1,767,920
Licenses	30,618,442	30,458,607	29,006,553
Software (a)	86,683,194	79,535,479	73,652,046
Easements	27,542,538	26,718,426	25,913,574
Inflation adjustments	16,991,577	16,991,577	16,991,577
	<u>164,239,524</u>	<u>155,807,628</u>	<u>147,331,670</u>
Minus accrued amortization	(105,789,813)	(94,549,566)	(91,387,147)
	<u>\$ 58,449,711</u>	<u>\$ 61,258,062</u>	<u>\$ 55,944,523</u>

- (a) During 2012, the Company made developments to the SAP system for \$4,141 M; developments have also been made to the SCADA SPECTRUM 3.10 (G-CORE) application, a technical system that seeks modernizing the local electrical grids' distribution systems and the international grid for \$2,897 M.

## 9. Valuations

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Investments: (1)			
Investments in non-controlled companies	\$ 41,470,925	\$ 30,650,059	\$ 22,964,707
Properties, plant, and equipment: (2)			
Land	39,537,004	36,500,559	36,513,736
Constructions and buildings	18,070,828	15,769,329	15,769,825
Plans and ducts	125,759,718	254,640,384	254,640,383
Communications equipment	2,337,706	2,187,774	2,187,774
Grids, lines, and cables	507,072,779	287,065,849	287,108,284
Machinery and equipment	3,030,779	2,944,716	2,944,676
Furniture, furnishings, and office equipment	144,297	42,878	38,924
Transportation fleet and equipment	1,083,760	360,869	360,869
	<u>\$ 738,507,796</u>	<u>\$ 630,162,417</u>	<u>\$ 622,529,178</u>

- (1) Corresponds mainly to the update to the investment Codensa S.A. E.S.P. has in Distribuidora Eléctrica de Cundinamarca S.A. E.S.P. – DECSA, for its intrinsic value.
- (2) According to Regulatory Decree 2649 of 1993, the Company is required to make a technical appraisal of its properties, plant, and equipment at least every 3 years, entering valuations and/or devaluations as



## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

applicable. The last technical appraisal of fixed assets at commercial value was made on Q3 2012 by Consultores Unidos S.A., resulting in a greater valuation for \$97,912,757 and in asset removals for \$259,555.

Following is the balance of valuations and devaluations entered for each class of fixed asset as of December 31 of 2012:

Class of asset	Accounting value 30/09/2012	Commercial value 30/09/2012	Valuation 30/09/2012	Valuation 31/12/2011	Valuation adjustment as of 31/12/2012
Grids, lines, and cables	\$ 2,421,584,454	\$ 2,928,745,054	\$ 507,160,600	\$ 287,065,849	\$ 220,094,751
Plants, ducts, and tunnels	545,312,787	671,072,505	125,759,718	254,640,384	(128,880,666)
Constructions and buildings	111,651,316	129,722,144	18,070,828	15,769,329	2,301,499
Land	68,711,360	108,248,364	39,537,004	36,500,559	3,036,445
Communications and computer equipment	30,539,211	32,876,917	2,337,706	2,187,774	149,932
Machinery and equipment	14,388,110	17,418,888	3,030,778	2,944,716	86,062
Furniture, furnishings, and office equipment	11,228,015	11,413,180	185,165	42,878	142,288
Transportation fleet and equipment	968,462	2,052,222	1,083,760	360,869	722,891
	<b>\$ 3,204,383,715</b>	<b>\$ 3,901,549,274</b>	<b>\$ 697,165,559</b>	<b>\$ 599,512,358</b>	<b>\$ 97,653,202</b>

### 10. Accounts payable

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
Related companies and parties (1) (Note 11)	\$ 172,906,033	\$ 457,928,166	\$ 162,716,384
Acquisition of local goods and services	317,227,300	326,059,796	241,748,695
Acquisition of foreign goods and services	253,795	1,750,935	334,285
Creditors	51,775,245	63,033,214	50,654,633
Other accounts payable	179	176	176
	<b>\$ 542,162,552</b>	<b>\$ 848,772,287</b>	<b>\$ 455,454,173</b>

(1) On December 20, 2011, according to Minutes 50 of the General Shareholders Assembly, and on March 21 of 2012, according to Minutes 51 of the General Shareholders Assembly, the Company declared dividends for \$457,663,973, corresponding to Empresa de Energía de Bogotá S.A E.S.P \$237,565,426, Endesa Latinoamérica \$121,012,635, Enersis S.A \$56,577,340, Chilectra S.A \$42,433,001 and minority shareholders \$75,571. These dividends were paid as follows: 100% of preferential dividends and 25% of ordinary dividends on April 25, followed by two 25% payments of ordinary dividends on June 26 and November 15 of 2012, the ordinary 25% dividend pending, which was paid on January 13 of 2013.

### 11. Transactions with related companies and third parties

Transactions with related companies, defined as such upon having common shareholders and/or administration, at general market prices and conditions.

Following are balances of debtor accounts and outstanding amounts before related companies:

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

	As of December 31 of 2012	As of December 31 of 2011	As of September 30 of 2011
<b>Debtors (Note 5)</b>			
Emgesa S.A. E.S.P. (1)	\$ 7,161,558	\$ 15,537,114	\$ 52,276,025
Empresa de Energía de Cundinamarca S.A. E.S.P. (2)	1,433,642	20,841,696	26,023,757
Empresa de Energía de Bogotá S.A. E.S.P.	68	134,623	7,656
Fundación Endesa	-	13,889	470,000
Inversora Codensa S.A.S.	-	124	-
Endesa Energía S.A.	160,851	115,363	171,072
Endesa Operaciones y Servicios	264,648	-	-
	<b>\$ 9,020,767</b>	<b>\$ 36,642,809</b>	<b>\$ 78,948,510</b>

- (1) Corresponds mainly to the estimate of tolls and STR for \$6,944 M as of December 31 of 2012. Additionally, advance payments were made on account of energy purchases to Emgesa S.A. E.S.P. for \$428,477 M, which were fully amortized during 2012. In 2011, \$359,992 M were drawn and \$516,500 M amortized on account of energy purchases. During 2012, loans for \$63,695 M were made, which were fully paid on that same year.
- (2) In March of 2009, Codensa S.A. E.S.P. executed a mercantile proposal with Empresa de Energía de Cundinamarca S.A. E.S.P. with a 4-year term, whose purpose is offering technical assistance services in management, exploitation, operation, and maintenance of Company assets, payment that includes: i) reimbursable expenses incurred, plus a 15% margin; this payment will be made quarterly, and ii) a success commission equivalent to 7% of the value in which EBITDA increases with respect to the previous year. ADDs advance payments were made for \$44,598,000,000, fully paid by 2012.

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
<b>Accounts payable (Note 10)</b>			
Emgesa S.A. E.S.P. (3)	\$ 55,228,642	\$ 130,093,832	\$ 158,030,157
Empresa de Energía de Cundinamarca S.A. E.S.P. (4)	3,764,849	3,740,678	3,783,832
Empresa de Energía de Bogotá S.A. E.S.P.(5)	58,443,601	168,019,280	1,556
ICT Servicios Informáticos Ltda.	463,187	430,605	478,450
Endesa Latinoamérica S.A.	30,253,161	85,427,621	2
Enersis Chile	14,144,339	39,940,192	4
Endesa Servicios	-	320,816	422,380
Chilectra S.A.	10,608,254	29,955,142	3
	<b>\$ 172,906,033</b>	<b>\$ 457,928,166</b>	<b>\$ 162,716,384</b>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

(3) Corresponds mainly to energy purchase agreements the Company has with Emgesa (EMG-OM-007-08, EMG-OM-010-08 and EMG-OM-004-09). Additionally, to the estimate of energy purchases for \$54,916 M.

In December of 2012, EMGESA carried out factoring operations with Banco de Bogotá on invoices issued to Codensa for \$43,964,171. It also carried out confirming operations with Banco Corpbanca on the invoice issued to Codensa for \$13,816,993.

(4) Corresponds mainly to ADD (distribution charge).

(5) Corresponds to dividends payable to EEB for \$58,443 M.

Following is the effect on income of transactions with related companies during 2012 and the periods between January 1 to September 30, 2011 and October 1 to December 31 of 2011:

Company	Transaction purpose	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30, 2011
<b>Revenues</b>				
Emgesa S.A. E.S.P. (1)	Energy and other services	\$ 638,421	\$ 181,477	\$ 858,904
	Tolls and use of lines and grids	88,336,035	21,263,620	63,463,066
	Use contract	3,337,531	834,383	2,503,148
	Extraordinary revenues	437,280	1,851	2,641
	Financial revenues	2,907,672	232,193	2,049,100
Empresa de Energía de Cundinamarca S.A. E.S.P.	Energy and other services	120,702	-	-
	Tolls and use of lines and grids	9,487,377	2,115,316	7,415,434
	Equipment leasing and commission	1,419,412	(120,175)	1,083,025
	Extraordinary revenues	-	(39,024)	39,024
	Financial revenues	1,977,662	326,739	744,311
Synapsis Soluciones Informáticas Ltda.	Exchange differences	-	-	13,714
Compañía Americana de Multiservicios Ltda. (2)	Commissions	-	-	42,527
	Sale of meters and other services	-	-	242,418
	Extraordinary revenues	-	-	38,645
Endesa Energía	Call center services	186,390	93,434	93,278
	Exchange differences	14,073	-	-
Endesa Operaciones y Servicios	Other services	344,754	-	-
	Exchange differences	11,915	-	-
Chilectra	Exchange differences	10,951	-	-
Endesa Servicios	Exchange differences	16,561	-	-
Enel Energy Europe	Exchange differences	51,989	-	-
Synapsis Colombia Ltda. (3)	Fiber optics leasing	-	-	42,579
	Post and space police team	-	-	34,249
Empresa de Energía de Bogotá	Substation operation, others	1,231,344	375,259	690,665
	Christmas lighting	1,293,103	-	1,379,310
		<b>\$ 111,823,172</b>	<b>\$ 25,265,073</b>	<b>\$ 80,736,038</b>
<b>Costs and expenses</b>				
Emgesa S.A. E.S.P. (1)	Energy purchases	\$ 656,249,442	\$ 182,142,296	\$ 494,887,775
	Interests	-	1,142	8,686
	Use contracts	2,803,339	700,835	2,102,504
	Other	490,435	89,878	269,633
Empresa de Energía de Cundinamarca S.A. E.S.P.	Use of lines and grids , other contracts	1,249,455	278,453	652,821
	Revenue recoveries	72,613	-	-
Endesa Servicios	Operation contract costs	-	-	300,933
	Other expenses	-	-	156,534
	Exchange differences	1,168	-	-
Endesa Energía	Exchange differences	16,059	-	-
Enel Energy Europe	IT services	116,720	-	-
	Other	133,912	-	-
ICT Servicios Informáticos Ltda.	IT services	532,430	-	955,031

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

Endesa Operaciones y Servicios	Exchange differences	9,087	–	–
Compañía Americana de Multiservicios Ltda. (2)	Operation contract costs	–	–	1,159,142
Synapsis Colombia Ltda. (3)	Software development services	–	–	160,202
Empresa de Energía de Bogotá	Vacation center and materials	–	117	46,818
	Telecommunications	54,308	–	–
		<b>\$ 661,728,968</b>	<b>\$ 183,212,721</b>	<b>\$ 500,700,079</b>

- (1) Revenues correspond mainly to the use of lines and grids, STR estimate, tolls, STN connection charges, and SD invoicing for \$88,336 M in 2012 and \$84,726 M in 2011 and energy purchase costs for \$656,249 M in 2012 and \$677,030 M in 2011.
- (2) Through public deed 494 of Notary 11 of the Bogotá circle, on March 1 of 2011 476 corporate quotas were assigned, which the Company Nersis S.A. had in Synapsis Colombia Ltda., to RW Chile Tres S.P.A. On such account, transactions with related companies were carried out up to February of 2011.
- (3) Through public deed No. 359 of Notary 11 of the Bogotá circle, one corporate quota the Company Synapsis Colombia Ltda. had in Compañía Americana de Multiservicios Ltda. was assigned to Enersis S.A. Subsequently, through public deed 431 of February 24 of 2011 of Notary 11 of the Bogotá circle, Enersis S.A. ESP assigned one corporate quota the Company had in Compañía Americana de Multiservicios Ltda. to Inversiones y Construcción G y M Ltda. On such account, transactions with related companies were carried out up to February of 2011.

### 12. Labor obligations

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
Severance	\$ 1,636,012	\$ 1,555,105	\$ 1,251,535
Interests on severance	195,449	185,412	111,980
Vacation	4,724,705	4,126,414	4,310,302
Vacation bonus	718,488	613,697	796,852
Service bonus	–	–	1,171,010
Seniority bonus	777,446	777,401	777,401
Bonuses (1)	13,202,416	10,174,665	7,585,385
Other	338,818	312,257	243,298
	<b>\$ 21,593,334</b>	<b>\$ 17,744,951</b>	<b>\$ 16,247,763</b>

On February 11 of 2004, the Company signed the collective workers labor agreement with Sindicato de la Energía de Colombia – SINTRAELECOL– benefiting unionized workers from January 1 of 2004 to December 31 of 2007, partially amended with Acta Convencional 1 of July 8 of 2011 for the 4-year period from January 1 of 2011 to December 31 of 2012. As of December 31 of 2012, 532 employees were unionized.

- (1) For comparison purposes, a reclassification was made of labor obligations (Note 12) regarding the value corresponding to retirement bonuses and loyalty for \$1,486,588 as of December 31 of 2011, and \$1,081,111 as of September 30, 2011, which were included in estimated liabilities and reserves (Note 14).

### 13. Outstanding bonds and commercial papers

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
Bonds issued	\$ 1,107,500,000	\$ 1,141,220,000	\$1,141,220,000
Interests on bonds	5,638,231	6,554,471	5,848,024
Discount on bonds (1)	(1,524,518)	(1,888,255)	(1,979,687)
	<u>1,111,613,713</u>	<u>1,145,886,216</u>	<u>1,145,088,337</u>
Minus short-term portion (2)	(246,275,487)	(39,910,733)	(39,204,286)
Total long-term portion	<u>\$ 865,338,226</u>	<u>\$ 1,105,975,483</u>	<u>\$ 1,105,884,051</u>

- (1) Corresponds to the lower value received from placement of ordinary bonds on June 20 of 2007, resulting from the difference between the face rate and the rate offered on placement day. As a result of this, the Company failed to receive \$3,671,495, of which as of December 31 of 2012 \$2,146,977 had been amortized, \$1,524,518 outstanding, which will be amortized in the 21 months, the bonds' remaining time.
- (2) In 2012, bonds were redeemed for \$33,720,000, corresponding to subseries B5 of the 2nd issuance, bonds for \$241,000,000 of subseries A5, A10 and B5 of the 3rd issuance being transferred from long to short term.

The entire Codensa financial debt as of December 31 of 2012 is included in the four bond issuances in the local market. Following are the main characteristics of each of them:

#### 1st bond issuance

The Colombian Financial Superintendence, through Resolution 214 of February 24 of 2004, ordered registering in Registro Nacional de Valores y Emisores ("RNVE") one ordinary bond issuance for up to \$500,000 million.

The entire issuance was placed on March 11 of 2004, according to the following:

Total amount placed	\$500,000,000 as follows: Sub-series B5: \$ 50,000,000 Sub-series B7: \$200,000,000 Sub-series B10: \$250,000,000
Outstanding balance as of December 31 of 2012	\$250,000,000 (Sub-series B10)
Nominal value. Bond:	\$1,000
Issuance terms:	Sub-series B5: 5 years Sub-series B7: 7 years Sub-series B10: 10 years
Issuance date:	11 de marzo de 2004, para todas las sub-series
Maturity date:	Sub-series B5: March 11, 2009 Sub-series B7: March 11, 2011 Sub-series B10: 11 March 11, 2014
Issuance administrator:	Deceval S.A.
Coupon rate:	Sub-series A5: IPC + 4.90% E.A. Sub-series A7: IPC + 6.14% E.A. Sub-series A10: IPC + 6.34% E.A.

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

Rating: AAA (Triple A)  
Assigned by Duff & Phelps de Colombia S.A. S.C.V.  
(today Fitch Ratings Colombia S.A. S.C.V.)

#### 2nd bond issuance

On February 14 of 2007, the Colombian Financial Superintendence, through Resolution 208 of 2007, ordered registering in Registro Nacional de Valores y Emisores ("RNVE") the 2nd ordinary bond issuance for up to \$650,000 million, authorizing its public offering.

This issuance was placed in 3 lots, as follows:

Total amount placed:	\$650,000,000 as follows: 1st Lot: March 14, 2007 for \$225.800.000 2nd Lot: June 20, 2007 for \$305.500.000 3rd Lot: December 6, 2007 for \$118.700.000 The total amount was placed in four subseries, as follows: Sub-series A3: \$139,800,000 Sub-series A10: \$391,500,000 Sub-series B3: \$ 84,980,000 Sub-series B5: \$ 33,720,000
Current balance as of December 31 of 2012	\$391,500,000 (Sub-series A10)
Nominal value per bond:	\$10,000
Issuance terms:	Sub-series A3: 3 years Sub-series A10: 10 years Sub-series B3: 3 years Sub-series B5: 5 years
Issuance date:	March 14 of 2007 for all subseries
Maturity date:	Sub-series A3: March 14, 14 de marzo de 2010 Sub-series A10: March 14, 2017 Sub-series B3: March 14, 2010 Sub-series B5: March 14, 2012
Issuance administrator:	Deceval S.A.
Coupon rate:	Sub-series A3: IPC + 4.60% E.A. Sub-series A10: IPC + 5.30% E.A. Sub-series B3: DTF + 2.09% E.A. Sub-series B5: DTF + 2.40% E.A.
Rating:	AAA (Triple A) Assigned by Duff & Phelps de Colombia S.A. S.C.V. (today Fitch Ratings Colombia S.A. S.C.V.)

During 2011, payments on account of maturities of bonds from subseries B5 were made for \$33,720 M.

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### 3rd bond issuance

The Colombian Financial Superintendence, through Resolution 332 of March 10 of 2008, ordered registering in Registro Nacional de Valores y Emisores ("RNVE") the 3rd ordinary bond issuance for up to \$350,000 million, authorizing its public offering.

This issuance was placed in 2 lots, as follows:

Total amount placed	\$350,000,000, as follows: 1st Lot: December 11 of 2008 for \$270,000,000 2nd Lot: March 27 of 2008 for \$800,000,000 The total amount was placed in 4 subseries, as follows: Sub-series A5: \$75,500,000 Sub-series A10: \$80,000,000 Sub-series B2: \$109,000,000 Sub-series B5: \$85,500,000
Current balance as of December 31 of 2012	\$241,000,000 (sub-series A5, A10 and B5)
Nominal value per bond	\$10,000
Issuance terms:	Sub-series A5: 5 years Sub-series A10: 10 years Sub-series B2: 2 years Sub-series B5: 5 years
Issuance date	December 11 of 2008 for all subseries
Maturity date	Sub-series A5 y B5: December 11 of 2013 Sub-series A10: December 11 of 2018 Sub-series B2: December 11 of 2010
Issuance administrator	Deceval S,A,
Coupon rate	Sub-series A5: IPC + 5.99 % E.A. Sub-series A10: IPC + 5.55% E.A. Sub-series B2: DTF T.A. + 2.11% Sub-series B5: DTF T.A. + 2.58%
Rating:	AAA (Triple A ) Assigned by Duff & Phelps de Colombia S.A. S.C.V. (today Fitch Ratings Colombia S.A. S.C.V.)

#### Bond issuance and placement program

Through resolution 194 of January 29 of 2010, the Colombian Financial Superintendence ordered registering in Registro Nacional de Valores y Emisores ("RNVE") the Codensa Ordinary Bond Issuance and Placement Program for up to \$600,000 million, and their public offering.

As of December 31 of 2012, only one issuance has been made under the program, corresponding to the 1st tranche under the program, the amount placed on February 17 of 2010 being \$225,000 million, in a single lot and with the following characteristics:

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

Total amount placed	\$225,000,000, as follows: Sub-series B3: \$ 80,000,000 Sub-series B6: \$145,000,000
Current balance as of December 31 of 2012	\$225,000,000
Nominal value per bond	\$10,000
Issuance terms	Sub-series B3: 3 years Sub-series B6: 6 years
Issuance date	February 17 of 2010 for all series
Maturity date	Sub-series B3: February 17, 2013 Sub-series B6: February 17, 2016
Issuance administrator	Deceval S.A.
Coupon rate	Sub-series B3: IPC + 2.98% E.A. Sub-series B6: IPC + 3.92% E.A.
Rating	AAA (Triple A ) Assigned by Duff & Phelps de Colombia S.A. S.C.V. (today Fitch Ratings Colombia S.A. S.C.V.)

As of December 31 of 2012, the bonds' principal balance payable in the following years, exclusive of interests and discounts, is the following:

Year	Value
2013	\$ 241,000,000
2014	250,000,000
2016	145,000,000
2017	391,500,000
2018	80,000,000
	\$ 1,107,500,000

#### 14. Estimated liabilities and reserves

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
Litigations (1)	\$ 6,402,023	\$ 8,147,124	\$ 7,616,473
Infrastructure projects	5,987,445	5,700,781	3,075,242
Costs and expenses (2)	26,322,452	24,359,820	27,063,193
PCB disassembly (3)	3,129,746	-	-
	41,841,666	38,207,725	37,754,908
Minus short-term portion	38,711,920	38,207,725	37,754,908
Total long-term portion	\$ 3,129,746	\$ -	\$ -



## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

- (1) As of December 31 of 2012 and 2011, amounts claimed against Codensa under administrative, civil, and labor processes and under constitutional actions entered in memorandum accounts are \$806,789 M and \$751,907 M, based on the defense success probability in these cases, \$6,402 M having been reserved up to December 31 of 2012 and \$8,147 M up to December 31 of 2011 to cover probable losses. The administration considers that the result of claims corresponding to the non-reserved portion will be favorable for the Company and will not result in significant liabilities that should be accounted for, or that they will not significantly affect the Company financial position.

As of December 31 of 2011, following is the summary of claims under administrative, civil, and labor proceedings, and contractors:

Processes	Number of processes	Rating	Contingency value (a)	Reserve value
Administrative and civil	33	Probable	\$ 13,538,830	\$ 4,634,023
	113	Eventual	111,891,884	–
	54	Remote	673,635,567	–
Labor and contractor	200		799,066,281	4,634,023
	12	Probable	2,278,000	1,768,000
	23	Eventual	3,605,000	–
	25	Remote	1,840,000	–
	60		7,723,000	1,768,000
<b>Total processes</b>	<b>260</b>		<b>\$ 806,789,281</b>	<b>\$ 6,402,023</b>

(a) The contingency corresponds to the amount of the claim, which is different from the reserve since it is made based on the actual contingency for the Company. The reserve is established by the lawyers as the maximum loss should the ruling be 'probable'; processes considered probable are reserved at 100% of the actual contingency. In addition, the Company makes entries for control purposes.

(2) As of December 31 of 2012 and 2011, includes the reserve corresponding to the balance conciliation process before the Bogotá Capital District from public lighting charges, for \$15,000 M. Additionally, for comparison purposes a reclassification was made to labor obligations (Note 12) regarding the amount corresponding to the retirement bonus reserve, for \$1,486,588 as of December of 2011 and \$1,081,111 as of September 30 of 2011.

(3) According to law 1196 of 2008, Colombia joined the Stockholm Agreement, this circumstance being regulated through the Ministry of the Environment's Regulation 222 of December 15 of 2011, recognizing the reserve for dismantling of transformers polluted with PCB. The 2012 reserve is for \$3,547 M, expenditures under this reserve being \$417,000,000.

### 15. Other liabilities

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
Third-party collections (1)	\$ 29,025,530	\$ 26,850,653	\$ 24,884,142
Revenues received in advance (2)	4,187,500	4,937,500	5,111,080
Third-party portfolio collections. (3)	6,902,266	7,392,421	5,404,735
Deferred monetary correction (Note 8)	48,597,958	50,069,755	50,435,783
	<b>88,713,254</b>	<b>89,250,329</b>	<b>85,835,740</b>
Minus short-term portion	(36,677,796)	(34,993,074)	(31,038,877)
<b>Total long-term portion</b>	<b>\$ 52,035,458</b>	<b>\$ 54,257,255</b>	<b>\$ 54,796,863</b>

- (1) Corresponds mainly to mandate agreements on account of subscriptions to newspapers, magazines, and

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

insurance policies.

- (2) A market channel access agreement was executed with Mapfre Colombia Vida Seguros on August of 2012 for Codensa electrical power clients, in order to allow Mapfre to trade insurance contracts with the Codensa clients. This contract has an 8-year term, a single \$6,000 M payment having been agreed, entered as revenues received in advance, to be amortized to during the contractual term.
- (3) Corresponds to the outstanding amount payable to Banco Colpatría Red Multibanca Colpatría S.A. from collections made on the Company's account of credits from the "Crédito Fácil Codensa" deal, sold to the bank, according to the corporate cooperation agreement executed as described in Note 1.

#### 16. Retirement pensions

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
Actuarial calculations on retirement pensions and supplementary benefits	\$ 206,031,851	\$ 201,379,353	\$ 217,258,824
Minus current portion	(27,857,103)	(28,768,266)	(29,094,749)
Retirement pensions and supplementary long-term benefits	<u>\$ 178,174,748</u>	<u>\$ 172,611,087</u>	<u>\$ 188,164,075</u>

Following are activities carried out between January 1 and December 31 of 2012, January 1 and September 30 of 2011, and October 1 and December 31 of 2011:

	January 1- December 31 of 2012	October 1- December 31 of 2011	January 1- September 30 of 2011
Initial balance	\$ 201,379,353	\$ 217,258,824	\$ 227,055,481
Financial cost	15,899,054	4,514,761	16,659,499
Payments	(27,442,629)	(6,876,955)	(20,888,272)
Actuarial gains (losses)	16,196,073	(13,276,268)	(1,065,161)
Recreation benefit recovery	-	(241,009)	(4,502,723)
	<u>\$ 206,031,851</u>	<u>\$ 201,379,353</u>	<u>\$ 217,258,824</u>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

The number of employees for actuarial calculations is the following:

	January 1- December 31 of 2012	October 1- December 31 of 2011	January 1- September 30 of 2011
Number of dismissed employees	\$ 846	\$ 846	\$ 848
Number of active employees entitled to pension	2	2	2
	<u>\$ 848</u>	<u>\$ 848</u>	<u>\$ 850</u>

As of December 31 of 2012, includes the effects of applying decrease rates, as follows: mortality table (before dismissal and upon dismissal), authorized by the Financial Superintendence through resolution 1555 of July 30 of 2010. Mortality Table RV 08. Full and permanent disability, EISS. As of December 31 of 2012, actuarial liabilities are fully amortized.

The value of the obligation on account of pensions at the end of each year is established taking into account actuarial hypotheses, legal norms regarding pensions, and the specificity of conditions applicable to each company regarding retirement pensions.

Financial hypotheses are summarized in an 8% annual discount rate and a pension increase rate of 3.5% (DANE rate according to decree 2783 of 2001).

### 17. Taxes, charges, and rates

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
Current income tax	\$ 263,588,551	\$ 233,419,952	\$ 163,958,636
Income advance payment	(119,564,817)	(113,540,947)	(113,540,947)
Withholdings and self-withholdings	(46,684,091)	(44,053,102)	(31,835,523)
Tax withholding	8,270,351	9,123,117	6,346,684
Industry and trade tax withholding	386,592	365,595	140,435
Taxes, charges, and rates payable	76,046,222	106,042,410	100,609,739
Value added tax	2,763,684	2,514,895	1,117,997
	<u>184,806,492</u>	<u>193,871,920</u>	<u>126,797,021</u>
Minus long-term portion	(31,741,157)	(63,482,312)	(63,482,312)
Total short-term portion	<u>\$ 153,065,335</u>	<u>\$ 130,389,608</u>	<u>\$ 63,314,709</u>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### Income tax

The 2010 and 2011 tax years are open for fiscal review by the tax authorities. However, management believes that, should this be the case, no significant differences are to be expected. The income tax return for the 2011 tax year was filed on April 20 of 2012; the 2012 will be filed on April 18, 2013.

The reserve entered in the year's income for income tax is itemized as follows:

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
Current	\$ 263,588,551	\$ 69,461,316	\$ 163,958,636
Deferred	(7,936,450)	(3,100,855)	2,921,604
	<u>\$ 255,652,101</u>	<u>\$ 66,360,461</u>	<u>\$ 166,880,240</u>

The main conciliation entries between profits before taxes and net taxable income, explaining the difference between the 33% rate for companies and the 33.35% effective rate on profits in 2012 and 34% in 2011, are the following:

	January 1 - December 31 of	
	2012	2011
Accounting profits before income tax	\$ 766,644,919	\$ 690,904,674
Deferred amortization	75,180	75,180
Nondeductible reserves	16,114,218	13,054,372
Contribution to financial transactions	10,179,387	10,880,032
Deductions on account of hiring of disabled employees	(52,787)	(16)
Nondeductible taxes	31,573	146,907
Nondeductible expenses	7,435,071	6,058,448
Investment in science and technology and fixed assets	(5,315,240)	(396,803)
Revenues not taxed	(1,354,048)	(4,604,122)
Reversion of accelerated depreciation	13,289,250	-
Fiscal depreciation and amortization	(8,378,494)	(8,788,207)
Net taxable income	<u>798,669,029</u>	<u>707,330,465</u>
Tax rate	33%	33%
Tax on current revenues before occasional gains	<u>\$ 263,560,780</u>	<u>\$ 233,419,053</u>
Occasional gains	84,156	2,722
Tax on occasional gains	33%	33%
Occasional gains tax	<u>\$ 27,771</u>	<u>\$ 898</u>
Tax on current income	<u>\$ 263,588,551</u>	<u>\$ 233,419,952</u>

**Codensa S.A. E.S.P.**

**Notes to the Nonconsolidated Financial Statements (cont'd)**

**Equity conciliation**

	<b>2012</b>	<b>2011</b>
Accounting equity	<b>\$ 3,121,114,187</b>	\$ 2,636,114,097
Debtors reserve	<b>16,907,330</b>	20,700,356
Other debtor reserves	<b>469,250</b>	174,649
Assets reserve	<b>1,044,516</b>	1,044,516
Deferred depreciation	<b>(110,398,439)</b>	(123,687,690)
Fixed asset valuations	<b>(697,036,870)</b>	(599,512,357)
Investment valuations	<b>(41,470,925)</b>	(30,650,059)
Deferred tax, debit	<b>(51,902,116)</b>	(51,818,741)
Deferred tax, credit	<b>36,431,562</b>	40,816,937
Non-productive assets, inflation adjustment	<b>–</b>	9,387,220
Estimated liabilities	<b>76,706,492</b>	57,791,109
Monetary correction	<b>(6,134,235)</b>	(7,048,847)
Dividends and participations, related companies	<b>–</b>	155,322,743
Fiscal adjustment to assets and depreciation, 2006	<b>88,608,411</b>	86,727,992
Fiscal equity	<b>\$ 2,434,339,163</b>	<b>\$ 2,195,361,925</b>

**Deferred tax as of December 31**

Forward valuation	<b>\$ –</b>	\$ (30,857)
Debtors reserve	<b>5,748,492</b>	6,831,117
Estimated liabilities	<b>3,823,883</b>	1,928,425
Industry and trade	<b>3,541,336</b>	3,437,102
Other reserves	<b>8,219,348</b>	8,165,651
Labor obligations	<b>4,488,822</b>	2,867,065
Deferred on account of inflation adjustments , fixed assets	<b>26,080,235</b>	28,620,238
Total deferred tax, debit	<b>\$ 51,902,116</b>	<b>\$ 51,818,741</b>

Liabilities on account of deferred taxes, credit, as of December 31:

	<b>January 1 - December 31 of</b>	
	<b>2012</b>	<b>2011</b>
Depreciation of additional shifts, 1998	<b>\$ (36,431,562)</b>	\$ (40,816,937)
Total deferred tax, credit	<b>\$ (36,431,562)</b>	<b>\$ (40,816,937)</b>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### Deferred tax

Law 1607 of 2012 reduced the income tax rate from the 2013 tax year, from 33% to 25%. It created the 8% equity income tax (CREE), applicable to taxable profits generated each year. However, this law temporarily established that the CREE rate will be 9% for 2013, 2014, and 2015, from 2016 on being 8%. This affected establishing of the deferred tax as of December 31 of 2012, as follows:

	<u>Income</u>		<u>CREE</u>		<u>CREE</u>
Reserves and estimated liabilities	\$ 75,946,716	\$	75,946,716	\$	–
Asset inflation adjustment	78,349,489		22,490,146		55,859,343
	154,296,205		98,436,862		55,859,343
Rate	25%		9%		8%
	\$ 38,574,051	\$	8,859,318	\$	4,468,747
Total deferred tax, debit	<u>\$ 51,902,116</u>				

#### Equity tax

Law 1370 of December of 2009 created a new equity tax for the 2011 tax year, with a 2.4% rate for taxpayers with fiscal equity in excess of \$3000 million and less than \$5000 million, 4.8% for taxpayers with equities equal to or greater than \$5000 million.

Subsequently, Decree 4825 of December of 2010 established a 25% surtax for taxpayers with equities equal to or greater than \$3000 million.

This tax applies to equity held as of January 1 of 2011, payment being made in 8 equal installments between 2011 and 2014.

In 2011, the Company opted for the alternate method contained in law 1111 of 2006 and entered the equity tax and the surcharge as a lower value in the equity revaluation account, for \$126,964,623.

The Company is responsible for the 0.966% industry and trade tax in Bogota regarding operational revenues, 1.104% on other non-operational revenues, and 15% for "avisos y tableros". The industry and trade tax for other municipalities in which the Company is considered being a taxpayer it paid according to applicable rates.

#### Transfer prices

Independent advisers are updating the transfer prices study required by tax authorities, in order to demonstrate that operations with related parties abroad were carried out at market values during 2012. For this, the Company will file a statement and will have this study available by mid June 2013. Any default could result in sanctions and added income taxes. However, management and its advisers consider that the study will be concluded on time and will not result in significant changes to the base used to establish the income tax reserve for 2012, as was the case in 2011.

## 18. Equity

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### Capital

The authorized capital is represented by 28,378,952,140 shares with a face value of \$100 each; subscribed and paid shares 132,093,274:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Participation percentage</u>
Empresa de Energía de Bogotá (preferential shares)	20,010,799	15.148992%
Empresa de energía de Bogotá (ordinary shares)	48,025,920	36.357582%
Endesa Latinoamérica S.A.	35,219,008	26.662227%
Enersis S.A.	16,466,031	12.465458%
Chilectra S.A.	12,349,522	9.349092%
Other	21,994	0.016650%
	<u>132,093,274</u>	<u>100.00%</u>

From the total Empresa de Energía de Bogotá S.A. E.S.P. shares, 20,010,799 correspond to nonvoting shares, with preferential dividends of US\$0.10 per share.

#### **Dividend distribution**

According to Minutes 51, the March 21 of 2012 General Shareholders Assembly ordered distributing dividends for \$134,346,398 against the December 2011 net profits.

According to Minutes 50 of December 20 of 2011, the General Shareholders Assembly ordered distributing dividends for \$323,317,575 against the September 2011 net profits.

Dividends on the 2011 profits for \$457,663,973 were paid as follows: 100% of preferential dividends and 25% of ordinary dividends on April 25, followed by two 25% payments of the ordinary dividend on June 26 and November 15 of 2012, the remaining 25% ordinary dividend payment being made on January 13 of 2013.

#### **Reserves**

	<u>As of December 31 of 2012</u>	<u>As of December 31 of 2011</u>	<u>As of September 30, 2011</u>
Mandatory reserves:			
Legal reserve	\$ 6,604,664	\$ 6,604,664	\$ 6,604,664
Fiscal reserve	50,962,398	50,962,398	50,962,408
	<u>\$ 57,567,062</u>	<u>\$ 57,567,062</u>	<u>\$ 57,567,072</u>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### Legal reserve

According to the Colombian legislation, the Company must transfer minimum 10% of year profits to legal reserve, until reaching 50% of the subscribed capital. This reserve is not available for distribution but can be used to absorb losses.

#### Reserve for deferred depreciation (article 130 of the Tax Code)

Comprised of 70% of surplus depreciation from 1998 for tax purposes.

#### Equity revaluation

Equity revaluation cannot be distributed as profits, but can be capitalized. During 2011, the Company entered a charge against equity revaluation for \$126,964,623 on account of income taxes, according to law 1370 of 2009.

### 19. Memorandum accounts

	As of December 31 of 2012	As of December 31 of 2011	As of September 30, 2011
<b>Debtor:</b>			
Contingent rights	\$ 382,162,487	\$ 248,104,845	\$ 247,588,527
Assigned credit quotas	—	—	546,878
Control of depreciated assets and others	550,552,031	345,545,068	331,440,783
	<u>\$ 932,714,518</u>	<u>\$ 593,649,913</u>	<u>\$ 579,576,188</u>
<b>Creditor:</b>			
Contingent responsibilities	\$ 900,314,920	\$ 856,444,396	\$ 779,389,365
Fiscal	686,775,025	440,752,170	598,729,169
Electrical power purchase agreements	3,974,786,879	3,857,723,000	3,327,479,140
Merchandise in consignment	3,793,105	3,798,247	4,248,257
	<u>\$ 5,565,669,929</u>	<u>\$ 5,158,717,813</u>	<u>\$ 4,709,845,931</u>

### 20. Operational revenues

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30, 2011
Energy services	\$ 2,954,229,435	\$ 743,338,816	\$ 2,066,959,118
Other services	187,571,287	47,545,748	128,309,001
	<u>\$ 3,141,800,722</u>	<u>\$ 790,884,564</u>	<u>\$ 2,195,268,119</u>



## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### 21. Cost of sales

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30, 2011
Cost of goods and services (1)	\$ 1,601,028,574	\$ 419,477,235	\$ 1,143,515,991
Depreciation and amortization (2)	256,423,878	63,667,626	186,416,213
Orders and contracts (3)	136,452,004	35,731,665	90,154,093
Personnel services (4)	90,087,278	20,047,611	79,647,596
Contracts and maintenance (5)	68,730,232	15,658,852	50,588,917
Taxes	38,687,591	10,624,630	26,538,655
Other operation and maintenance costs	17,962,998	4,324,667	12,471,896
General	16,216,947	4,131,559	13,353,294
Contributions and royalties	3,895,737	1,263,961	2,231,017
Insurance	3,650,172	856,587	2,548,194
Leasing	2,975,116	522,497	1,938,754
Public utilities (6)	420,887	351,617	1,388,276
Fees	—	7,117	18,006
	<b>\$ 2,236,531,414</b>	<b>\$ 576,665,624</b>	<b>\$ 1,610,810,902</b>

- (1) Corresponds mainly to energy purchases and other connection charges for electrical power distribution.
- (2) Corresponds to recognition of fixed asset depreciation and amortization of intangible assets.
- (3) Includes aspects related to meter readings, distribution, and other contracts for operation.
- (4) The new Codensa collective workers labor agreement was signed on July 8 of 2011. It includes the negotiation of the recreation benefit and the assignment of the medical service benefit. As a result of the above, the Company entered \$4,473,000 and \$11,872,000 in the personnel services cost item.
- (5) On December 26 of 2012, Codensa executed a transaction agreement with Deltec S.A for \$1,355,244, whose purpose is offsetting economic and financial changes affecting execution of the grid maintenance, supply, and modernization contract with this contractor.
- (6) Global services with cellular telephony, data, and land lines were implemented in 2011, resulting in significant savings during 2012.

#### 22. Administrative expenses

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30, 2011
Other general services (1)	\$ 20,668,629	\$ 7,107,244	\$ 10,544,625
Integral salary	15,862,915	2,590,371	10,971,789
Taxes (2)	14,711,937	3,128,066	12,263,339
Other personnel expenses	14,701,606	2,825,864	11,483,393
Amortization	3,011,750	754,111	1,322,997
Personnel salaries	1,696,389	283,484	1,034,163
Leasing (3)	1,360,655	280,371	718,696
Surveillance	1,256,493	446,643	1,079,909
Debtors reserve (4)	1,189,957	1,847,799	2,180,469
Depreciation	1,108,163	289,416	784,530
Inventory reserve (5)	656,878	—	—
Medical expenses and medications	484,571	133,612	163,201

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

Contingency reserve (6)	<b>58,103</b>	759,292	2,237,777
	<b>\$ 76,768,046</b>	\$ 20,446,273	\$ 54,784,888

- (1) Includes fees, maintenance, advertising, materials, and supplies, general insurance, and other general expenses
- (2) As of December 31 of 2012, December 31 of 2011, and September 30, 2011, the tax on financial activities entered is \$13,572,516, \$3,114,015 and \$11,392,694, respectively.
- (3) As of December 31 of 2011 and December 31 of 2012, the Company had made expenditures on account of administration of floors 6 and 7 and leasing of floor 8 in the calle 82 building.
- (4) As of December 31 of 2012, the Company had created a debtors reserve for retired employees for \$294,619, accounts receivable from AENE \$370,036 on account of the solidarity payment regarding the vendor labor obligations by Codensa, and others for \$525,302. As of December 31 of 2011, the Company had created a reserve on account of the infrastructure portfolio for \$1,808,467, to cover the Supercable insolvency risk, currently being reorganized according to law 116 of 2006. The reserve was recovered during Q4 2011.
- (5) As of December 31 of 2012, the inventory reserve on account of obsolescence of cables and electrical materials was recognized.
- (6) As of December 31 of 2011, corresponds mainly to recognition of litigations considered probable at the end of the year, resulting from changes in the defense's loss probability evaluation regarding administrative, civil, and labor proceedings and constitutional actions previously considered eventual and remote. As of December 31 of 2012, such evaluation resulted mainly in a reserve recovery.

### 23. Financial revenues

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30, 2011
Financial interests and yield	<b>\$ 25,542,879</b>	\$ 5,310,935	\$ 10,287,884
Late payment charges	<b>7,187,480</b>	1,632,212	4,398,766
Exchange differences	<b>1,199,091</b>	240,166	1,009,788
	<b>\$ 33,929,450</b>	\$ 7,183,313	\$ 15,696,438

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### 24. Extraordinary revenues

Use agreements	\$	<b>3,337,531</b>	\$	3,337,531	\$	2,503,148
Recoveries (1)		<b>2,643,203</b>		5,382,221		9,534,166
Profits from the sale of materials		<b>1,824,905</b>		488,968		1,688,346
Profits from the sale of equipment		<b>124,109</b>		27,662		104,389
Fees		<b>11,725</b>		–		147,051
Other (2)		<b>9,315,693</b>		15,121,227		3,291,315
	<b>\$</b>	<b>17,257,166</b>	<b>\$</b>	24,357,609	<b>\$</b>	17,268,415

- (1) For 2012, includes recoveries on the following accounts: adjustment on account of clearance of outstanding invoices for \$252,065, electrical power reserve for \$635,929, reserve for litigations and contingencies for \$1,132,150, reserve for salary increases for \$121,947, recovery of the Codensa Hogar portfolio for \$66,191, other recoveries for \$501,112.
- (2) As of December 31 of 2012, corresponds mainly to the 2011 income tax adjustment for \$3,681,139, indemnification for damages for \$1,789,123, sanctions to users for \$1,308,574, sale of materials for \$551,295, sanctions to contractors for \$510,114, and others for \$1,475,448.

#### 25. Financial expenses

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30, 2011			
Interests	\$	<b>81,422,259</b>	\$	20,946,384	\$	64,768,603
Exchange difference		<b>922,488</b>		146,157		1,003,873
Commissions		<b>98,891</b>		164,822		97,049
Lost using the participation method		<b>588</b>		63		565
Other financial expenses		<b>1,081,585</b>		–		438,924
	<b>\$</b>	<b>83,525,811</b>	<b>\$</b>	21,257,426	<b>\$</b>	66,309,014

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### 26. Extraordinary expenses

	12-month period from January 1 to December 31 of 2012	3-month period from October 1 to December 31 of 2011	9-month period from January 1 to September 30, 2011
Other extraordinary expenses (1)	\$ 19,714,857	\$ 2,121,039	\$ 729,332
Other expenses from previous years (2)	3,737,363	–	1,175,887
Loss from the sale and removal of fixed assets (3)	2,156,477	369,857	2,248,007
Loss from the sale of materials	1,517,583	–	186,817
Losses from claims	1,261,875	173,718	782,064
Sponsorships	792,500	629,937	791,970
Nondeductible expenses	336,493	54,753	216,276
	<u>\$ 29,517,148</u>	<u>\$ 3,349,304</u>	<u>\$ 6,130,353</u>

- (1) As of December 31 of 2012, includes mainly the actuarial pension loss for \$16,196,073, adjustment to outstanding invoices for \$1,188,837, personal elements for the supply of public lighting for \$547,000.  
(2) As of December 31 of 2012, includes mainly \$3,467,700 on account of the 2011 deferred tax.  
(3) Corresponds mainly to the removal cost on account of damaged distribution transformers.

#### 27. Subsequent events

##### *Change of shareholder*

The Spanish Company Cono Sur Participaciones S.L. - controlled by Grupo Endesa which is controlled by Grupo Enel - on December 28 of 2012 acquired 100% of ordinary shares the Spanish company was the holder of, company that is also controlled by this same group. Consequently, on February 5 of 2013, Cono Sur Participaciones S.L. registered before DECEVAL S.A. as a Codensa shareholder, holding 26.7% of the Company outstanding shares.

Shareholder	Number of shares	Participation percentage
Empresa de Energía de Bogotá (preferential shares)	20,010,799	15.148992%
Empresa de energía de Bogotá (ordinary shares)	48,025,920	36.357582%
Cono Sur Participaciones S.L.	35,219,008	26.662227%
Enersis S.A.	16,466,031	12.465458%
Chilectra S.A.	12,349,522	9.349092%
Other	21,994	0.016650%
	<u>132,093,274</u>	<u>100.00%</u>

## Codensa S.A. E.S.P.

### Notes to the Nonconsolidated Financial Statements (cont'd)

#### 28. Financial metrics

The following metrics were calculated based on the following financial statement dates:

	<b>Expression</b>	<b>December 31 of 2012</b>	<b>2011</b>	<b>September 30 of 2011</b>	<b>Explanation</b>
<b>Liquidity</b>					
Current ratio (Current assets/current liabilities)	(times)	0.85	0.75	0.96	Indicates the capacity the Company has to handle its current debts by committing its current assets
<b>Indebtedness</b>					
Total indebtedness level (Total liability/total assets)	%	41.71%	49.42%	43.00%	Indicates the leverage degree corresponding to a creditors' participation in Company assets
Short-term indebtedness (Total current liabilities/total assets)	%	19.92%	21.85%	13.60%	The short-term third-party participation percentage
Total long-term indebtedness (Total long-term liabilities/total assets)	%	21.79%	27.57%	29.40%	The mid-and long-term third-party participation percentage
<b>Activity</b>					
Commercial portfolio turnover: (360/(operational revenues/total portfolio))	Days	40	43	41	The average annual portfolio turnover .
Vendor turnover: (360/(cost of sales/accounts payable vendors))	Days	69	71	76	The average number of days the Company takes to pay its suppliers' bills
<b>Profitability</b>					
Gross profit margin: (Profit margin/operational revenues)	%	28.81%	27.09%	26.62%	The Company capacity to manage its sales to generate gross profits, i.e. before sales administration expenses, other revenues, other expenditures, and taxes.
Operational margin: (Operational profit/operational revenues)	%	26.37%	24.50%	24.13%	How much each sales peso contributes to generate operational profits
Net profit margin: (Net profits/operational revenues)	%	16.26%	16.99%	14.73%	The net sales percentage generating profits after taxes
Equity yield (Net profits/total equity)	%	16.37%	5.10%	11.48%	The shareholders' investment yield
Return on assets (ROA) (Net profits/total assets)	%	9.54%	2.58%	6.54%	For each peso invested in total assets, how much net profits are generated