NONCONSOLIDATED FINANCIAL STATEMENTS

Codensa S.A. E.S.P.

Years ending on December 31 of 2013 and 2012

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, which include the nonconsolidated General Balance Sheets as of December 31 of 2013 and 2012 and the respective nonconsolidated income, equity changes, financial changes, and cash flow statements for the years ending on the above dates, and the summary of significant accounting policies and other explanations.

The Administration is responsible for preparation and proper presentation of the 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 free of material errors, either 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 expressing an opinion regarding such 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 provide reasonable certainty on whether the financial statements are free of material errors.

An audit includes developing procedures in order to obtain information supporting figures and disclosures contained in the financial statements. The selected procedures depend on the auditor, including the evaluation of the risk of material errors contained in the financial statements. Upon evaluating them, the auditor takes into account relevant internal controls for preparation and submittal of such financial statements so that he will be able 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 nonconsolidated financial statements reasonably present, in all their important aspects, the Codensa S.A. E.S.P. nonconsolidated financial situation as of December 31 of 2013 and 2012, the nonconsolidated results of its operations, the changes in its financial situation, and cash flows for the years ending on the above dates, according to accounting principles generally accepted in Colombia as issued by the National Government and applied uniformly.

Based on the audit scope, I am not aware of any default situation regarding the following Company obligations: 1) keeping minutes, shareholders records, and accounting records according to legal norms and the accounting technique; 2) carrying out its activities according to the bylaws and decisions of the Shareholders Assembly and of the Board of Directors and according to norms regarding integral social security; 3) keeping correspondence and the accounts' vouchers, and 4) taking internal control and protection measures and keeping Company goods or of those in its possession under custody. Additionally, the attached financial statements and the accounting information included in the management report prepared by the Company Administration are in agreement.

Angela María Guerrero Olmos

Statutory Auditor

Professional card 104291-T

Appointed by Ernst & Young Audit S.A.S. TR-530

Bogotá D.C., Colombia

February 14, 2014

Codensa S.A. E.S.P.

NONCONSOLIDATED GENERAL BALANCE SHEETS

	As of December 31 of			
		2013		2012
		(In thousand pesos)		
Assets				
Current assets:				
Cash and cash equivalents *(Note 3)*	**$**	**696,296,398**	$	582,983,143
Debtors, net *(Note 5)*		**340,246,934**		320,310,396
Expenses paid in advance, net		**3,399,812**		2,947,312
Total current assets		**1,039,943,144**		906,240,851
Inventories, net *(Note 6)*		**14,807,854**		13,021,855
Debtors, net *(Note 5)*		**45,498,739**		43,201,497
Long-term investments, net *(Note 4)*		**105,986,997**		105,985,097
Properties, plant, and equipment, net *(Note 7)*		**3,405,651,297**		3,367,542,936
Deferred taxes *(Note 17)*		**51,295,517**		51,902,116
Other assets, net *(Note 8)*		**123,872,307**		127,906,463
Revaluations *(Note 9)*		**740,905,596**		738,507,796
Total assets	**$**	**5,527,961,451**	$	5,354,308,611
Liabilities and equity				
Current liabilities:				
Issued bonds and commercial papers *(Note 13)*	**$**	**256,350,596**	$	246,275,487
Accounts payable *(Note 10)*		**568,116,847**		542,162,552
Taxes, liens, and rates (*Note 17*)		**122,043,227**		153,065,335
Labor obligations *(Note 12)*		**27,327,091**		21,593,334
Estimated liabilities and reserves *(Note 14)*		**44,334,007**		38,711,920
Retirement pensions *(Note 16)*		**27,618,495**		27,857,103
Other liabilities *(Note 15)*		**54,435,831**		36,677,796
Total current liabilities		**1,100,226,094**		1,066,343,527
Long-term liabilities:				
Issued bonds and commercial papers *(Note 13)*		**990,700,970**		865,338,226
Estimated liabilities and reserves *(Note 14)*		**29,939,525**		3,129,746
Retirement pensions *(Note 16)*		**171,963,058**		178,174,748
Taxes, liens, and rates (*Note 17*)		**–**		31,741,157
Deferred taxes (*Note 17*)		**36,431,562**		36,431,562
Other liabilities *(Note 15)*		**50,268,427**		52,035,458
Total long-term liabilities		**1,279,303,542**		1,166,850,897
Total liabilities		**2,379,529,636**		2,233,194,424
Equity *(Note 18)*:				
Subscribed and paid capital		**13,209,327**		13,209,327
Capital surplus		**13,333,540**		13,333,540
Reserves		**57,567,062**		57,567,062
Equity revaluation		**1,787,495,354**		1,787,495,354
Revaluation surplus		**740,905,596**		738,507,796
Surplus using the participation method		**10,417**		8,290
Year net profits		**535,910,519**		510,992,818
Total shareholders equity		**3,148,431,815**		3,121,114,187
Total liabilities and equity	**$**	**5,527,961,451**	$	5,354,308,611
Debtor memorandum accounts *(Note 19)*	**$**	**1,003,997,736**	$	932,714,518
Creditor memorandum accounts *(Note 19)*	**$**	**4,338,205,555**	$	5,565,669,929

See attached Notes.

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

David Felipe Acosta Correa	Claudia Patricia Cirka Martínez	Ángela María Guerrero Olmos
Legal Representative	Public Accountant	Statutory Auditor
	Professional card 47715–T	Professional card 104291–T
		Appointed by Ernst & Young Audit S.A.S. TR−530
		(See my February 14 of 2014 report)

CODENSA S.A. E.S.P.

NONCONSOLIDATED INCOME STATEMENT

	Year ending December 31 of 2013	2012
	(In thousand pesos, except net profits and the per-share preferential dividend)	
Operational revenues (*Note 20*)	**$ 3,212,218,132**	$ 3,141,800,722
Cost of sales *(Note 21)*	**(2,276,911,578)**	(2,236,531,414)
Gross profits	**935,306,554**	905,269,308
Administrative expenses *(Note 22)*	**(81,185,246)**	(76,768,046)
Operational profits	**854,121,308**	828,501,262
Nonoperational revenues (expenses):		
Financial revenues *(Note 23)*	**33,771,011**	33,929,450
Extraordinary revenues *(Note 24)*	**12,934,753**	17,257,166
Financial expenses *(Note 25)*	**(68,032,662)**	(83,525,811)
Extraordinary expenses (*Note 26)*	**(17,671,844)**	(29,517,148)
Profits before income tax	**815,122,566**	766,644,919
Income tax *(Note 17)*	**(279,212,047)**	(255,652,101)
Year net profits	**$ 535,910,519**	$ 510,992,818
Per-share preferential dividend	**192.68**	176.82
Net profits per share	**4,027.87**	3,841.64
Number of outstanding subscribed and paid shares	**132,093,274**	132,093,274

See attached Notes.

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CODENSA S.A. E.S.P.

NONCONSOLIDATED EQUITY CHANGE STATEMENT

	Subscribed and paid capital	Capital surplus	Reserves	Equity revaluation	Revaluation surplus	Surplus the participa metho
					(En miles de pesos)	
Balances as of December 31 of 2011	$ 13,209,327	$ 13,333,540	$ 57,567,062	$ 1,787,495,354	$ 630,162,416	$
Declared dividends	–	–	–	–	–	
Adjustment of investment revaluation	–	–	–	–	10,820,867	
Adjustment of properties, plant, and equipment revaluation	–	–	–	–	97,524,513	
Net year profit	–	–	–	–	–	
Balances of December 31 of 2012	13,209,327	13,333,540	57,567,062	1,787,495,354	738,507,796	
Declared dividends	**–**	**–**	**–**	**–**	**–**	
Investment revaluation adjustment	**–**	**–**	**–**	**–**	**2,979,655**	
Properties , plant, and equipment revaluation adjustment	**–**	**–**	**–**	**–**	**(581,855)**	
Net year profits	**–**	**–**	**–**	**–**	**–**	
Balances as of December 31 of 2013	**$ 13,209,327**	**$ 13,333,540**	**$ 57,567,062**	**$ 1,787,495,354**	**$ 740,905,596**	**$ 1**

See attached Notes.

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CODENSA S.A. E.S.P.

STATEMENT OF NONCONSOLIDATED FINANCIAL SITUATION CHANGES

	Year ending December 31 of 2013	2012
	(In thousand pesos)	
Financial resources provided by:		
Net year profits	**$ 535,910,519**	$ 510,992,818
Plus (minus) losses not affecting working capital:		
Depreciation and amortization	**254,057,419**	260,543,791
Bond amortization	**362,744**	363,737
Actuarial losses	**4,523,589**	16,196,073
Losses in the sale of properties, plant, and equipment	**3,108,194**	2,156,477
Reserve for retirement pensions	**15,346,423**	15,899,054
Inventory reserve	**867,736**	656,878
Loss using the participation method	**227**	588
Active deferred tax	**(2,805,838)**	(3,551,075)
Deferred tax, previous years, debit	**3,412,437**	3,467,700
Deferred tax, liability	**–**	(4,385,375)
Profits from the sale of properties, plant, and equipment	**(589,024)**	(124,109)
	814,194,426	802,216,557
Issuance of long-term bonds	**375,000,000**	–
Product of the sale of properties, plant, and equipment	**809,300**	199,938
Increase of estimated liabilities and reserves	**26,809,779**	3,129,746
Reduction of other assets	**1,464,710**	1,471,796
Total capital provided	**404,083,789**	4,801,480
Financial resources applied:		
Increase in long-term debtors	**(2,297,242)**	(4,466,052)
Increase in properties, plant, and equipment	**(281,262,390)**	(233,657,996)
Reclassification on account of equity tax payments	**(31,741,156)**	(31,741,156)
Inventory increase (reduction)	**(2,653,735)**	3,966,343
Increase of other assets	**(11,662,415)**	(12,886,255)
Short-term pension liability transfer	**(26,081,702)**	(26,531,466)
Reduction of other long-term liabilities	**(1,767,031)**	(2,221,797)
Reclassification of short-term bonds	**(250,000,000)**	(241,000,994)
Declared dividends	**(510,992,818)**	(134,346,398)
	(1,118,458,489)	(682,885,751)
Working capital increase	**$ 99,819,726**	$ 124,132,266
Changes in working capital components:		
Cash and cash equivalents	**$ 113,313,255**	$ 92,112,862
Debtors	**19,936,538**	(41,621,154)
Expenses paid in advance	**452,500**	1,197,441
Outstanding bonds	**(10,075,109)**	(206,364,754)
Accounts Payable	**(25,954,295)**	306,609,735
Taxes, liens, and rates	**31,022,108**	(22,675,727)
Labor obligations	**(5,733,757)**	(3,848,383)
Estimated liabilities and reserves	**(5,622,087)**	(504,195)
Retirement pensions	**238,608**	911,163
Other liabilities	**(17,758,035)**	(1,684,722)
Working capital increase	**$ 99,819,726**	$ 124,132,266

See attached Notes.

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

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Legal Representative	Public Accountant	Statutory Auditor

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	(See my February 14 of 2014 report)

CODENSA S.A. E.S.P.

NONCONSOLIDATED CASH FLOW STATEMENT

		Year ending December 31 of		
		2013		**2012**
		(In thousand pesos)		
Operational activities				
Net year profits	**$**	**535,910,519**	$	510,992,818
Adjustments to conciliate the year net profits and net cash provided by (used in) operational activities:				
Depreciation and amortization		**254,057,419**		260,543,791
Bond amortization		**362,744**		363,737
Deferred tax, assets		**(2,805,838)**		(3,551,075)
Deferred tax, previous years		**3,412,437**		3,467,700
Deferred tax, liabilities		**–**		(4,385,375)
Retirement pensions		**15,346,423**		15,899,054
Losses using the participation method		**227**		588
Losses in the sale of properties, plant, and equipment		**3,108,194**		2,156,477
Actuarial losses		**4,523,589**		16,196,073
Portfolio reserve		**1,846,129**		1,189,957
Portfolio reserve recovery		**(952,635)**		(635,929)
Inventory reserve		**867,736**		656,878
Recovery of other costs and expenses		**(1,442,662)**		(446,133)
Expenses related to outstanding invoices		**–**		1,188,837
Contingency recovery		**(485,571)**		(1,132,150)
Contingency reserve		**860,819**		58,103
Profits from the sale of properties, plant, and equipment		**(589,024)**		(124,109)
Net changes in operational assets and liabilities:				
Debtors		**(27,487,488)**		36,601,074
Inventory		**(2,653,735)**		3,966,343
Expenses paid in advance		**(452,500)**		(1,197,441)
Suppliers and Accounts Payable		**12,001,272**		(97,678,277)
Taxes, liens, and rates		**(31,022,108)**		22,675,728
Pension liabilities (payments)		**(26,320,310)**		(27,442,629)
Labor obligations		**5,733,757**		3,848,383
Estimated liabilities and reserves		**33,153,444**		4,902,056
Other liabilities		**17,455,715**		934,721
Net cash provided by operational activities		**794,428,553**		749,049,200
Investment activities				
Additions of properties, plant, and equipment		**(281,262,390)**		(233,657,996)
Dividends received		**4,360,213**		–
Increase of other assets		**(11,662,415)**		(12,886,256)
Product from the sale of properties, plant, and equipment		**809,300**		199,938
Net cash used in investment activities		**(287,755,292)**		(246,344,314)
Financial activities				
Obtaining financial obligations and interests		**451,850,372**		91,921,625
Payment of financial obligations and interests		**(316,775,263)**		(126,557,867)
Dividend payments		**(496,693,959)**		(344,214,628)
Equity tax payment		**(31,741,156)**		(31,741,154)
Net cash used in financial activities		**(393,360,006)**		(410,592,024)
Net increase in cash and cash equivalents		**113,313,255**		92,112,862
Cash and cash equivalents at the beginning of the year		**582,983,143**		490,870,281
Cash and cash equivalents at year's end	**$**	**696,296,398**	$	582,983,143

See attached Notes.

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

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1. MAIN ACCOUNTING POLICIES AND PRACTICES

Economic Entity

Codensa S.A. E.S.P. is a public household utilities Company according to Law 142 of 1994. Its corporate term is indefinite.

The Company was established on October 23 of 1997 through a contribution of the Empresa de Energía de Bogotá S.A. E.S.P. distribution and trading assets, with 51.52% of shares and cash contributions from other investments with 48.48% of shares.

The Company's corporate purpose is distribution and trading of electrical power and performance of all similar, related, and supplementary activities and of those related to electrical power distribution and trading; performance of electrical engineering design and consultancy work and trading of products in benefit of its clients. It also includes, among others, offering financing of goods and services to residential, urban, and rural clients, including the "Crédito Fácil Codensa" credit line, subscriptions, and insurance, some of which were transferred to Banco Colpatria Red Multibanca Colpatria S.A. on November 27 of 2009.

Corporate cooperation agreements

As part of the credit portfolio sale of the Crédito Fácil Codensa business and the transfer of the ongoing business, a corporate cooperation agreement was executed with Banco Colpatria Red Multibanca Colpatria S.A., whose main purpose is regulating terms and conditions between the parties for the promotion, origination, administration, invoicing, and collection of exclusive financial services provided to the Crédito Fácil Codensa users and in general to manage the Crédito Fácil Codensa ongoing business, during 10 years +4 years for the business wind-off. The remuneration base is directly associated to invoicing and collection. The agreement contains several indemnity clauses, mainly associated to regulatory changes applicable to the transferred business, which will involve economic sanctions as defined in the agreement.

Legal and regulatory framework

The Company is mainly governed by Law 142 of 1994 (also known as the Public Utilities Law) and Law 143 of 1994 (also known as the Electric Law), by its bylaws, and by other norms contained in the Trade Code.

Law 142 defines general criteria governing the provision of Public Household Utility Services in Colombia, while Law 143 sets forth norms applicable to generation, transmission, distribution, and trading of electrical power, including the economic, rates, and subsidy system applicable to electricity sales, as well as to the sector's operational aspects.

The rate system for electrical power sales is 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 based on accounting records kept according to the historical cost norm and according to accounting principles generally accepted in Colombia, as contained in Regulatory Decree 2649 of 1993 and in other norms and resolutions issued by surveillance and control entities, including the change from the Superintendence of Public Household Utility Services which from January 1 of 2006 eliminated for private-legal public utility providers the application of the inflation adjustments for accounting purposes.

Such accounting principles and policies could in certain cases be different from those in other international accounting norms.

The Company records its activities according to the accounting plan applicable to public utility companies issued by the Superintendence of Household Public Utility Services.

Relative importance criterion

An economic circumstance has relative importance should, due to its nature, amount, and circumstances, acknowledging or disavowing it would significantly affect economic decisions of those using the information. The financial statements describe specific items according to legal norms, also those representing 5% or more of total assets, current assets, total liabilities, current liabilities, working capital, equity, and revenues, as applicable. Additionally, lower values are described should this allow for better understanding financial information.

Accounting period.

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

Recognition of revenues, costs, and expenses.

Revenues on account of sales are recognized each year as services are provided. Costs and expenses are entered as incurred. Electrical power supplied and not invoiced at the end of each year has been considered revenues earned on account of electrical power services, valued at the sale price according to current rates. These amounts are included in outstanding assets, in the client debtors item. The cost of such power is included in the sales cost item.

Operational revenues also include revenues generated by the corporate cooperation agreement executed with Banco Colpatria Red Multibanca Colpatria S.A., which are directly associated to invoicing and collection of the “Crédito Fácil Codensa” financial services, as indicated in Note 1.

Use of estimates.

Preparing the financial statements according to generally accepted accounting principles requires the Administration to make estimates and assumptions that could affect values of assets, liabilities, and revenues. Actual or market values could differ from such estimates. The administration believes such estimates and assumptions were adequate.

Transactions in foreign currency.

Transactions in foreign currency are carried out according to current legal norms, entered using the applicable exchange rates of the respective day. Balances in foreign currency are expressed in Colombian pesos, at the market representative rates of $1,926.83 and $1,768.23 for each US$1, and $2,662,11 and $2,331,59 for each Euro as of December 31 of 2013 and 2012, respectively. Exchange differences are attributed to the respective asset or liability, and to results, revenues, or expenses, as applicable.

Cash and cash equivalents.

Cash and cash equivalents include cash on hand, banks, and savings accounts. Available equivalents correspond to investments in fixed yield instruments, easily redeemable in the short term between 1 and 120 days, presented at face value and valued using the yield accrual method.

Fixed term deposit certificates have been considered short-term investments considering that the interest rate agreed with bank entities is fixed, so that their risk is risk is low. Additionally, if necessary they can be really converted to cash before their maturity date.

Financial instruments

Financial instruments represent the value of agreements executed between two or more parties in order to purchase or sell assets at a future date, such as foreign currency, securities, or financial futures on exchange rates, interest rates, or stock indexes - previously defining the amount, price, and date of the transaction - in order to provide or obtain hedging. According to current norms, these operations are valued at market prices at the end of the year, affecting nonoperational revenue or expenditure accounts, in order to ensure that results will be in agreement with market prices, and that reasonable figures will be submitted according to the economic reality. The Company performs no hedging operations with speculative purposes.

Investments, net.

Short-term investments are accounted using the cost method. Non-controlled companies were adjusted according to inflation up to December 31 of 2005. Investments involving over 50% of the subscribed capital are accounted using the equity participation method, i.e. the proportion corresponding to the subordinate's profits/losses are recognized in each year's results. The cost of investments does not exceed the market value. Investments of non-controlled companies are reserved whenever the investment, valued at its intrinsic value, is lower than the book value.

Reserve for delinquent accounts.

The reserve for delinquent accounts is checked and updated based on the risk analysis, on their recovery, and on evaluations made by the Administration. Delinquent amounts are charged to reserves.

Reserve amounts for each type of delinquent account are:

Electrical power portfolio

100%	More than 360 days in arrears
20%	Current agreed credits to be applied
100%	Portfolios frozen under creditors' agreements.
100%	Frozen portfolios, other items >360 days in arrears

Other debtors

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

Infrastructure and electrical power companies' portfolio

100% More than 360 days old

100% The extended guaranty and the vehicle insurance is excluded from the financial services portfolio

Write-offs will be recognized once legal or material certainty exists regarding the loss, for which the debtors' insolvency, the lack of real guaranties, or any other circumstance resulting in the debt's irrecoverable condition should be demonstrated.

Inventories, net.

Inventories are goods obtained in order to sell or use them during the process of providing the electrical power distribution service. Inventories include equipment not requiring transformation, such as electric meters, materials, and accessories for the provision of services, and goods in transit. Company inventories are accounted for using the average cost, based on technical obsolescence and low turnover analysis, creating a reserve for inventory protection purposes.

Properties, plant, and equipment are entered at cost, adjusted for inflation up to 2005, including financial expenses and exchange differences on account of foreign currency financing, up until the asset is commissioned.

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

Item	Years (*)
Constructions and buildings	45
Plants and ducts	27
Grids, lines, and cables	30
Machinery and equipment	12
Office equipment	9
Transportation fleet and equipment	5
Communications equipment	10

(*) The average service life calculation excludes fully depreciated properties, plant, and equipment.

These items include the remaining service life of assets acquired by Empresa de Energía de Bogotá in 1997. For electrical assets, the 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 that they are not significant, consequently being fully depreciated.

Profits or losses in the sale or liquidation of properties, plant, and equipment are recognized in the operations of the year during which the transaction is carried out. Normal payments on account of maintenance and repairs are charged to expenses; significant expenses improving efficiency or extending the service life are capitalized.

Deferred depreciation.

Fiscal depreciation surpluses over accounting depreciation have tax effects, entered as passive deferred taxes. Additionally, the Company has created a reserve in equity equivalent to 70% of the greater value requested, according to article 130 of the Tax Code.

Expenses paid in advance.

Expenses paid in advance correspond to insurance policies and medical policies paid in advance, amortized during their life.

Other assets - intangible.

These represent mainly the cost of acquisition, development, or production of software licenses and easements, amortized in 3 years for licenses and software, 5 years for projects and studies, and 50 years for easements.

Revaluations.

Revaluations for properties, plant, and equipment corresponded to the differences between a) the net book value and the market value for real estate or b) the replacement value for machinery and equipment, established by capable and authorized experts. Appraisals are more than 3 years old.

Revaluations for properties, plant, and equipment are entered into separate accounts in assets, as a surplus on account of revaluations in equity, not susceptible to distribution. Value decreases of properties, plant, and equipment are directly entered into the income statement as a year expense.

Investment revaluations correspond to the difference between the cost adjusted for inflation up to December 2005 and the intrinsic value. Investment revaluations are entered into separate accounts in assets, as a revaluation surplus in equity, not subject to distribution. Investment value decreases are entered as a lower revaluation and surplus value in equity, without prejudice to the net balance being of a different nature.

Taxes, liens, and rates.

The income tax reserve is calculated at the 33% official rate in 2013 (which includes both the 25% income tax and the 9% CREE equity tax), and at the 33% official rate in 2012, using the accrual method, established based on commercial profits in order to properly relate the year revenues with their respective costs and expenses, entered using the estimated liability value.

Law 1607 of 2012 modified the income tax rate from 2013, from 33% to 25%; it created the 8% equity income tax (CREE) applicable to taxable profits generated each year. However, this same law temporarily established that the CREE rate will be 9% for 2013, 2014, and 2015, 8% from 2016 on.

The effect of temporary differences involving payment of lower or higher taxes on the year's income is accounted for as a deferred credit or debit tax, respectively, applying the tax rates existing at the time differences are to be reverted (34% up to 2015 and 33% for the following years), provided there is reason to believe that such differences will revert in the future; for the asset, that at that time there will be sufficient taxable income.

The income tax is presented net, after deducting advance payments and withholdings.

The deferred assets tax from the temporary differences resulting from eliminating inflation adjustments from January 1 of 2006 is amortized according to the fixed assets' service life it applies to. Additionally, the deferred tax is recognized with respect to other temporary differences existing between accounting and fiscal balances.

Labor obligations.

Labor laws consider payment of a deferred compensation to certain employees on the day they leave the Company. The amount received by each employee depends on the employment date, the contract mode, and the salary. Additionally, in certain cases 12% annual interests are paid on accumulated amounts. Should employment termination be unjustified, the employee will be entitled to receiving additional payments, which vary according to time and salary.

The Company makes periodical payments on account of severances and integral social security - health, professional risks, and pensions - to the respective private funds or to Colpensiones, which fully assume these obligations.

These laws set forth an obligation for companies to pay retirement pensions to employees meeting certain age and service time requirements. Liabilities on account of pensions are established through studies made by a recognized actuary, according to parameters set forth by the National Government. The retirement pension obligation includes the effect of the respective application to the new mortality rates authorized by the Financial Superintendence through Decree 1555 of July 30 of 2010, representing the present value of all future monthly payments the Company will make to employees, either meeting or who will be meeting certain legal requirements regarding age, time of service, and others.

Contingency accounting

On the financial statements' date of issuance there could be circumstances involving possible losses for the Company, which however would only be known should in the future certain circumstances arise. Such circumstances are evaluated by the Administration and the legal advisors regarding their nature, their probability of happening, and the amounts involved, in order to decide on changes to amounts reserved and/or disclosed. This analysis includes pending legal and labor processes against the Company, as well as claims not yet initiated.

The Company makes reserves to cover estimated liabilities and probable loss contingencies. Other contingent liabilities are not included in the financial statements, however being disclosed in memorandum accounts. A contingent asset is not included in the financial statements but is disclosed in the memorandum accounts should its contingency level be probable.

Bond placement discount.

This is the lower value received from placement of ordinary bonds issued by the Company as a result of the negative differential of existing rates, the bonds' face value, and the rate of return at which they were sold by the Company on the day they were placed. This balance is amortized in 119 months from June 2007, time equivalent to the bonds' term from their placement date.

Equity tax.

Law 1370 of December 2009 sets forth a new equity tax for the tax year of 2011, with a 2.4% rate for taxpayers with equities greater than $3,000 million and less than $5,000 million, and 4.8% for taxpayers with equities equal to or greater than $5,000 million.

Subsequently, Decree 4825 of December 2010 set forth an additional equity tax of 25% for taxpayers with equities equal to or greater than $2,000 million.

This tax applies to equity existing on January 1 of 2011, payment having to be 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, mainly.

Net profits per share.

Established based on outstanding subscribed and paid shares at year's end. The per-share net profits calculation includes clearing and adjustment of preferential dividends corresponding to 20,010,799 shares on December 31 of 2011 of the Empresa de Energía de Bogotá S.A. E.S.P. Preferential dividends are valued at US $0.10/share.

New accounting rules

Agreement with international financial information norms.

According to Law 1314 of 2009 and Regulatory Decrees 2706 and 2784 of December 2012, the Company is required to start the convergence process of accounting principles generally accepted in Colombia with international financial information norms (NIIF or IFRS), as issued by the International Accounting Standards Board. Considering that this convergence to NIIF is complex and will have significant effects on the companies, the Technical Public Accounting Council classified the Company's in three groups for the purposes of the transition.

The Company belongs to Group 1, whose mandatory transition period starts on January 1 of 2014; the first comparative financial statements under NIIF will be issued on December 31 of 2015.

On February 28 of 2013, Codensa S.A. E.S.P. presented to the Superintendence of Public Household Utility Services the NIIF implementation plan approved by the Board of Directors in February 21 of 2013, according to Resolution SSPD 201313002405 of February 14 of 2013, which regulated the information requirements in order to apply Decree 2784 of 2012.

The NIIF implementation plan includes activities associated with the mandatory preparation phase and the preparation of the opening financial situation statement, which will be prepared between January 1 of 2013 and December 31 of 2014.

As of December 31 of 2013, the Company has carried out the following activities: creation of the project's leading team, definition and assignment of project resources, preparation and development of the training and communications plan, diagnosis of the implementation process' relevant effects, analysis of the implementation scenarios, and definition of policies.

During 2014, the Company will conclude the policy definition process, will prepare the January 1 of 2014 opening financial situation statement, and will make adjustments to the information, norms, and internal control systems.

2. ASSETS AND LIABILITIES EXPRESSED IN FOREIGN CURRENCY

Summary of assets and liabilities in foreign currency:

	2013				2012			
	(in EUR)	*(in USD)*	*(In thousand pesos)*		*(in EUR)*	*(in USD)*	*(In thousand pesos)*	
Cash and cash equivalents	**2,720**	**23,529**	**$**	**52,580**	4,896	12,230	$	33,041
Debtors *(Note 5)*	**177,838**	**264**		**458,015**	172,132	5,985		405,879
Accounts Payable *(Note 10)*	**(313,829)**	**(1,416,044)**		**(3,569,043)**	(377)	(1,607,995)		(2,894,274)
Net liability position	**(133,271)**	**(1,392,251)**	**$**	**(3,058,448)**	**176,651**	**(1,589,780)**	$	(2,455,354)

3. CASH AND CASH EQUIVALENTS

	2013	2012
Cash	**$ 17,672**	$ 17,163
Banks, local currency	**334,314,096**	388,058,920
Fixed term deposit certificates (1)	**347,036,285**	193,698,258
Trust accounts (2)	**14,924,394**	1,208,802
Futures - liquidity operations (3)	**3,951**	–
	$ 696,296,398	$ 582,983,143

(1) Fixed income investments yield revenues at an average effective rate of 4.13% and 5.31% as of December of 2013 and 2012, respectively. The balance as of December 31 of 2013 includes fixed term certificates with maturities between January and April 2014.

(2) The balance of trust funds as of December 31 of 2013 corresponds mainly to i) Corredores Asociados, for COP $7,924,328 and ii) Fiduciaria Corficolombiana for $6,750,023.

(3) On November 24 of 2013 a hedging agreement (or Non Delivery) was executed with Banco BNP Paribas for the purchase of US $1,669,994 at an exchange rate of USD $1,927.50, with a maturity date of January 15 of 2014. As a result of the contract evaluation at market prices, the Company entered $3,951 against results.

4. LONG-TERM INVESTMENTS, NET

	2013	2012
Bonds convertible into shares	**$ 1,044,516**	$ 1,044,516
Equity investments - equity participation method	**13,974**	12,074
Equity investments - cost method	**105,973,023**	105,973,023
	107,031,513	107,029,613
Minus investment reserve	**(1,044,516)**	(1,044,516)
	$ 105,986,997	$ 105,985,097

	% Participation	As of December 31 of 2013	As of December 31 of 2012
Majority participation:			
Inversora Codensa S.A.S.			
Cost of acquisition	100.00	**$ 5,000**	$ 5,000
Surplus using the participation method		**10,417**	8,290
Loss using the participation method		**(1,443)**	(1,216)
		$ 13,974	$ 12,074
Minority participation:			
Electrificadora del Caribe S.A. E.S.P.	0.0013	**$ 57,442**	$ 57,442
Distribuidora Eléctrica C/marca S.A. E.S.P.	48.90	**105,915,581**	105,915,581
		$ 105,973,023	$ 105,973,023

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

Company	Valuation method	Number of shares	Class of shares	Adjusted acquisition cost	Loss using the participation method 2013	Loss using the participation method 2012	Loss using the participation method, cumulative, 2013
Inversora Codensa S.A.S.	Participation	5,000	Ordinary	$5,000	**$ (227)**	**$ (588)**	**$ (1,443)**

Inversora Codensa S.A.S. financial information as of December 31 of 2013:

	2013	2012
Assets	**$ 14,135**	$ 12,115
Liabilities	**161**	41
Equity	**13,974**	12,074
Net year loss	**$ (227)**	$ (588)

Valuations and devaluations recorded on account of investments valued using the cost method are:

2013:

Company	Valuation method	Number of shares	Class of shares	Adjusted acquisition cost	Intrinsic share value	Valuation
Distribuidora Eléctrica C/marca S.A. E.S.P.	Vr. Intrinsc	104,247,499,998	Ordinary	$105,915,581	1.44	**$ 44,480,503**
Electrificadora del Caribe S.A. E.S.P.	Vr. Intrinsic	654,735	Ordinary	57,442	42.03	**(29,923)**
						$ 44,450,580

2012:

Company	Valuation method	Number of shares	Class of shares	Adjusted acquisition cost	Intrinsic share value	Valuation
Distribuidora Eléctrica C/marca S.A. E.S.P.	Vr. Intrinsic	104,247,499,998	Ordinary	$105,915,581	1.44	**$ 41,501,051**
Electrificadora del Caribe S.A. E.S.P.	Vr. Intrinsic	654,735	Ordinary	57,442	42.03	**(30,126)**
						$ 41,470,925

The financial statements' closing date for investment valuations are December 31 of 2013 for Inversora Codensa y Distribuidora Eléctrica de Cundinamarca S.A. E.S.P. and November 30 of 2013 for Electrificadora del Caribe S.A. E.SP.

The investments the Company has have no restrictions or liens. As of December 31 of 2013, the Company has no investments to be redeemed during the following 5 years.

5. DEBTORS, NET

	2013	2012
Clients (1)	**$ 327,311,053**	$ 311,140,657
Payment agreements (2)	**38,476,629**	31,877,499
Affiliated companies and related parties *(Note 11)*	**10,201,669**	9,020,767
Advance payments (3)	**2,384,169**	461,029
Deposits delivered (4)	**250,866**	14,142,507
	2013	2012
Contribution advance payments	**1,065,436**	1,176,303
Other debtors (5)	**66,586,013**	57,121,747
	446,275,835	424,940,509
Minus client reserve	**(60,530,162)**	(61,428,616)

	385,745,673	363,511,893
Minus short-term portion	**(340,246,934)**	(320,310,396)
Long-term portion (6)	**$ 45,498,739**	$ 43,201,497

(1) As of December 31 of 2013 and 2012, the client portfolio consists of the following: electric power portfolio $245,428,147 and $229,287,988; bad debts $53,941,189 and $54,741,167; work to private persons and other services $27,941,717 and $27,111,502, respectively.

(2) Payment agreements correspond to agreements between Codensa S.A. E.S.P. and clients to pay a specific amount according to pre-established times and interest rates. These agreements apply to clients requesting financing on account of usage, installations, customizations, fines on account of losses, and other services provided by the Company, whose terms are:

Year	As of December 31 of 2013
2014	**$ 22,791,758**
2015	**8,984,977**
2016	**3,321,735**
2017 and following	**3,378,159**
	$ 38,476,629

(3) As of December 31 of 2013 the advance payment to the supplier Consorcio Mecam was entered for $2,320,802 for the intermediate and low voltage grid maintenance contract in the south area and work related to new connections.

(4) As of December 31 of 2013 and 2012, the Company established guaranties for $ 250,866 and $14,142,507, respectively, mainly to back local power purchases in 2012 and international power transactions, according to the market operator requirements (XM Compañía de Expertos en Mercado). The change is explained mainly due to the fact that in 2013 the value of the bank guaranty issued to XM was increased, so that the value of deposits on account of power purchases to this entity was reduced. In 2013 deposits were made only for the TIES guaranties or for adjustments.

(5) As of December 31 of 2013 and 2012, this item includes mainly employees' accounts receivable for $36,901,517 and $36,103,355, respectively. As of December 31 of 2013, the Company has a balance of $5,455,471 on account of the solidarity fund and revenue distributions as a result of the deficit generated in the subsidies and contributions mechanism.

(6) Long-term accounts receivable include the "Crédito Fácil Codensa" deal for $4,295, electrical power payment agreements for $6,233,533, agreed electrical work payments for $7,135,885, agreed service payments for $2,311,157, and credits to employees for $29,813,869; the annual distribution is the following:

Year		Value
2015	$	**16,860,978**
2016		**9,386,743**
2017 and following		**19,251,018**
	$	**45,498,739**

Following are the portfolio reserve activities:

		2013		2012
Initial balance	**$**	**61,428,616**	$	69,897,261
Reserve against results		**1,846,129**		1,189,957
Recoveries		**(952,635)**		(635,929)
Write-offs (1)		**(1,791,948)**		(9,022,673)
	$	**60,530,162**	$	61,428,616

(1) Corresponds mainly to electrical power write-offs. In 2012, as a relevant transaction the Company recorded a Comercializar SA ESP portfolio loss for $6,594,00; this is a wholesale electrical power trader that suspended payments to the National Interconnection System SIN, the Local Distribution System (SDL), the Regional Distribution System (STR) and other payments in February 2010, so that supply limitations were applied and the company was removed. The Company made a financial study that showed solvency and feasibility problems regarding the possibility of legal collections on account of the lack of the trading agent's real guaranties.

6. INVENTORIES, NET

		2013		2012
Raw materials and supplies (1)	**$**	**15,675,590**	$	13,724,580
Minus obsolescence reserve (2)		**(867,736)**		(702,725)
	$	**14,807,854**	$	13,021,855

(1) As of December 31 of 2013, the Company inventory corresponds to materials and supplies acquired to maintain the distribution system, such as substations and high, intermediate, and low voltage lines and grids for $ for 15,207,532, and electric meters for $468,058.

(2) Following are the obsolescence reserve activities:

		2013		2012
Initial balance	**$**	**702,725**	$	45,847
Reserve against results		**867,736**		656,878
Use		**(702,725)**		–
	$	**867,736**	$	702,725

7. PROPERTIES, PLANT, AND EQUIPMENT, NET

As of December 31 of 2013, following are the properties, plant, and equipment values:

	As of December 31 of 2013		
	Cost	Accumulated depreciation	Net value
Grids, lines, and cables	$ 5,176,118,934	$ (2,795,108,904)	$ 2,381,010,030
Plants, ducts, and tunnels	1,077,110,620	(562,502,109)	514,608,511
Constructions and buildings	201,719,088	(93,964,318)	107,754,770
Constructions in progress (1)	169,217,752	–	169,217,752
Communications and computer equipment	71,353,531	(44,138,477)	27,215,054
Land	69,594,472	–	69,594,472
Machinery and equipment	46,880,456	(35,504,263)	11,376,193
Machinery, plant, and equipment being erected (1)	110,213,375	–	110,213,375
Furniture, furnishings, and office equipment	37,204,544	(24,756,705)	12,447,839
Transportation and lifting equipment	5,823,606	(3,610,305)	2,213,301
	6,965,236,378	**(3,559,585,081)**	**3,405,651,297**
Deferred depreciation, Db	**–**	**110,398,439**	**–**
Deferred depreciation, Cr	**–**	**(110,398,439)**	**–**
	$ 6,965,236,378	**$ (3,559,585,081)**	**$ 3,405,651,297**

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

	As of December 31 of 2012		
	Cost	Accumulated 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
	6,693,450,982	**(3,325,908,046)**	**3,367,542,936**
Deferred depreciation, Db	**–**	**110,398,439**	**–**
Deferred depreciation, Cr	**–**	**(110,398,439)**	**–**
	$ 6,693,450,982	**$ (3,325,908,046)**	**$ 3,367,542,936**

(1) As of December 31 of 2013 and 2012, constructions in progress and machinery being erected correspond to civil work done for improvement of productive and general administration facilities.

Depreciation activities are the following:

		2013		2012
Initial balance	$	**3,325,908,046**	$	3,089,428,429
Year depreciation		**239,825,559**		240,945,127
Depreciation removals		**(6,148,524)**		(4,465,510)
Final balance	$	**3,559,585,081**	$	3,325,908,046

Properties, plant, and equipment have no restrictions or liens limiting their realization or negotiation capacity, representing goods fully owned by the Company. Properties, plant, and equipment are insured with an all-risk corporate policy.

8. OTHER ASSETS, NET

		2013		2012
Studies and projects (1)	$	**16,636,282**	$	17,590,265
Goods received in payment		**899,478**		899,478
Improvements to third-party properties (2)		**5,301,569**		2,369,051
Deferred monetary correction (3)		**47,133,247**		48,597,958
Intangible assets (4)		**53,901,731**		58,449,711
	$	**123,872,307**	$	127,906,463

(1) As of December 31 of 2013, correspond mainly to the new Commercial Management System SAP-ISU Genesis projects, commissioned in October 2012, and Sinergia 4J "Epic@", commissioned on the 2nd half of 2008. These projects are being amortized during 5 years for SAP-ISU and 10 years for Sinergia 4J. Additionally, it includes the cost of projects carried out for improvement and optimization of the distribution system, being amortized during 3 and 5 years, respectively.

(2) During 2013, the Company made improvements to third-party properties in the Soacha, Galerías and the service centers of Calle 82 Edificio Administrativo floors 5, 6, 7 and 8, for $3,676,036.

(3) Corresponds to the fixed assets' inflation adjustment - existing and/or under erection - recorded until December 2005, being amortized during up to 45 years. The part corresponding to the equity inflation adjustment was entered as passive deferred monetary correction.

(4) Corresponds mainly to:

		2013		2012
Rights	$	**2,808,093**	$	2,403,773
Licenses		**31,704,938**		30,618,442
Software (a)		**90,735,581**		86,683,194
Easements		**27,941,014**		27,542,538
Inflation adjustments		**16,991,577**		16,991,577
		170,181,203		164,239,524
Minus accumulated amortization		**(116,279,472)**		(105,789,813)
	$	**53,901,731**	$	58,449,711

(a) During 2013, the Company made developments to the SCADA (DMS/EMS) system for $1,475,491. Developments have also been made to the SAP application regarding commercial, operational, and distribution system evolutions for $1,617,867, and to other operational and regulatory software for $959,029.

9. REVALUATIONS

		2013		2012
Investments: (1)				
Investments in non-controlled companies (Note 4)	**$**	**44,450,580**	$	41,470,925
Properties, plant, and equipment: (2)				
Land		**39,511,960**		39,537,004
Constructions and buildings		**18,066,428**		18,070,828
Plants and ducts		**125,655,046**		125,759,718
Communications equipment		**2,337,706**		2,337,706
Grids, lines, and cables		**506,839,214**		507,072,779
Machinery and equipment		**3,027,540**		3,030,779
Furniture, furnishings, and office equipment		**148,812**		144,297
Transportation fleet and equipment		**868,310**		1,083,760
	$	**740,905,596**	$	738,507,796

(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 649 of 1993, the Company is required to make a technical appraisal of his properties, plant, and equipment minimum every 3 years, entering the resulting revaluations and/or devaluations. The most recent technical appraisal of fixed assets to commercial value was done Q3 2012 by Consultores Unidos S.A. Revaluations were adjusted in 2013 as a result of fixed asset write-offs.

Following is the balance of revaluations and devaluations entered, for each type of fixed asset, as of December 31 of 2013:

Type of asset	Revaluation as of December 31 of 2013	Revaluation as of December 31 of 2012	Revaluation adjustment as of December 31, 2013
Land	$ 39,511,960	$ 39,537,004	$ (25,044)
Constructions and buildings	18,066,428	18,070,828	(4,400)
Plants and ducts	125,655,046	125,759,718	(104,672)
Communications equipment	2,337,706	2,337,706	–
Grids, lines, and cables	506,839,214	507,072,779	(233,565)
Machinery and equipment	3,027,540	3,030,779	(3,239)
Furniture, furnishings, and office equipment	148,812	144,297	4,515
Transportation fleet and equipment	868,310	1,083,760	(215,450)
	$ 696,455,016	$ 697,036,871	$ (581,855)

10. ACCOUNTS PAYABLE

		2013		2012
Affiliated companies and related parties (1) *(Note 11)*	**$**	**178,381,753**	$	172,906,033
Acquisition of goods and services, national		**359,392,111**		317,227,300
Acquisition of goods and services, foreign		**773,158**		253,795
Creditors		**29,569,642**		51,775,245
Other Accounts Payable		**183**		179
	$	**568,116,847**	$	542,162,552

(1) On March 20 of 2013, through Minutes No. 54 of the General Shareholders Assembly the Company declared dividends for $510,992,818. During the year, 100% of the preferential dividend was paid - $3,621,614 - to Empresa de Energía de Bogotá S.A E.S.P; 74.82% of the ordinary dividend - $379,622,999 - (Empresa de Energía de Bogotá S.A E.S.P $195,519,841, Enersis S.A. $148,529,364, Chilectra S.A. $35,489,315 and others $84,479), the remaining balance being 25.18% - $127.748.204 - (Empresa de Energía de Bogotá S.A E.S.P $65,809,680, Enersis S.A. $49,993,238, Chilectra S.A. $11,945,286), drawn on January 23 of 2014.

11. TRANSACTIONS WITH AFFILIATED COMPANIES AND RELATED PARTIES

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

Following are the balances in debtors and outstanding before affiliated companies:

		2013		2012
Debtors *(Note 5)*				
Emgesa S.A. E.S.P. (1)	**$**	**8,366,541**	$	7,161,558
Empresa de Energía de Cundinamarca S.A. E.S.P. (2)		**1,243,433**		1,433,642
Empresa de Energía de Bogotá S.A. E.S.P.		**146,265**		68
Endesa Energía S.A.		**61,663**		160,851
Endesa Operaciones y Servicios		**383,767**		264,648
	$	**10,201,669**	$	9,020,767

(1) As of December 31 of 2013, corresponds mainly to the estimate of tolls and STR, for $7,428,189. Advance payments were made for the purchase of electrical power to Emgesa S.A. E.S.P. for $ $594,767,230 and $557,718,844, being fully amortized during 2013 and 2012, respectively.

(2) Corresponds mainly to the sale of electrical power, estimate of tolls and STR for $920,653, recording other services for $ 322,780 as of December 31 of 2013. Advance payments were made on account of ADDs for $ $114,629,300 and $64,935,125, which are being fully amortized during 2013 and 2012, respectively. In March 2009, Codensa S.A. E.S.P. executed a mercantile offer with Empresa de Energía de Cundinamarca S.A. E.S.P. with a

4-year term, whose purpose is offering technical assistance services in exploitation, operation, and maintenance for the Empresa de Energía de Cundinamarca S.A. 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 the EBITDA increases with respect to the previous year. As a result of this condition, such commission was not received in 2013.

		2013		2012
Accounts Payable ***(Note 10)***				
Emgesa S.A. E.S.P. (3)	**$**	**46,295,272**	$	55,228,642
Empresa de Energía de Cundinamarca S.A. E.S.P. (4)		**3,618,237**		3,764,849
Empresa de Energía de Bogotá S.A. E.S.P.(5)		**65,901,016**		58,443,601
ICT Servicios Informáticos Ltda.		–		463,187
Endesa Latinoamérica S.A.		–		30,253,161
Enersis S.A. (6)		**49,993,238**		14,144,339
Chilectra S.A. (6)		**11,945,287**		10,608,254
Enel Ingenieria e Ricerca Spa		**120,783**		–
Fundación Endesa Colombia		**507,920**		–
	$	**178,381,753**	$	172,906,033
Estimated liabilities and reserves ***(Note 14)***				
Enel Ingenieria e Ricerca Spa (7)	**$**	**234,805**	$	–

(3) Corresponds mainly to the execution of electrical power purchase agreements the Company has with Emgesa (EMG–OM–007–08, EMG–OM–010–08 and EMG–OM–004–09). Additionally, corresponds to the electrical power purchase estimate for $46,219,269.

(4) Corresponds mainly to ADDs (distribution charge), $3,503,034.

(5) Corresponds mainly to dividends payable to Empresa de Energía de Bogotá S.A. E.S.P. for $65,809,680.

(6) Corresponds to dividends payable to Enersis and Chilectra for $49,993,238 and $11,945,287 respectively.

(7) Corresponds to the estimate on account of the Innovation Project.

Following is the effect in the results of transactions with related companies 4 2013 and 2012:

Company	Reason for the transaction	12-month period from January 1 to December 31 of 2013	12-month period from January 1 to December 31 of 2012
Revenues			
Emgesa S.A. E.S.P. (1)	Electrical power and other services	**$ 732,455**	$ 638,421
	Tolls and use of lines and grids	**90,530,779**	88,336,035
	Use agreement	**–**	3,337,531
	Extraordinary revenues	**3,880**	437,280
	Financial revenues	**1,070,799**	2,907,672
Empresa de Energía de Cundinamarca S.A. E.S.P. (2)	Electrical power and other services	**24,589**	120,702
	Use of lines and grids	**9,899,496**	9,487,377
	Equipment leasing and commissions	**519,928**	1,419,412
	Extraordinary revenues	**158,995**	–
	Financial revenues	**3,276,994**	1,977,662
Endesa Energía	Call center services	**180,812**	186,390
	Exchange difference	**16,421**	14,073
Endesa Operaciones y Servicios	Other services	**508,406**	344,754
	Exchange differences	**549,089**	11,915
Chilectra S.A.	Exchange differences	**–**	10,951
Endesa Servicios	Exchange differences	**–**	16,561
Enel Energy Europe	Exchange differences	**17,533**	51,989
Empresa de Energía de Bogotá S.A. E.S.P.	Substation operation, others	**870,696**	1,231,344
	Christmas lighting	**1,293,103**	1,293,103
		$ 109,653,975	**$ 111,823,172**
Costs and expenses			
Emgesa S.A. E.S.P.(1)	Electrical power purchases	**$ 587,397,499**	$ 656,249,442
	Interests	**–**	–
	Use agreements	**–**	2,803,339
	Others	**589,411**	490,435
Empresa de Energía de Cundinamarca S.A. E.S.P.(2)	Use of lines and grids; other contracts	**1,823,051**	1,249,455
	Revenue recovery	**–**	72,613
Endesa Servicios	Exchange difference	**–**	1,168
Endesa Energía	Exchange difference	**3,488**	16,059

Enel Energy Europe	IT service.	**340,365**	116,720
	Others	**362,285**	133,912
ICT Servicios Informáticos Ltda.	IT service.	**415,200**	532,430
Endesa Operaciones y Servicios	Exchange difference	**7,905**	9,087
Enel Ingeneria E Ricerca S.P.A	Studies and projects	**234,805**	–
	Exchange difference	**924**	–
Empresa de Energía de Bogotá S.A. E.S.P.	Vacation center and materials	**–**	–
	Telecommunications	**–**	54,308
		$ 591,174,933	$ 661,728,968

(1) For 2013 and 2012, revenues correspond mainly to the use of lines and grids, STR estimate, mainly regarding electrical power purchases for $587,397,499 and $656,249,442 in 2013 and 2012, respectively. No costs on account of use agreements were entered in 2013

(2) Revenues correspond mainly to the use of lines and grids, STR estimate, tolls, STN connection charges, and SD invoicing for $9,899,496 and $9,487,377 million, and the cost of electrical power purchases for $1,823,051 and $1,249,455 million in 2013 and 2012, respectively. Prompt payment discounts were achieved for $3,276,994 in 2013.

12. LABOR OBLIGATIONS

	2013	**2012**
Severance	**$ 1,979,810**	$ 1,636,012
Interests on severance	**236,115**	195,449
Vacation	**5,371,756**	4,724,705
Vacation bonuses	**849,639**	718,488
Service bonus	**777,446**	777,446
Bonuses	**17,791,222**	13,202,416
Other	**321,103**	338,818
	$ 27,327,091	$ 21,593,334

On February 11 of 2004, the Company executed a collective workers labor agreement with Sindicato de la Energía de Colombia – SINTRAELECOL benefiting unionized employees from January 1 of 2004 to December 31 of 2007, partially amended through Conventional Minutes No. 1 of July 8 of 2011, executed for the 4-year term beginning on January 1 of 2011 and ending on December 31 of 2013, 555 employees were unionized.

13. OUTSTANDING BONDS AND SECURITIES

		2013	2012
Bonds issued (1)	**$**	**1,[illegible]**	$1,107,500,000
Interests on bonds		**6,713,340**	5,638,231
Discounts on bonds (2)		**(1,161,774)**	(1,524,518)
		1,247,051,566	1,111,613,713
Minus short-term portion (3)		**(256,350,596)**	(246,275,487)
Total long-term portion	**$**	**990,[illegible]**	$ 865,338,226

(1) In 2013 bonds from subseries B5 were issued for $181,660,000 and B12 for $193,340,000. Bonds from subseries B3 were redeemed for $ 80,000,000, A5 for $75,500,000, and B5 for $85,500,000.

(2) Corresponds to the lower value received from placement of ordinary bonds on June 20 of 2007, resulting from the difference between the face value and the value offered on placement day. As a result of this, the Company did not receive $3,671,495, of which as of December 31 of 2013 $2,509,721 had been amortized; the remaining $1,161,774 will be amortized in 51 months, time equivalent to the remaining bonds' term.

(3) Bonds for $250,000,000 from subseries B10 from the first issuance were transferred from long to short term, maturing in March 2014.

The entire Codensa financial debt as of December 31 of 2013 is represented in 5 bond issuances in the local market. Following are the main financial characteristics of each:

First bond issuance.

Through Resolution 214 of February 24 of 2004, the Colombian Financial Superintendence ordered registering an ordinary bond issuance before the National Securities and Issuers Registry (“RNVE”), for an amount of up to $500,000 million.

On March 11 of 2004, the entire issuance was placed 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 2013	$250,000,000 (Sub–series B10)
Nominal per bond value:	$1,000
Issuance terms:	Sub–series B5: 5 years Sub–series B7: 7 years Sub–series B10: 10 years
Issuance date:	March 11 of 2004 for all subseries

Maturity date:	Sub–series B5: March 11, 2009 Sub–series B7: March 11, 2011 Sub–series B10: March 11, 2014
Issuance administrator:	Deceval S.A.
Coupon rate:	Sub–series A5: CPI + 4.90% E.A. Sub–series A7: CPI + 6.14% E.A. Sub–series A10: CPI + 6.34% 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.)

Second bond issuance

On February 14 of 2007, the Colombian Financial Superintendence through Resolution 208 of 2006 ordered registering the 2nd Codensa ordinary bond issuance in the National Securities and Issuers Registry ("RNVE"), for an amount of $650,000 million, authorizing its public offering. The issuance was placed in 3 lots, as described below.

Total amount placed:	$650,000,000 as follows: 1st Lot: March 14 of 2007 for $225.800.000 2nd Lot: June 20 of 2007 for $305.500.000 3rd Lot: December 6 of 2007 for $118.700.000 The total amount was placed in 4 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
Balance as of December 31 of 2013	$391,500,000 (Sub–series A10)
Nominal per bond value:	$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, 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: CPI + 4.60% E.A. Sub–series A10: CPI + 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.)

Third bond issuance

Through resolution 332 of March 10 of 2008, the Colombian Financial Superintendence ordered registering the third Codensa ordinary bond issuance in the National Securities and Issuers Registry ("RNVE") for $350,000 million, authorizing its public offering. The issuance was placed in 2 lots, as described below.

Total amount placed	$350,000,000, as follows: First lot: December 11 of 2008 4 $270,000,000 2nd lot: March 27 of 2009 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
Balance as of December 31 of 2013	$80,000,000 (sub–series A10)
Nominal per bond value:	$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 and B5: December 11 of 1 2013 Sub–series A10: December 11 of 2018 Sub–series B2: December 11 of 11 2010
Issuance administrator:	Deceval S,A,
Coupon rate:	Sub–series A5: CPI + 5.99 % E.A. Sub–series A10: CPI + 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.)

During 2013, maturity payments were made for bonds from subseries A5 and B5, for $75,000 and $85,500 million, respectively.

Bond issuance and placement program.

Through Resolution 194 of January 29 of 2010, the Colombian Financial Superintendence ordered registering the Codensa ordinary bond issuance in the National Securities and Issuers Registry ("RNVE"), for up to $600,000 million, and their public offering.

As of December 31 of 2013, two issuances under the program have been made, the first on February 17 of 2010 and the second on November 15 of 2013.

First tier under the Program

Total amount placed	$225,000,000, as follows: Sub–series B3: $ 80,000,000 Sub–series B6: $145,000,000
Balance as of December 31 of 2013	$145,000,000
Nominal per bond value	$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 of 2013 Sub–series B6: February 17 of 2016
Issuance administrator	Deceval S.A.
Coupon rate:	Sub–series B3: CPI + 2.98% E.A. Sub–series B6: CPI + 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.)

During 2013, maturity payments were made for bonds from subseries B3 for $80,000 million.

Second tier under the Program

Total amount placed	$375,000,000, as follows: Sub–series B5: $ 181,660,000 Sub–series B12: $193,340,000
Balance as of December 31 of 2013	$375,000,000
Nominal per bond value	$10,000
Issuance terms	Sub–series B5: 5 years Sub–series B12: 12 years
Issuance date	November 15 of 2013 for all series
Maturity date	Sub–series B5: November 15 of 2018 Sub–series B12: November 15 of 2025
Issuance administrator	Deceval S.A.
Coupon rate:	Sub–series B5: CPI + 3.92% E.A. Sub–series B12: CPI + 4.80% 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 2013, the principal balance of bonds payable during the following years, exclusive of interest and bond discounts, is:

Year	Value
2014	$ 250,000,000
2016	145,000,000
2017	391,500,000
2018	261,660,000
2025	193,340,000
	$1,241,500,000

14. ESTIMATED LIABILITIES AND RESERVES

	2013	2012
Litigations (1)	**$ 6,229,023**	$ 6,402,023
Infrastructure projects (2)	**13,300,726**	5,987,445
Costs and expenses (3)	**24,569,453**	26,322,452
Affiliated companies and related parties *(Note 11)*	**234,805**	–
Nueva Esperanza environmental compensation (4)	**9,985,000**	–
Archaeological rescue (5)	**8,996,000**	–
PCB dismantling (6)	**10,958,525**	3,129,746
	74,273,532	41,841,666

Minus short-term portion	**(44,334,007)**	(38,711,920)
Total long-term portion	**$ 29,939,525**	$ 3,129,746

(1) As of December 31 of 2013 and 2012, the value of claims filed against Codensa S.A. E.S.P. under administrative, civil, and labor litigations and constitutional actions entered into memorandum accounts is $119,038,518 and $806,789,281, respectively. Based on the defense's success probability $6,229,023 had been reserved as of December 31 of 2013 and $6,402,023 as of December 31 of 2012 to cover possible losses. The administration believes the results of these litigations will be favorable for the Company and will not result in significant liabilities that should be accounted or that would otherwise significantly affect the Company's financial position.

As of December 31 of 2013, the value of claims under administrative, civil, labor, and contractor litigations is the following:

Processes	**Number of processes**	**Rating**	**Contingency value (a)**	**Reserve value**
	32	Probable	$ 4,613,023	$ 4,613,023
	120	Eventual	96,711,788	–
Administrative and civil	36	Remote	12,131,707	–
	188		113,456,518	4,613,023
Labor and contractors	12	Probable	1,616,000	1,616,000
	56	Eventual	2,511,000	–
	20	Remote	1,455,000	–
	88		5,582,000	1,616,000
			$	$
Total processes	276		119,038,518	6,229,023

(a) The contingency value corresponds to the amount that, according to the lawyers' experience, would be the highest the Company would be required to pay. Such value differs from the recorded reserve since it is made based on the probability and the amount the Company would be required to pay. Such reserve is established by the lawyers as the maximum value of the loss should the ruling be probable. Processes considered probable are reserved at 100% of the actual contingency value. The Company records the contingency value in memorandum accounts.

(2) In 2013, this reserve corresponds mainly to the acquisition of the PDAs for $5,434,581, easements for $2.075.595, insurance policies (RCE, vehicles, all risk, terrorism) for $3,884,303.

(3) As of December 31 of 2013 and 2012, includes the reserve for the public lighting litigation for $15 million, still under conciliation with the Bogotá Capital District.

(4) Corresponds to compensation included in Resolution 1061 and in Agreement 17 of 2013 of the Ministry of the Environment and Corporación Autonoma Regional de Cundinamarca, respectively, approving the substitution of the protective and productive forest reserve of

the upper Bogotá river basin, committing the Company into developing a compensation and reforesting plan in the construction area of the Nueva Esperanza substation.

(5) Corresponds to the estimate of the amount to be paid on account of the archaeological rescue of remains found in the location where the Nueva Esperanza substation is being built.

(6) Considering that with Law 1196 of 2008 Colombia adhered the Stockholm Agreement and that this fact was regulated with Resolution 222 of December 15 of 2011 from the Ministry of the Environment, a reserve was recognized on account of dismantling of transformers polluted with PCB. The reserve recorded in 2013 is $12,157,020; the net present value was updated applying a 7.19% rate, $1,198,495 having been used.

15. OTHER LIABILITIES

		2013		2012
Collections in favor of third parties (1)	**$**	**41,262,445**	$	29,025,530
Revenues received in advance (2)		**3,885,182**		4,187,500
Third-party portfolio collections (3)		**12,423,386**		6,902,266
Deferred monetary correction *(Note 8)*		**47,133,245**		48,597,958
		104,704,258		88,713,254
Minus short-term portion		**(54,435,831)**		(36,677,796)
Total long-term portion	**$**	**50,268,427**	$	52,035,458

(1) Corresponds mainly to the liability on account of ADDs, electrical power distribution areas, and mandate agreements with magazines, newspapers, and insurance policies.

(2) In August 2010 a market channel access agreement was executed with Mapfre Colombia Vida Seguros for Codensa S.A. E.S.P. electrical power clients to allow Mapfre to sell insurance policies to the Codensa clients. The contract term is 8 years, a single $6,000 million payment having been agreed, entered as revenues received in advance, which will be amortized during the contractual term.

(3) Corresponds to the balance payable to Banco Colpatria Red Multibanca Colpatria S.A. for collections made on the Company's account of the "Crédito Fácil Codensa" deal portfolio sold to the bank, according to the corporate cooperation agreement executed as indicated in Note 1.

16. RETIREMENT PENSIONS

		2013		2012
Retirement pensions and supplementary benefits calculations	**$**	**199,581,553**	$	206,031,851
Minus current portion		**(27,618,495)**		(27,857,103)
Long-term retirement pensions and supplementary benefits calculations	**$**	**171,963,058**	$	178,174,748

Activities between January 1 until December 31 of 2013 and 2012 are the following:

		2013		2012
Initial balance	**$**	**206,031,851**	$	201,379,353
Financial cost		**15,346,423**		15,899,054
Payments		**(26,320,310)**		(27,442,629)
Actuarial loss		**4,523,589**		16,196,073
	$	**199,581,553**	$	206,031,851

The number of employees used to make the actuarial calculation is the following:

Number of retired employees	**846**	846
Number of active employees entitled to pension	**2**	2
	848	848

As of December 31 of 2013, AON Hewitt (external specialists) made actuarial calculations resulting in a lower pension liability value of $6,450,298. This calculation includes the effects of applying decrement rates, i.e.: mortality rate (before retirement and upon retirement), authorized by the Financial Superintendence with Resolution 1555 of July 30 of 2010 (Mortality Table RV 08); full and permanent disability, EISS. As of December 31 of 2013, the actuarial lability is fully amortized.

The value of the obligation on account of pensions at the end of year is established taking into account actuarial hypotheses, Colombian legal norms on pensions, and particular aspects established for each company regarding retirement pensions.

Financial hypotheses are summarized in a 7.5%/year discount rate and a pension increase rate of 3.0% (DANE rate according to Decree 2783 of 2001).

17. TAXES, LIENS, AND RATES

	2013	2012
Current income tax	**$ 282,017,885**	$ 263,588,551
Advance on income payments	**(136,764,225)**	(119,564,817)
Withholdings and self-withholdings	**(87,271,634)**	(46,684,091)
Tax withholding	**12,159,995**	8,270,351
Industry and trade tax withholding	**454,006**	386,592
CREE withholding	**4,339,539**	–
Equity tax	**31,741,157**	63,482,312
Taxes, contributions, and rates payable	**10,704,577**	12,563,910
Value added tax	**4,661,927**	2,763,684
	122,043,227	184,806,492
Minus long-term portion	**–**	(31,741,157)
Total short-term portion	**$ 122,043,227**	$ 153,065,335

Income tax

The 2011 and 2012 tax years are open for fiscal review by the tax authorities. However, in the Administration's opinion no significant differences are expected should this happen. The 2012 income tax return was submitted on April 18 of 2013, the 2013 income expires on April 21 of 2014.

The reserve charged to the year results, on account of income tax, is itemized as follows:

	2013	2012
Current income	**$ 206,921,591**	$ 263,588,551
Current CREE	**75,096,294**	–
Deferred tax, debit	**(2,805,838)**	(7,936,450)
	$ 279,212,047	$ 255,652,101

The main conciliation entries between profits before taxes and taxable net income, which explain the difference between the 34% rate for companies and the effective rate on profits of 34.25% in 2013 and 33.35% in 2012, are the following:

	2013	2012
Accounting profits before income tax	**$ 815,122,566**	$ 766,644,919
Deferred amortization	**75,180**	75,180
Non-deductible reserves	**19,287,526**	16,114,218
Contribution to financial transactions	**7,849,554**	10,179,387
Deduction for disabled personnel hiring	**(44,813)**	(52,787)
Nondeductible taxes	**53,017**	31,573
Nondeductible expenses	**9,317,820**	7,435,071

Investments in science, technology, and fixed assets	**(7,200,814)**	(5,315,240)
Revenues not taxed	**(8,891,172)**	(1,354,048)
Accelerated depreciation reversion	**–**	13,289,250
Fiscal depreciation and amortization	**(8,033,563)**	(8,378,494)
Taxable net income	**827,535,301**	798,669,029
Tax rate	**25%**	33%
	$	$
Income tax	**206,883,825**	263,560,780
	$	$
Taxable net income	**827,535,301**	798,669,029
Deduction in science and technology	**6,823,158**	–
Hiring of disabled personnel	**44,813**	–
CREE taxable net income	**834,403,272**	798,669,029
CREE tax rate	**9%**	–
	$	$
CREE income tax	**75,096,294**	–
	$	$
Total income tax and CREE before occasional gains	**281,980,119**	263,560,780
	$	$
Occasional gains	**377,656**	84,156
Occasional gains tax rate	**10%**	33%
	$	$
Occasional gains tax	**37,766**	27,771
	$	$
Current income tax	**282,017,885**	263,588,551

Equity conciliation

Accounting equity	**$ 3,148,431,815**	$ 3,121,114,187
Debtors reserve	**17,831,098**	16,907,330
Other debtors reserves	**347,519**	469,250
Assets reserve	**1,040,565**	1,044,516
Deferred depreciation	**(110,398,439)**	(110,398,439)
Fixed assets revaluation	**(696,455,016)**	(697,036,870)
Investment revaluation	**(44,450,580)**	(41,470,925)
Deferred tax, debit	**(51,295,517)**	(51,902,116)
Deferred tax, credit	**36,431,562**	36,431,562
Estimated liabilities	**79,242,512**	76,706,492
Monetary correction	**(1,729,136)**	(1,804,316)
Fiscal adjustments to assets and depreciation, 2006	**71,332,559**	84,278,492
Fiscal equity	**$ 2,450,328,942**	$ 2,434,339,163

Deferred tax

	2013	**2012**
Forward revaluation	**$ (1,343)**	$ –
Debtors reserve	**6,062,573**	5,748,492
Estimated liabilities	**3,425,389**	3,823,883
Industry and trade	**3,575,408**	3,541,336
Other reserves	**8,808,693**	8,219,348
Labor obligations	**6,075,076**	4,488,822
Deferral on account of fixed assets' inflation adjustments	**23,349,721**	26,080,235
Total deferred tax, debit	**$ 51,295,517**	$ 51,902,116

Following is the liability on account of deferred taxes as of December 31:

	2013	**2012**
Depreciation of additional shifts, 1998	**$ (36,431,562)**	$ (36,431,562)
Total deferred tax, credit	**$ (36,431,562)**	$ (36,431,562)

No temporary difference exists for 2013 between accounting and fiscal depreciation resulting from applying additional shifts in 1998.

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

The deferred tax as of December 31 of 2013 is the following:

		Income	CREE	CREE
Reserves and estimated liabilities	$	82,193,519 $	82,193,519 $	–
Adjustment for asset inflation		70,315,935	14,546,278	55,769,657
		152,509,454	96,739,797	55,769,657
Rate		25%	9%	8%
	$	38,127,363 $	8,706,581 $	4,461,573
Total deferred tax, debit	$	51,295,517		

Equity tax

Law 1370 of December of 2009 set forth a new equity tax for the tax year of 2011, applying a 2.4% rate for taxpayers with fiscal equity in excess of $3,000,000 and less than $5,000,000, 4.8% for taxpayers with equities equal to or greater than $5,000,000. Subsequently, Decree 4825 of December of 2010 set forth a 25% surcharge on equity for taxpayers with equities equal to or greater than $3,000,000.

This tax applies to equity existing on January 1 of 2011, payment having to be made in 8 similar installments between 2011 and 2014.

On 2011, the Company selected the alternate method provided by Law 1111 of 2006 for accounting the outstanding portion of the equity tax and the surcharge as a lower value of the equity revaluation account, for $126,964,623.

The Company is responsible for the 0.966% industry and trade tax in Bogota on operational revenues, 1.104% on other non-operational revenues, and 50% for “avisos y tableros”. In other municipalities in which the Company is responsible for the industry and trade tax, such tax is paid according to rates established by each municipality.

Transfer prices

Taxpayers carrying out activities with affiliated economic parties or related parties from abroad are required to establish - for the purpose of the income tax - their ordinary and extraordinary revenues, their costs and deductions, and their assets and liabilities, considering for these operations prices and profit margins used in comparable activities between non-affiliated parties. Independent advisers will update the transfer prices study required by the tax norms in order to demonstrate that such operations with economic affiliated companies from abroad were carried out at market values during 2013. For this purpose, the Company will deliver a statement and will have available the above study by mid-September 2014. Not doing it may result in sanctions and greater income taxes. However, management and its advisors have studied the 2013 contracts and have concluded that there will be no adjustments to the 2013 income tax.

18. EQUITY

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

Following is the 2013 shareholding distribution:

Shareholder	Number of shares	Percent participation
Empresa de energía de Bogotá S.A. E.S.P. (preferential shares)	20,010,799	15.148992%
Empresa de energía de Bogotá S.A. E.S.P. (ordinary shares)	48,025,920	36.357582%
Enersis S.A.	51,685,039	39.127684%
Chilectra S.A.	12,349,522	9.349092%
Others	2	0.016650%
	132,093,274	100.0

Following is the 2012 shareholding distribution:

Shareholder	Number of shares	Percent participation
Empresa de energía de Bogotá S.A. E.S.P. (preferential shares)	20,010,799	15.148992%
Empresa de energía de Bogotá S.A. E.S.P. (ordinary shares)	48,025,920	36.357582%
Endesa Latinoamérica	35,219,008	26.662227%
Enersis S.A.	16,466,031	12.465458%
Chilectra S.A.	12,349,522	9.349092%
Others	2	0.016650%
	132,093,274	100.0

As of December 31 of 2013, Enersis S.A. registered before DECEVAL S.A. as a Codensa S.A. ESP shareholder, holding 26.662227% of the Company outstanding shares and reaching 39.127684% of the Codensa shares.

Of the total number of Empresa de Energía de Bogotá S.A. E.S.P. shares, 20,010,799 correspond to shares with no voting rights with a preferential dividend of US $0.10 per share.

Dividend distribution

According to Minutes No. 54, the General Shareholders Assembly of March 20 of 2013 ordered distributing dividends for $510,992,818 against the net December of 2012 profits.

According to Minutes No. 51, the General Shareholders Assembly of March 21 of 2012 ordered distributing dividends for $134,346,398 against the net December of 2011 profits.

According to Minutes No. 50, the General Shareholders Assembly of December 20 of 2011 ordered distributing dividends for $323,317,575 against the net September of 2011 profits.

Dividends on the 2012 profits for $510,992,818 were paid as follows: 100 % of the preferential dividend and 9.14% of the ordinary dividend on June 5; subsequently, payments for 10.14%, 18.13%, 19.27%, and 18.13% of the ordinary dividend were made on June 20, October 23, November 28, and December 3 of 2013, respectively, the outstanding balance being 25.18% of the ordinary dividend, which was paid on January 23 of 2014.

Reserves

	2013	2012

Mandatory reserves:		
Legal reserve	**$ 6,604,664**	$ 6,604,664
Reserves based on fiscal requirements	**50,962,398**	50,962,398
	$ 57,567,062	$ 57,567,062

Legal reserve

According to the Colombian law, the Company should transfer a minimum of 10% of the 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)

Represented by 70% of the requested excess depreciation from 1998, for tax purposes.

Equity revaluation.

The equity revaluation cannot be distributed as profits, but can be capitalized. During 2011, the Company entered $126,964,623 per year, against equity revaluation on account of the equity tax, according to Law 1370 of December 2009.

18. MEMORANDUM ACCOUNTS

	2013	**2012**
Debtors:		
Contingent rights	**$ 480,678,340**	$ 382,162,487
Control of depreciated assets and others	**523,319,396**	550,552,031
	$ 1,003,997,736	$ 932,714,518
Creditors:		
Contingent responsibilities	**$ 272,857,358**	$ 900,314,920
Fiscal	**698,102,874**	686,775,025
Electrical power purchase agreements	**3,361,906,499**	3,974,786,879
Merchandise on consignment	**5,338,824**	3,793,105
	$ 4,338,205,555	$ 5,565,669,929

19. OPERATIONAL REVENUES

	2013	**2012**
Energy services	**$ 3,009,353,188**	$ 2,954,229,435
Other services	**202,864,944**	187,571,287
	$ 3,212,218,132	$ 3,141,800,722

20. COST OF SALES

Cost of goods and services (1)	**$ 1,624,383,943**	$ 1,601,028,574

Depreciation and amortization	**250,333,452**	256,423,878
Orders and contracts (2) (7)	**153,301,523**	136,452,004
Personnel services	**91,875,831**	90,087,278
Contracts and maintenance (3)	**73,952,233**	68,730,232
Taxes (4)	**41,461,432**	38,687,591
Other operation and maintenance costs	**21,059,361**	17,962,998
General (5) (7)	**9,688,146**	16,216,947
Leases (7)	**4,983,390**	2,975,116
Insurance	**3,547,810**	3,650,172
Contributions and royalties (6)	**1,596,921**	3,895,737
Public utilities	**628,010**	420,887
Fees	**99,526**	–
	$ 2,276,911,578	$ 2,236,531,414

(1) Corresponds mainly to electrical power purchases and other connection charges for electrical power distribution.

(2) Includes items related to meter readings, invoice delivery, and other contracts for the operation. In 2013, the Company had greater expenditures compared to the previous year, mainly in new deals and Christmas lighting, $ 8,965,081 (see additional comment, item 7).

(3) Corresponds mainly to the cost of maintenance agreements for properties, plant, and equipment. As of December 31, 2013, in the relevant activities the Company implemented a lines, grids, and public lighting infrastructure maintenance and modernization quality plan which represented an increase in maintenance costs of $4,662,892.

(4) Corresponds to recognition of industry and trade taxes, stamps, land taxes, and other taxes. As of December 31 of 2013 and 2012, on account of the industry and trade taxes $39,237,670 and $37,825,645 were recorded, respectively.

(5) General costs include advertising, studies and projects, communications, industrial safety, transportation, and others (see additional comment, item 7).

(6) On December 6 of 2013, through resolutions 20135300054585 and 20135300054595 from the Superintendence of Public Utilities, a partial reimbursement to Codensa S.A E.S.P was ordered from special contributions paid in 2008 and 2007 to such entity, for $ 1,688,903 and $ 1,026,318, respectively.

(7) On November 1 of 2012, the Company started a new vehicle renting scheme with Unión Temporal Galaxtec and Unión Temporal Rentacol, responsible for managing and leasing vehicles, respectively. This new scheme involves a change of the following:

- General - costs of fleet and transportation equipment, reduced by $ 6,162,271.
- Orders and contrast, an increase of $3,416,478.
- Leases, an increase of $1,850,843.

21. ADMINISTRATION EXPENSES

	2013	2012
Other general services (1)	**$ 18,841,486**	$ 20,668,629
Other personnel expenses	**17,233,399**	14,701,606

Integral salary	**16,384,885**	15,862,915
Taxes (2)	**15,955,162**	14,711,937
Amortization	**2,801,298**	3,011,750
Leases (3)	**2,005,164**	1,360,655
Debtors reserve (4)	**1,846,129**	1,189,957
Personnel salaries	**1,805,455**	1,696,389
Surveillance	**1,141,791**	1,256,493
Depreciation	**922,669**	1,108,163
Inventory reserve (5)	**867,736**	656,878
Contingency reserve (6)	**860,819**	58,103
Medical expenses and medications	**519,253**	484,571
	$ 81,185,246	$ 76,768,046

(1) Includes the entry on account of studies and projects, fees, maintenance, advertising, materials and supplies, general insurance, and other general expenses. On December 31 of 2012 the contract for the use of infrastructure and personnel between Codensa S.A E.S.P and Emgesa S.A E.S.P. was terminated. The expense entered in 2012 was $ 2,803,339.

(2) As of December 31 of 2013 and 2012, the tax on financial activities is $15,699,108 and $13,572,516, respectively.

(3) As of December 31 of 2013 and 2012, the Company made expenditures on account of administration and leasing of floors 5, 6, and 8 of the calle 82 building. Starting on 2013, floor 7 was leased, resulting in a greater expense.

(4) The 2013 debtors reserve expense is mainly the result of agreements made with municipalities, rescinded by default. As of December 31 of 2012, on account of the retired employees' debtors reserve the Company entered $294,619; accounts receivable from the contractor AENE were $370,036 from the joint and several payments of the vendor labor obligations by Codensa, and others for $525,302.

(5) As of December 31 of 2013 and 2012 the inventory reserve was entered on account of cable and electrical materials obsolescence.

(6) As of December 31 of 2012, corresponds mainly to qualified litigations considered probable, resulting from changes in the evaluation of the losing probability in the defense of administrative, civil, and labor litigations and constitutional actions previously considered eventual and remote.

22. FINANCIAL REVENUES

		2013		2012
Interests and financial revenues	$	**21,527,789**	$	25,542,879
Late interest charges		**7,493,249**		7,187,480
Dividends (1)		**4,360,213**		–
Exchange difference		**389,760**		1,199,091
	$	**33,771,011**	$	33,929,450

(1) In March 2013, Distribuidora Eléctrica C/marca S.A. E.S.P. declared dividends for Codensa S.A. E.S.P., which were paid in December.

23. EXTRAORDINARY REVENUES

		2013	2012
Others (1)	**$**	**7,567,477**	$9,315,693
Recoveries (2)		**3,495,583**	2,643,203
Profit from the sale of materials		**1,246,248**	1,824,905
Profit from the sale of properties, plant, and equipment		**589,024**	124,109
Leases		**18,976**	–
Financial surplus		**15,035**	–
Fees		**2,020**	11,725
Indemnifications		**390**	–
Use agreements (3)		**–**	3,337,531
	$	**12,934,753**	$17,257,166

(1) As of December 31 of 2013, corresponds mainly to the 2012 income tax adjustment for $4,091,295, sanctions to users for $1,376,424, sanctions to contractors for $406,355, indemnification for damages for $187,957, and others for $1,505,446.

(2) In 2013, includes recoveries on the following accounts: adjustment on account of outstanding invoices account for $345,836, electrical power portfolio reserve for $952,635, reserve for litigations and contingencies for $485,571, reserve productivity bonus for $1,005,891, and other Recoveries for $705,650.

(3) On December 31 of 2012, the contract for the use of infrastructure and personnel between Codensa S.A E.S.P and Emgesa S.A E.S.P was terminated. The revenue entered in 2012 was $3,337,531.

24. FINANCIAL EXPENSES

		2013		2012
Interests	**$**	**65,751,398**	$	81,422,259
Commissions		**933,392**		98,891
Other financial expenses		**704,709**		1,081,585
Exchange difference		**642,936**		922,488
Loss using the participation method		**227**		588
	$	**68,032,662**	$	83,525,811

25. EXTRAORDINARY EXPENSES

Other extraordinary expenses (1)	**$**	**7,368,320**	$	19,714,857
Expenses, previous years (2)		**4,565,043**		3,737,363
Loss from the sale and discharge of fixed assets (3)		**3,108,194**		2,156,477
Losses from accidents/claims		**1,559,756**		1,261,875
Loss from the sale of materials		**280,910**		1,517,583
Sponsorships		**757,920**		792,500
Non-deductible expenses		**31,701**		336,493
	$	**17,671,844**	$	29,517,148

(1) As of December 31 of 2013, includes mainly the actuarial loss resulting from the update of the pensions actuarial calculation made by AON Hewitt for $4,523,589, payment of the stratification tax for $1,018,117 for 2012 and 2011, and community support and management for $806,423.

(2) As of December 31 of 2013, includes mainly $3,412,437 on account of the deferred tax adjustment of 2012, $490,254 for an income tax expense correction for 2010, and a $604,003 loyalty bonus reserve adjustment.

(3) Corresponds mainly to discharges on account of dismantling, for $2,842,878, discharges for the concordia accident for $263,650.

26. FINANCIAL METRICS

The following financial metrics were calculated based on the following financial statements:

	Expression	December 31 of		Metric explanation
		2013	2012	
Liquidity				
Current ratio (Current assets/current liabilities)	(Times)	0.95	0.85	The capacity the Company has to pay its short-term debts committing its current assets.
Indebtedness				
Total indebtedness level: (Total liabilities/total assets)	%	43.05%	41.71%	The leverage level corresponding to the creditors' participation in Company assets
Short-term indebtedness: (Total current assets/total assets)	%	19.90%	19.92%	The participation percentage with 3rd parties, with short-term maturities
Long-term indebtedness: (Total long-term liabilities /total assets)	%	23.14%	21.79%	The participation percentage with 3rd parties with mid- and long-term maturities.
Activity				
Commercial portfolio turnover: (360/(operational revenues/total portfolio))	Days	42	40	The average number of turnover days of the commercial portfolio during the year.
Vendor turnover: (360/(cost of sales/sales days cost/Accounts Payable vendors))	Days	70	69	The number of days the Company in the average takes to pay its vendor invoices.
ROI				
Gross profits margin:				The Company capacity to handle its sales

(Gross profit/operational revenues)	%	29.12%	28.81%	to generate gross profits, i.e. before sales administration expenses, other revenues, other expenditures, and taxes.
Operational margin: (Operational profits/operational revenues)	%	26.59%	26.37%	How much each sales peso contributes to generating operational profits
Net profits margin: (Net profit/operational revenues)	%	16.68%	16.26%	The percentage of net sales generating profits after taxes.
Equity return on investment (Net profits/total equity)	%	17.02%	16.37%	The shareholders' ROI.
Return on total assets (ROA) (Net profits/total assets)	%	9.69%	9,54%	For each peso invested in total assets, measures how much net profits are generated.