

NON-CONSOLIDATED FINANCIAL STATEMENTS

Codensa S.A. E.S.P. and its Affiliate

4-month period ending December 31 of 2014 and 8-month period ending August 31 of 2014 with the Statutory Auditor Report

Codensa S.A. E.S.P.
Non-consolidated Financial Statements

4-month period ending December 31 of 2014 and 8-month period ending August 31 of 2014

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

I have audited the attached Codensa S.A. E.S.P. Non-consolidated financial statements, which include the general balance sheet as of December 31, 2014, August 31, 2014, and December 31, 2013, and the corresponding consolidated income, equity changes, financial changes, and cash flow statements for the four-month periods ending December 31, 2014 and the eight-month period ending in August 31, 2014, and the twelve-month period ending in December 31, 2013, together with significant accounting policies and other explanations. The balance sheet as of August 31, 2013 and the corresponding consolidated income, equity changes, financial changes and cash flows statements for the four-month period ending December 31, 2013 and the eight-month period ending August 31, 2013 were included to show the operations results for comparative purposes, which were not subject to my evaluation according to generally accepted auditing norms, which give me a reasonable basis for an opinion; therefore, I am not submitting any opinion regarding the aforementioned financial statements.

The Administration is responsible for preparation and proper presentation of the consolidated 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 consolidated financial statements, based on my audits. I obtained the necessary information for this and examined the documents according to auditing norms generally accepted in Colombia, which require that audits be planned and carried out so as to 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 consolidated financial statements reasonably present - in all their important aspects - the Codensa S.A. E.S.P. consolidated financial situation as of December 31, 2014, August 31, 2014, and December 31, 2013, the Non-consolidated results of its operations, the changes in its financial situation, and cash flows for the four-month period ending December 31, 2014 and the eight-month period ending August 31, 2014, according to accounting principles generally accepted in Colombia, as issued by the National Government.

Additionally, based on my audits I am not aware of any circumstance indicating failure to comply with the following company obligations: 1) keeping Minutes, the shareholders book, and accounting books according to legal norms and the accounting technique; 2) performing its activities according to the bylaws and the decisions of the Shareholders Assembly and the Board of Directors, also according to norms related to integral social security; 3) keep correspondence and account vouchers; and 4) take internal control, conservation, and safekeeping measures related to company goods or third-party goods it may have in its possession. Since the management report, which includes Company progress and its legal, economic and administrative situation, is currently being prepared by the Company's administration to be submitted to the Board of Directors in February, I was not able to verify the agreement between the financial information of the mentioned report and the attached financial statements.

Angela María Guerrero Olmos
Statutory Auditor
Professional Card 104291-T
Appointed by Ernst & Young Audit S.A.S. TR-530

Bogotá, D.C., Colombia
January 27, 2015

Codensa S.A. E.S.P.

Non-Consolidated General Balance Sheet

	As of December 31 2014	As of August 31 2014	As of December 31 2013
<i>(Thousand pesos)</i>			
Assets			
Current assets:			
Cash and cash equivalents <i>(Note 3)</i>	\$ 591,520,893	\$ 246,591,986	\$ 696,296,398
Inventories, net <i>(Note 6)</i>	715,185	-	-
Debtors, net <i>(Note 5)</i>	387,079,548	465,896,079	340,246,934
Expenses paid in advance, net	3,522,649	3,879,783	3,399,812
Total current assets	982,838,275	716,367,848	1,039,943,144
Inventories, net <i>(Note 6)</i>	15,620,198	20,859,208	14,807,854
Debtors, net <i>(Note 5)</i>	48,979,290	46,447,321	45,498,739
Long-term investments, net <i>(Note 4)</i>	105,990,164	105,987,936	105,986,997
Properties, plant, and equipment, net <i>(Note 7)</i>	3,506,602,709	3,389,347,317	3,405,651,297
Deferred taxes <i>(Note 17)</i>	61,971,559	46,658,866	51,295,517
Other assets, net <i>(Note 8)</i>	123,670,521	118,520,560	123,872,307
Valuations <i>(Note 9)</i>	750,230,383	747,061,051	740,905,596
Total assets	\$ 5,595,903,099	\$ 5,191,250,107	\$ 5,527,961,451
Liabilities and equity			
Current liabilities:			
Outstanding commercial papers and bonds <i>(Note 13)</i>	\$ 7,132,189	\$ 9,595,597	\$ 256,350,596
Accounts payable <i>(Note 10)</i>	1,091,483,315	744,986,966	568,116,847
Taxes, liens and rates <i>(Note 17)</i>	73,496,250	45,795,421	122,043,227
Labor obligations <i>(Note 12)</i>	31,574,774	26,535,901	27,327,091
Estimated liabilities and reserves <i>(Note 14)</i>	60,532,024	35,697,303	51,393,923
Retirement pensions <i>(Note 16)</i>	28,076,180	27,701,837	27,618,495
Other liabilities <i>(Note 15)</i>	61,665,664	58,018,463	54,435,831
Total current liabilities	1,353,960,396	948,331,488	1,107,286,010
Long-term liabilities:			
Outstanding commercial papers and bonds <i>(Note 13)</i>	1,176,063,711	990,942,468	990,700,970
Estimated liabilities and reserves <i>(Note 14)</i>	13,853,107	20,173,542	22,879,609
Retirement pensions <i>(Note 16)</i>	184,450,762	175,921,237	171,963,058

Deferred taxes (Note 17)	43,101,567	36,431,562	36,431,562
Other liabilities (Note 15)	47,539,859	48,535,071	50,268,427
Total long-term liabilities	1,465,009,006	1,272,003,880	1,272,243,626
Total liabilities	2,818,969,402	2,220,335,368	2,379,529,636
Equity (Note 18):			
Subscribed and paid capital	13,209,327	13,209,327	13,209,327
Capital surplus	13,333,540	13,333,540	13,333,540
Reserves	57,567,062	57,567,062	57,567,062
Equity revaluation	1,787,495,354	1,787,495,354	1,787,495,354
Valuation surplus	750,230,383	747,061,051	740,905,596
Surplus, participation method	13,846	11,588	10,417
Period net profits	155,084,185	352,236,817	535,910,519
Total shareholders equity	2,776,933,697	2,970,914,739	3,148,431,815
Total liabilities and equity	\$ 5,595,903,099	\$ 5,191,250,107	\$ 5,527,961,451
Memorandum accounts, debtors (Note 19)	\$ 571,643,318	\$ 1,126,025,069	\$ 1,003,997,736
Memorandum accounts, creditors (Note 19)	\$ 5,870,978,795	\$ 6,066,808,182	\$ 4,338,205,555

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
Legal Representative

Luz Dary Sarmiento Quintero
Public Accountant
Professional Card 65450-T

Ángela María Guerrero Olmos
Statutory Auditor
Professional Card 104291-T

Appointed by Ernst & Young Audit S.A.S. TR-530
(See my January 27, 2015 report)

Codensa S.A. E.S.P.

Non-Consolidated Income Statement

	Four-month period from September 1 through December 31		Eight-month period from January 1 through August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
<i>(Thousand pesos, except for net profits and preferential dividends per share)</i>				
Operational revenues (Note 20)	\$ 1,171,414,286	\$ 1,093,401,134	\$ 2,267,469,274	\$ 2,118,816,998
Cost of sales (Note 21)	(855,121,249)	(763,010,402)	(1,627,017,602)	(1,513,901,176)
Gross profits	316,293,037	330,390,732	640,451,672	604,915,822
Administration expenses (Note 22)	(38,176,770)	(29,270,516)	(59,017,934)	(51,914,730)
Operational profits	278,116,267	301,120,216	581,433,738	553,001,092
Non-operational revenues (expenses):				
Financial revenues (Note 23)	8,664,123	10,441,924	16,851,731	23,329,087
Extraordinary revenues (Note 24)	4,035,790	2,971,117	16,778,523	9,963,636
Financial expenses (Note 25)	(32,253,461)	(23,016,615)	(54,767,371)	(45,016,047)
Extraordinary expenses (Note 26)	(14,878,017)	(8,153,403)	(20,631,116)	(9,518,441)
Profits before income tax	243,684,702	283,363,239	539,665,505	531,759,327
Net Income tax (Note 17)	(88,600,517)	(95,020,337)	(187,428,688)	(184,191,710)
Period Net profits	\$ 155,084,185	\$ 188,342,902	\$ 352,236,817	\$ 347,567,617
Preferential dividends per share	\$ 79.75	\$ 64.23	\$ 127.91	\$ 129.03
Net profits per share	\$ 1,161.97	\$ 1,416.10	\$ 2,647.20	\$ 2,611.68
Number of outstanding subscribed and paid shares	132,093,274	132,093,274	132,093,274	132,093,274

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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Codensa S.A. E.S.P.

Non-Consolidated Statement of Equity Changes

	Subscribed and paid capital	Capital surplus	Reserves	Equity revaluation	Valuation surplus	Surplus using the revaluation method	Accumulated profits	Total
<i>(Thousand pesos)</i>								
Balances as of August 31, 2013 (Not audited)	\$ 13,209,327	\$ 13,333,540	\$ 57,567,062	\$ 1,787,495,354	\$ 740,176,967	\$ 12,418	\$ 347,567,617	\$ 2,959,362,285
Adjustment to valuation of investments	-	-	-	-	1,210,554	(2,001)	-	1,208,553
Adjustment to valuation of properties, plant, and equipment	-	-	-	-	(481,925)	-	-	(481,925)
Period net profits	-	-	-	-	-	-	188,342,902	188,342,902
Balances as of December 31, 2013	13,209,327	13,333,540	57,567,062	1,787,495,354	740,905,596	10,417	535,910,519	3,148,431,815
Declared dividends	-	-	-	-	-	-	(535,910,519)	(535,910,519)
Adjustment to valuation of investments	-	-	-	-	6,476,504	1,171	-	6,477,675
Adjustment to valuation of properties, plant, and equipment	-	-	-	-	(321,049)	-	-	(321,049)
Period net profits	-	-	-	-	-	-	352,236,817	352,236,817
Balances as of August 31, 2014	13,209,327	13,333,540	57,567,062	1,787,495,354	747,061,051	11,588	352,236,817	2,970,914,739
Declared dividends	-	-	-	-	-	-	(352,236,817)	(352,236,817)
Adjustment to valuation of investments	-	-	-	-	3,504,095	2,258	-	3,506,353
Adjustment to valuation of properties, plant, and equipment	-	-	-	-	(334,763)	-	-	(334,763)
Period net profits	-	-	-	-	-	-	155,084,185	155,084,185
Balances as of December 31, 2014	\$ 13,209,327	\$ 13,333,540	\$ 57,567,062	\$ 1,787,495,354	\$ 750,230,383	\$ 13,846	\$ 155,084,185	\$ 2,776,933,697

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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(See my January 27, 2015 report)

Codensa S.A. E.S.P.

Non-Consolidated Statement of Changes in the Financial Situation

	Four-month period from September 1 through December 31		Eight-month period from January 1 through August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(Thousand pesos)</i>			
Financial resources provided by:				
Net period profits	\$ 155,084,185	\$ 188,342,902	\$ 352,236,817	\$ 347,567,617
Plus (minus) entries not affecting working capital:				
Depreciation and amortization	96,474,361	85,449,449	174,169,940	168,607,970
Amortization of bonds	121,243	121,246	241,498	241,498
Actuarial losses	11,291,665	4,523,589	11,051,819	–
Loss from the sale of properties, plant, and equipment	889,768	1,302,255	1,025,442	1,805,939
Loss from sales of other assets	–	–	1,268,195	–
Retirement pensions reserve	4,494,841	(2,684,027)	8,989,683	18,030,450
Inventory reserve	507,491	867,736	–	–
Loss from participation method	28	36	233	191
Assets deferred tax	(15,298,036)	(3,995,548)	466,276	1,189,710
Deferred debit tax previous years	(14,657)	–	4,170,375	3,412,437
Liabilities deferred tax	6,670,005	–	–	–
Profits from the sale of properties, plant, and equipment	(177,762)	(3,685)	(415,566)	(585,339)
Total provided by operations	260,043,132	273,923,953	553,204,712	540,270,473
Long-term bond issuance	185,000,000	375,000,000	–	–
Product of the sale of properties, plant, and equipment	200,000	19,000	459,069	790,300
Increase in estimated liabilities and reserves	–	9,291,853	–	10,458,010
Decrease in inventories	4,731,519	–	–	–
Decrease in other assets	545,213	477,504	985,674	987,206
Total working capital provided	450,519,864	658,712,310	554,649,455	552,505,989
Applied financial resources:				
Increase of long-term debtors	(2,531,969)	(1,667,941)	(948,582)	(629,301)
Increase of properties, plant, and equipment	(210,717,497)	(150,932,497)	(149,922,074)	(130,329,893)
Reclassification from equity tax payment	–	(15,870,578)	–	(15,870,578)
Increase in inventories	–	(20,557)	(6,051,354)	(2,633,178)

Increase in other assets	(9,619,435)	(5,205,402)	(5,914,954)	(6,457,013)
Reduction of estimated liabilities and reserves	(6,320,435)	-	(2,706,067)	-
Transfer of short term pension liabilities	(7,256,981)	(8,256,873)	(16,083,323)	(17,824,829)
Reclassification of short-term bonds	-	-	-	(250,000,000)
Reduction of other long-term liabilities	(995,211)	(279,825)	(1,733,356)	(1,487,206)
Declared dividends	(352,236,817)	-	(535,910,519)	(510,992,818)
	(589,678,345)	(182,233,673)	(719,270,229)	(936,224,816)
Increase (reduction) of working capital	\$ (139,158,481)	\$ 476,478,637	\$ (164,620,774)	\$ (383,718,827)
Changes in working capital components:				
Cash and cash equivalents	\$ 344,928,907	\$ 347,772,997	\$ (449,704,412)	\$ (234,459,742)
Debtors	(78,816,531)	(63,608,011)	125,649,145	83,544,549
Increase in inventories	715,185	-	-	-
Expenses paid in advance	(357,134)	910,095	479,971	(457,595)
Outstanding bonds	2,463,408	169,633,522	246,754,999	(179,708,631)
Accounts payable	(346,496,349)	119,854,417	(176,870,119)	(145,808,712)
Taxes, liens and rates	(27,700,829)	(64,332,663)	76,247,806	95,354,771
Labor obligations	(5,038,873)	(4,549,311)	791,190	(1,184,446)
Estimated liabilities and reserves	(24,834,721)	(23,356,281)	15,696,620	10,674,278
Retirement pensions	(374,343)	32,987	(83,342)	205,621
Other liabilities	(3,647,201)	(5,879,115)	(3,582,632)	(11,878,920)
Increase (reduction) in working capital	\$ (139,158,481)	\$ 476,478,637	\$ (164,620,774)	\$ (383,718,827)

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 Luz Dary Sarmiento Quintero
 Legal Representative Public Accountant
 Professional Card 65450-T

Ángela María Guerrero Olmos
 Statutory Auditor
 Professional Card 104291-T
 Appointed by Ernst & Young Audit S.A.S. TR-530
 (See my January 27, 2015 report)

Codensa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Codensa S.A. E.S.P.

Consolidated Cash Flow Statements

	Four-month period from September 1 through December 31		Eight-month period from January 1 through August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(Thousand pesos)</i>			
Operational activities				
Period net profits	\$ 155,084,185	\$ 188,342,902	\$ 352,236,817	\$ 347,567,617
Adjustments to conciliate period net profits and net cash provided by activities:				
Depreciation and amortization	96,474,361	85,449,449	174,169,940	168,607,970
Bond amortization	121,243	121,246	241,498	241,498
Active deferred tax	(15,298,036)	(3,995,548)	466,276	1,189,710
Previous years deferred tax	(14,657)	–	4,170,375	3,412,437
Passive deferred tax	6,670,005	–	–	–
Retirement pensions	4,494,841	(2,684,027)	8,989,683	18,030,450
Loss from participation method	28	36	233	191
Loss from the sale of properties, plant, and equipment	889,768	1,302,255	1,025,442	1,805,939
Actuarial losses	11,291,665	4,523,589	11,051,819	–
Portfolio reserve	4,411,493	484,825	4,105,952	1,361,304
Portfolio reserve recovery	(9,300)	(602,391)	(92,946)	(350,244)
Inventory reserve	507,491	867,736	–	–
Loss from the sale of other assets	–	–	1,268,195	–
Recovery of costs and expenses	(2,724,366)	(251,560)	(1,049,134)	(1,191,102)
Revoqued (declared) dividends	807,113	–	(807,113)	(4,360,213)
Recovery of contingencies	(422,749)	(303,038)	(1,959,385)	(182,533)
Contingency reserve	635,978	685,424	1,529,228	175,395
Profits from the sale of properties, plant, and equipment	(177,762)	(3,685)	(415,566)	(585,339)
Net change in operational assets and liabilities:				
Debtors	71,075,256	57,697,422	(129,803,620)	(80,824,697)

Codensa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Inventories	4,016,334	(20,557)	(6,051,354)	(2,633,178)
Expenses paid in advance	357,134	(910,095)	(479,971)	457,595
Suppliers and accounts payable	142,580,454	162,097,242	(11,970,517)	(150,095,970)
Taxes, liens, and rates	27,700,829	64,332,663	(76,247,806)	(95,354,771)
Pension liabilities (payments)	(6,882,638)	(8,289,860)	(15,999,981)	(18,030,450)
Labor obligations	5,038,873	4,549,311	(791,190)	1,184,446
Estimated liabilities and reserves	20,954,733	32,344,249	(17,345,382)	809,195
Other liabilities	3,197,202	6,076,795	2,834,950	11,378,920
Net cash provided by operational activities	530,779,478	591,814,383	299,076,443	202,614,170
Investment activities				
Increase in properties, plant, and equipment	(210,717,497)	(150,932,497)	(149,922,074)	(130,329,893)
Received dividends	–	4,360,213	–	–
Increase in other assets	(9,619,435)	(5,205,402)	(5,914,954)	(6,457,013)
Sale of properties, plant, and equipment	200,000	19,000	459,069	790,300
Net cash used in investment activities	(220,136,932)	(151,758,686)	(155,377,959)	(135,996,606)
Financial activities				
Financial obligations and interests	215,850,182	401,588,156	53,621,729	50,262,216
Payment of financial obligations and interests	(33,313,591)	(196,221,678)	(300,376,728)	(120,553,585)
Payment of dividends	(132,379,651)	(281,778,600)	(330,777,318)	(214,915,359)
Equity tax payment	(15,870,579)	(15,870,578)	(15,870,579)	(15,870,578)
Net cash provided (used) in financial activities	34,286,361	(92,282,700)	(593,402,896)	(301,077,306)
Net increase (reduction) of cash and cash equivalents	344,928,907	347,772,997	(449,704,412)	(234,459,742)
Cash and cash equivalents at the beginning of the year	246,591,986	348,523,401	696,296,398	582,983,143
Cash and cash equivalents at year's end	\$ 591,520,893	\$ 696,296,398	\$ 246,591,986	\$ 348,523,401

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
Legal Representative

Luz Dary Sarmiento Quintero
Public Accountant
Professional Card 65450–T

Ángela María Guerrero Olmos
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Appointed by Ernst & Young Audit S.A.S. TR–530
(See my January 27, 2015 report)

Codensa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Codensa S.A. E.S.P.

Notes to the Non-Consolidated Financial Statements

Four-month period ending December 31, 2014 and eight-month period ending August 31, 2014

(All values shown in thousand pesos, except amounts in foreign currency, exchange rates, and the shares' number and nominal values).

1. Main accounting policies and practices

Economic Entity

Codensa S.A. E.S.P. is a household utilities company regulated by Law 142 of 1994. The Company has an indefinite term.

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

The Company's main purpose is distribution and trading of electrical power, as well as execution of all activities related, associated, and supplementary to distribution and trading of electrical power, the execution of design works, electrical engineering consultancy services, and product trading in benefit of its clients.

Additionally, the Company's purpose also includes, among others, offering financing services for goods and services to residential, urban, and rural clients, including the "Crédito Fácil Codensa" credit line, and offering subscriptions and insurance policies, part of which were transferred to Banco Colpatria Red Multibanca Colpatria S.A. on November 27, 2009.

Corporate Cooperation Agreements

Included in the credit portfolio sale process of the Codensa Crédito Fácil business and the transfer of the ongoing business, a corporate cooperation agreement was executed with Banco Colpatria Red Multibanca Colpatria S.A., whose purpose is regulating terms and conditions between the parties for promotion, origination, administration, invoicing, and collection of financial services exclusive to the Codensa users of the "Crédito Fácil Codensa" business, and in general managing the "Crédito Fácil Codensa" ongoing business during its 10 years of operation +4 years of wind-down. The remuneration base is directly associated to invoicing and collection. The agreement includes certain indemnity clauses, mainly associated to regulatory changes with the transferred deal, which involve economic sanctions as defined in the agreement.

Corresponding Bank

During its March 27 of 2014 meeting and according to Minutes No. 56, the General Shareholders Assembly approved including the corresponding bank activity in the Company's corporate object.

The Company has not yet started operations as a corresponding bank and is formalizing its bylaws with a public deed and the respective registration before the Mercantile Registry, taking the following into account: (i) Codensa S.A. E.S.P is a bond issuer, (ii) according to article 6.4.1.1.42 of Decree 2555 of 2010, during the issuance term the issuer will not be able to change its corporate object unless authorized by the bondholders' assembly, and (iii) on December 16, 2014, the first simultaneous assembly of ordinary bondholders of the 5 current local bond issuance was held ; however, since the necessary

Codensa S.A. E.S.P.

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quorum for deliberation was not present, it was necessary to invite to a second meeting, not yet held.

Mapfre Seguros Contract

In August of 2010 a contract was signed with Mapfre Colombia Vida Seguros to provide the Company energy clients access to the market channel in order to allow Mapfre to sell insurance policies with an eight-year term and a single \$6,000 million payment, entered as revenues received in advance; it will be amortized during the contract term.

Legal and Regulatory Framework

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

Law 142 or Public Utilities Law defines general criteria applicable to the provision of public household utilities services in Colombia, while Law 143 or Electric Law sets forth norms applicable to electrical power generation, transmission, distribution, and trading activities, also defining the economic, rates, and subsidy system applicable to the sale of electrical power and to the sector's operational aspects.

The electrical power sale rating system is regulated by Comisión de Regulación de Energía y Gas (CREG - Energy and Gas Regulatory Commission), a technical entity belonging to the Ministry of Mines and Energy.

Basis for the presentation

The attached financial statements have been prepared based on accounting records kept according to the historical cost method and 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 modification from the Superintendence of Public Household Utilities which eliminated application of inflation adjustments for accounting purposes as of January 1 of 2006 for legal or private public utility companies.

These accounting principles and policies could in certain cases differ from other international accounting norms.

The Company records its activities according to the unique accounts plan for public utility companies issued by the Superintendence of Public Household Utilities.

Relative importance criterion

An economic fact has relative importance should, due to its nature, value, and surrounding circumstances its knowledge or lack of knowledge could significantly affect the economic decisions of those using the information. The financial statements itemize specific lines according to legal norms, as well as those representing 5% or more of total assets, current assets, current liabilities, noncurrent liabilities, working capital, equity, revenues, costs, and expenses, as applicable, as well as the use of estimates. Lower values are described should they allow for better interpretation of financial information.

Accounting period

According to its bylaws, the Company should close its accounts and prepare and disclose general-purpose financial statements once every year, on December 31.

The duly formalized Company bylaws authorize the Board of Directors to establish the necessary account closing dates. Through Minutes No. 216 of August 13 of 2014, the Board of Directors ordered the Administration to close its financial statements as of August 31 of 2014 and submit them - together with a

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profits distribution proposal - for approval by the Shareholders Assembly.

The attached financial statements for the periods ending August 31 of 2014 and 2013 correspond to 8-month periods, the periods ending on December 31, 2014 and 2013 corresponding to 4-month periods. No early closing was done in 2013; the respective figures are provided for comparison purposes only.

Recognition of revenues, costs, and expenses

Revenues from sales are recognized each year as services are provided. Costs and expenses are entered on accrual basis. Revenues from the sale of electrical power are represented by electrical power supplied and not yet invoiced at the end of each year, valued at the sale price according to current rates. Such values are included in outstanding assets, in the debtor clients line. The cost of such electrical power is included in the cost of sales.

Operational revenues also include revenues from the corporate cooperation agreement executed with Banco Colpatría Red Multibanca Colpatría S.A., directly associated to invoicing and collection of the "Crédito Fácil Codensa" deal financial services, as mentioned in Note 1.

Use of estimates

Preparing financial statements according to generally accepted accounting principles requires the Administration to make estimates that could affect the values of assets, liabilities, and income. Current or market values could be different from such estimates. The administration believes such estimates and assumptions used are adequate.

Transactions in foreign currency

Transactions in foreign currency are carried out according to current legal norms, recorded using exchange rates existing on the respective day. Balances in foreign currency are expressed in Colombian pesos, applying exchange rates of \$2,392.46, \$1,926.83 y \$1,918,62,\$1,935,43 per US\$1, and \$2,910.67, \$2,662,11, and \$2,527,40, \$2,552,25 per Euro as of December 31 2014 and 2013 and through August 31, 2014 and 2013, respectively. Exchange differences are charged to assets or liabilities and to income, revenues, or expenses, as applicable.

Cash and Cash Equivalents

Cash includes cash available and cash in banks and in savings accounts. Cash equivalents correspond to investments made in fixed income instruments, easily redeemable in the short term between 1 and 120 days, presented at face value and valued applying yield accrual.

Fixed term deposit certificate have been considered short-term investments, since the interest agreed with bank entities is fixed, thus making the risk low. Additionally, if required they are easily convertible into cash before their maturity.

Financial Instruments

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

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Investments, net

Short-term investments are accounted for using the cost method; investments in non-controlled companies were adjusted for inflation up to December 31 of 2005. Investments involving more than 50% of the subscribed capital were accounted for using the equity participation method, i.e. the proportion corresponding to profits (losses) of the subordinated company is recognized in each year's income, equity changes not coming from the income statement being recognized as surplus using the participation method. The cost of investments does not exceed the market value. Investments of non-controlled companies are reserved should the investment, valued at intrinsic value, be lower than the book value.

As of December 31 the Company does not have investments to redeem during the next five years.

Bad Debts Reserve

This reserve is reviewed and updated based on the risk analysis, on its recovery, and on evaluations made by the Administration. Amounts considered bad debts are periodically charged to this reserve.

During 2014, the Company made an analysis based on nature, deterioration and payment behavior, by type of portfolio and client. As a result of the analysis, the following reserve percentages were established, which were applied from December 2014:

Electrical Power Portfolio

Portfolio type	Residen-tial	Commer-cial	Indus-trial	Govern-mental	Public lighting
Electrical power Portfolio					
<i>Between 1 and 180 days</i>	2,9%	4,6%	4,2%	0,4%	0,1%
<i>Between 181 and 360 days</i>	33,4%	28,6%	13,4%	6,4%	1,3%
<i>More than 360 days</i>	100%	100%	100%	100%	100%
Agreed portfolio	13,8%	16%	35%	51,6%	51,6%
Frozen Portfolio					
<i>Creditor agreements</i>	100%	100%	100%	100%	100%
<i>Less than 360 days</i>	77,7%	77,2%	76,9%	96,9%	96,9%
<i>More than 360 days</i>	100%	100%	100%	100%	100%

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Other businesses

The following reserve percentages will be applied to the Codensa services portfolio and it to electrical power works, work done to third parties, infrastructure, and electrical power companies.

Reserve	Time
1.31%	Current portfolio - 1 to 30 days
7.16%	Portfolio 31 to 90 days delinquent
20.74%	Portfolio between 91 to 180 days delinquent
34.23%	Portfolio between 181 to 360 days delinquent
100%	Portfolio older than 360 days

The reserve policy applied through November 30 includes the following percentages:

Electrical power portfolio

- 100% More than 360 days delinquent
- 20% Current credits agreed, pending application
- 100% Portfolio frozen in other creditors' agreements
- 100% Portfolio frozen on other accounts >360 days delinquent

Other debtors

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

Infrastructure and electrical power generation companies' portfolio

- 100% Older than 360 days
- 100% The extended guarantee and the vehicle insurance policy is excluded from the financial services portfolio

Portfolio write-offs will be recognized once there is legal or material certainty on the loss of the debt. For this to apply, the debtors' insolvency, the lack of real guarantees, or any other circumstance confirming that the debt will be lost should be confirmed.

Inventories, net

Inventories are goods acquired for subsequent sale or use in the electrical power distribution service. Inventories include equipment requiring transformation, such as electric meters, materials and accessories for the provision of the service, and goods in transit. Company inventories are entered at

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average cost based on technical obsolescence analyses and low turnover. An inventory protection reserve exists.

Properties, Plant, and Equipment, net

Properties, plant, and equipment are entered at cost adjusted for inflation up to 2005, which includes financial expenses and exchange differences from foreign currency financing, up to the asset's commissioning.

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

Item	Years (*)
Constructions and buildings	49
Plants and ducts	27
Grids, lines, and cables	30
Machinery and equipment	15
Office equipment	10
Transportation fleet and equipment	5
Communications equipment	9

() The average service life is revised at the end of each year and excludes fully depreciated properties, plant, and equipment.*

These lines include the remaining service life of assets purchased from Empresa de Energía de Bogotá in 1997. For electric assets, this average is calculated taking into account the service life obtained based on technical studies made by the Company Distribution Manager.

The Company does not estimate any residual value for its assets upon not considering this important, such assets being consequently fully depreciated.

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

At the beginning of the second half of 2014, with the support of the Consulting Company Unidos S.A. the Company started reviewing its fixed assets' structure in order to standardize the assets information in the technical file with the accounting information system, defining opening of its technical systems in electrical power assets, as well as updating the remaining service life.

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As a result of this project, on December 29, 2014, electrical power assets - such as substations, lines and grids - were opened in the SIE 2000A system AM module; the average remaining service lives were adjusted and will be applied from January 1, 2015, to the following:

Item	Years
Plants and ducts	17
Grids, lines and cables	14

Deferred depreciation

The excess fiscal depreciation over accounting depreciation has a tax effect that is entered as a deferred passive tax. The Company has created a reserve in equity, equivalent to 70% of the greater value fiscally required, according to article 130 of the Tax Code.

Expenses paid in advance

Expenses paid in advance correspond to:

- Insurance policies and prepaid medical care, amortized during their life.
- Advance payment to the Financial Superintendence, amortized during the year.

Other assets – Intangibles

Represent mainly the cost of acquisition, development, or production of licenses, software, studies, investigations in projects, and easements, amortized as follows: 3 years for licenses and software, 5 years for studies and projects, 50 years for easements.

Valuations

Properties, plant, and equipment

Correspond to the differences between a) the net book value and the market value of land properties, b) the replacement value of plants, machinery, and equipment, established by authorized capable experts. Appraisals are less than 3 years old and have been updated according to the metric applicable to each group.

Properties, plant, and equipment valuations are entered to separate accounts in assets, as a valuation surplus in equity, not susceptible to distribution. Devaluation of properties, plant, and equipment is directly entered in the income statement as a year's expense.

Equity investments using the cost method

Correspond to differences existing between the cost of investments (adjusted for inflation up to December 2005) and their intrinsic value. Investment valuations are entered to separate accounts in assets, as a valuation surplus in equity, not susceptible to being distributed. Investment valuations are entered as a lower value and a lower surplus from valuations in equity, without prejudice to the net balance being of a different nature.

Taxes, liens and rates

The income tax reserve was calculated at the official rate of 34% in 2013 and 2014 (this rate includes the

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25% income tax and the 9% CREE equity tax) and 33% for 2012, using the accrual method and established based on commercial profits, in order to properly correspond the year's revenues with their costs and expenses, entered using the estimated liability value.

Law 1739 of 2014 mortified the equity income tax rate (CREE) from the year 2016, from 8% to 9% indefinitely, which affects taxable profits obtained during each year; additionally, this law established a CREE surcharge of 5%, 6%, 8% and 9% for the years 2015, 2016, 2017 and 2018, respectively.

The effect of temporary differences involving payments of lower or greater income taxes during the year is entered as a credit/debit deferred tax, respectively, at the current tax rates whenever differences are being reverted (39% for 2015, 40% for 2016, 42% for 2017, 43% for 2018 and 34% from 2019), should there be reasonable expectations that such differences will revert in the future, in addition for the asset that at that time there will be sufficient taxable income.

The income tax is shown net, after deducting advances paid and credit withholdings.

The active deferred tax resulting from the temporary difference originated by the elimination of accounting inflation adjustments from January 1 of 2006 is amortized according to the fixed assets' service life for which it was generated; additionally, the deferred tax is recognized on account of other temporary differences existing between accounting and fiscal balances.

The passive deferred tax results from the temporary difference existing between the accounting and fiscal depreciation resulting from the implementation of additional shifts in 1998, and the special deduction due to investments in science and technology.

Equity tax

Law 1370 of December 2009 established a new equity tax for the fiscal year 2011, with a rate of 2.4% for taxpayers with a fiscal equity exceeding \$3,000 million and no higher than \$5,000 million, and of 4.8% for taxpayers with an equity exceeding \$5,000 million.

Subsequently, Decree 4825 of December 2010 established an equity tax surcharge of 25% for taxpayers with an equity exceeding \$3,000 million.

This tax was accrued on equity held on January 1, 2011 and the payment was made in 8 equal installments between the years 2011 and 2014.

According to what was officially established by Law 1111 of 2006, the Company entered the equity tax in equity revaluation.

Wealth tax

Law 1739 of December 2014 established a wealth tax for legal entities for 2015 through 2017. The tax will be applied with a rate of 1.15%, 1% and 0.4% for 2015, 2016 and 2017, respectively, for equities exceeding \$5,000 million; it is calculated annually over net worth held on January 1 of each fiscal year decreased in \$5,000 million.

Labor obligations

Labor laws consider paying a deferred compensation to certain workers leaving the Company. The amount received by each employee depends on the date of admission, type of contract, and salary. In certain cases, 12% interests are included on amounts accumulated in favor of each employee. Should the contract have been unjustifiably terminated, the employee will have the right to receive additional payments, which could vary according to his salary and time of service in the Company.

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The Company makes periodical severance and integral social security payments for health, professional risks, and pensions, to the respective private funds or to Colpensiones, which fully assume such obligations.

Additionally, the aforementioned laws contain an obligation for companies to pay retirement pensions to employees meeting age and time of service requirements. The pension liability is established through studies made by recognized actuaries, according to parameters established by the National Government. The retirement pensions' obligation includes the effects of the application corresponding to the new mortality rates authorized by the Financial Superintendence in Decree 1555 of July 30, 2010, and represents the present value of all future monthly payments the Company will make to employees meeting requirements to exercise the pension right, such as time of service and age, among others.

Contingency accounting

On the day the financial statements are issued there could be circumstances resulting in losses for the Company that could only be known should certain circumstances occur in the future. The administration and the Company counsel evaluate this regarding their nature, the possibility of their occurrence, and amounts involved, making decisions on changes that would have to be made to values reserved and/or disclosed. This analysis includes current legal processes against the Company.

The Company establishes reserves to cover estimated liabilities and possible losses. Other contingent liabilities are not included in the Company financial statements, however being disclosed in memorandum accounts. Contingent assets are not included in the financial statements, however being included in memorandum accounts should their contingency be probable.

Bond placement discount

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

Memorandum accounts

These accounts include mainly contingent rights and responsibilities, differences between accounting and fiscal figures, and commitments of credits assigned to clients and workers.

Net per-share profits

Established based on outstanding subscribed and paid shares at the end of the year. The per-share profits calculation includes clearing of preferential dividends corresponding to 20,010,799 shares as of December 31, 2014 from Empresa de Energía de Bogotá S.A. E.S.P. Preferential dividends are valued at US \$0.10 per share.

New accounting pronouncements

Convergence to International Financial Information Norms

According to Law 1314 of 2009 and Regulatory Decrees 2706 and 74 of December 2012, the Company is required to start the convergence process related to accounting principles generally accepted in Colombia to International Financial Information Norms (NIIF or IFRS), as issued by the International Accounting Standards Board and issued up to December 31 of 2012. Furthermore, there are exceptions to full implementation of the NIIF, which would lead to including an explicit and unreserved statement of NIIF implementation NIIF with some exceptions.

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Considering that such conversion is complex and will have significant effects on the companies, the Technical Public Accountants Council classified the companies into 3 groups for such transition.

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

On February 28 of 2013 the Company submitted the NIIF Implementation Plan to the Superintendence of Public Household Utilities, approved by the Board of Directors on February 21 of 2013, according to Resolution N° SSPD 20131300002405 of February 2013, regulating information requirements in order to apply Decree 2784 of 2012.

The submitted NIIF Implementation Plan includes activities associated to the mandatory preparation phase and preparation of the opening financial statements, to be carried out between January 1 of 2013 and December 31 of 2014.

According to Resolution N° SSPD 20141300033795 of July 30 of 2014, establishing information requirements for public utilities companies classified in groups 1 and 3, on August 29 of 2014 the Company submitted to the Superintendence of Public Household Utilities the opening financial situation statement, the equity conciliation, and the January 1 of 2014 disclosures and policies.

As of December 31 of 2014, the Company has carried out the following activities: creation of the project's leader team, definition and assignment of project resources, diagnosis of relevant effects caused by the implementation process, analysis of implementation scenarios and policies definition; it is estimated that during 2015, training plans and internal communications will continue to be carried out, and the IT systems and internal norms and control will be concluded and the opening balance audited.

2. Assets and liabilities in foreign currency

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

Summary of assets and liabilities in foreign currency:

	As of December 31, 2014		
	(in EUR)	(in US Dollars)	(Thousand pesos)
Cash and cash equivalents	€ 13	US\$ 115,697	\$ 276,837
Debtors (Note 5)	143,416	391,950	1,190,282
Accounts payable (Note 10)	(1,068,876)	(2,543,077)	(8,910,799)
Net (passive) position	€ (925,447)	US\$ (2,035,430)	\$ (7,443,680)

	As of August 31, 2014		
	(in EUR)	(in US Dollars)	(Thousand pesos)
Cash and cash equivalents	€ 2,975	US\$ 184,284	\$ 361,093
Debtors (Note 5)	163,467	130,596	681,824

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Accounts payable (Note 10)		(85,802)		(1,127,242)		(2,371,012)
Active (passive)position, net	€	80,640	US\$	(812,362)	\$	(1,328,095)

As of December 31, 2014

	(in EUR)	(in US Dollars)	(Thousand pesos)
Cash and cash equivalents	€ 2,720	US\$ 23,529	\$ 52,580
Debtors (Note 5)	177,838	264	458,015
Accounts payable (Note 10)	(313,829)	(1,416,044)	(3,569,043)
Net (passive)position	€ (133,271)	US\$ (1,392,251)	\$ (3,058,448)

3. Cash and cash equivalents

	December 31 2014	August 31 2014	December 31 2013
Banks, local currency	\$ 397,885,523	\$ 133,513,628	\$ 334,314,096
Term deposit certificates (1)	183,562,850	68,000,000	347,036,285
Trust accounts (2)	10,062,830	45,064,264	14,924,394
Cash	9,690	14,094	17,672
Futures – liquidity operations (3)	–	–	3,951
	\$ 591,520,893	\$ 246,591,986	\$ 696,296,398

(1) Fixed income investments generate yields at an average effective rate of 4.33%, 4.0%, 4.13% as of December 31, August 31, 2014 and December 31, 2013, respectively. The balance as of December 31, 2014 corresponds to term deposit certificates with maturities on the first quarter of 2015.

(2) The balance of trust accounts as of December 31, 2014 corresponds mainly to: (i) Correal for \$5,069,575 ; (ii) Fiduciaria Corficolombiana for \$3,815,358 ; (iii) Fiduciaria Alianza for \$304,104 ; (iv) BBVA Fiduciaria for \$267,099 ; (v) Fiduciaria Bogotá for \$264,537 ; (vi) Valores Bancolombia for \$254,047 and (vii) Corredores Asociados for \$88,110.

No liquidity operations were carried out during 2014. The balance as of December 31 of 2013 corresponds to a hedging agreement (non-delivery) executed on November 24 of 2013 with Banco BNP Paribas for the purchase of US \$1,669,994 at an exchange rate of \$1,927.50, maturing on January 15, 2014. As a result of the contract valuation at market prices, the Company entered \$3,951 against income.

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4. Long-term investments , net

	As of December 31 2014		As of August 31 2014		As of December 31 2013
Equity investments - cost method	\$ 105,973,023	\$	105,973,023	\$	105,973,023
Bonds convertible into shares	1,044,516		1,044,516		1,044,516
Equity investments – equity participation method	17,141		14,913		13,974
	107,034,680		107,032,452		107,031,513
Minus investments reserve	(1,044,516)		(1,044,516)		(1,044,516)
	\$ 105,990,164	\$	105,987,936	\$	105,986,997

Following is the balance of equity investments:

	%		As of December 31 2013		As of August 31 2013		As of December 31 2014
	Participation						
Majority participation:							
Inversora Codensa S.A.S.							
Cost of acquisition	100.00	\$	5,000	\$	5,000	\$	5,000
Surplus using the participation method			13,845		11,588		10,417
Loss using the participation method			(1,704)		(1,675)		(1,443)
		\$	17,141	\$	14,913	\$	13,974
Minority participation:							
Distribuidora Eléctrica C/marca S.A. E.S.P.							
	48.90	\$	105,915,581	\$	105,915,581	\$	105,915,581

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Electrificadora del Caribe S.A. E.S.P.	0.0013	57,442	57,442	57,442
		<u>\$ 105,973,023</u>	<u>\$ 105,973,023</u>	<u>\$ 105,973,023</u>

Losses entered from valuated investments using the participation method are:

Company	Valuation methods	Number of shares	Class of shares	Adjusted acquisition cost	Loss from participation method September 1 to December 31 2014	Loss from participation method January 1 to August 31 2014	Accumulated loss from participation method December 31 2013	Accumulated loss from participation method December 31 2014
Inversora Codensa S.A.S.	Participation	5,000	Ordinary	\$ 5,000	\$ (28)	\$ (233)	\$ (227)	\$ (1.704)

Financial information of Inversora Codensa S.A.S. as of December 31, 2014:

	As of December 31 2014	As of August 31 2014	As of December 31 2013
Assets	\$ 17,477	\$ 15,237	\$ 14,135
Liabilities	336	325	161
Equity	17,141	14,912	13,974
Net period loss	\$ (261)	\$ (233)	\$ (227)

Valuations and devaluations entered from valuated investments using the cost method are:

As of December 31, 2014:

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.	Intrinsic value	104,247,499,998	Ordinary	\$105,915,581	1.54	\$ 54,461,122
Electrificadora del Caribe S.A. E.S.P.	Intrinsic value	654,735	Ordinary	57,442	42.00	(29,943)
						<u>\$ 54,431,179</u>

As of August 31 2014:

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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.	Intrinsic value	104,247,499,998	Ordinary	\$105,915,581	1.50	\$ 50,956,155
Electrificadora del Caribe S.A. E.S.P.	Intrinsic value	654,735	Ordinary	57,442	43.33	(29,072)
						\$ 50,927,083

As of December 31 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.	Intrinsic value	104,247,499,998	Ordinary	\$105,915,581	1.44	\$ 44,480,503
Electrificadora del Caribe S.A. E.S.P.	Intrinsic value	654,735	Ordinary	57,442	42.03	(29,923)
						\$ 44,450,580

The financial statements' closing dates for evaluating investments are December 31, 2014 for Sociedad Portuaria Central Cartagena S.A and Distribuidora Eléctrica de Cundinamarca S.A. E.S.P. and November 30, 2014 for Electrificadora del Caribe S.A. E.SP.

Company investments had no restrictions or liens as of December 31 of 2014. The Company has no redeemable investments for the following 5 years.

5. Debtors , net

	As of December 31 2014	As of August 31 2014	As of December 31 2013
Clients (1)	\$ 383,022,902	\$ 422,542,801	\$ 332,766,523
Payment agreements (2)	40,518,086	41,680,175	38,476,629
Participating companies and parties (Note 11)	10,341,761	45,482,437	10,201,669
Advance payments (3)	6,128,469	1,160,771	2,384,169
Deposits delivered	176,762	297,829	250,866
Advance payments on contributions (4)	1,012,745	10,543,966	1,065,436
Other debtors (5)	61,659,293	54,442,409	61,130,543
	502,860,018	576,150,388	446,275,835
Minus – Clients reserve	(66,801,180)	(63,806,988)	(60,530,162)
	436,058,838	512,343,400	385,745,673
Minus – Short-term portion	(387,079,548)	(465,896,079)	(340,246,934)
	(50,020,710)	(46,552,679)	(54,491,261)

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Long-term portion (6)	\$ 48,979,290	\$ 46,447,321	\$ 45,498,739
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- (1) As of December 31, August 31, 2014 and December 31, 2013, the client portfolio is comprised of the following: energy portfolio \$ 301,802,690, \$ 343,174,563 and \$245,428,147 bad debts \$54,099,099, \$54,864,799 and \$53,941,189, work for third parties and other services' portfolio \$ 27,121,113, \$24,503,439 and \$27,941,717, respectively.

Additionally, as of December 31, August 31, 2014, and December 31, the Company had a balance of \$2,815,839, \$2,256,774 and \$5,455,470, respectively, on account of the income solidarity and redistribution fund from the deficit resulting in the subsidies and contributions mechanism.

Codensa S.A. E.S.P decided to apply the rate option regulatory mechanism according to Resolution CREG 057 of 2014, whose purpose is reducing the impact of increases to the rate applied to the end user through the financing system defined in Resolution CREG 168 of 2008 "Establishing the rate option to define maximum costs applicable to the provision of the service that could be transferred to the electrical power public service regulated users in the National Interconnected System". As of August 31 of 2014, the value to be charged on account of this option is \$38,586,815, which corresponds to the amount financed by the year's end. As of December 31, 2014, the rate option balance is (\$ 11,143,721) shown in (Note 10).

On November 14 of 2013 a question was made to DIAN regarding the applicability of article 19 of Decree 570 of 1984 to determine the special taxable base in leasing personal properties; DIAN gave a reply which did not solve the request made by the Company. Subsequently, on November 4, 2014, DIAN issued a new concept which again did not resolve the Company's inquiry, and therefore on December 16, 2014, a new request to clarify the concept was submitted.

Concurrently, in order to clarify whether the lease of public lighting infrastructure is subject to the VAT, on December 5 Codensa made a question to DIAN, which at the time of this report is still pending reply.

As of December 31, 2014, the UAESP accounts receivable for public lighting infrastructure lease is \$15,639 million, which corresponds to the VAT invoiced and not recovered since July 2013. The administration believes this value is recoverable, based on its interpretation of the fiscal norms.

- (1) Payment agreements correspond to agreements between Codensa S.A. E.S.P. and its clients related to payment of a specific amount of money with pre-established terms and interest rates. These agreements apply to clients requesting financing on account of use, installation, customizations, fines for losses, and other services provided by the Company. Following are maturities:

Year	As of December 31 2014	As of August 31 2014	As of December 31 2013
2014	\$ —	\$ 25,164,688	\$ 22,791,758
2015	24,277,348	9,736,876	8,984,977
2016	9,428,263	3,606,357	3,321,735
2017 and following	6,812,475	3,172,254	3,378,159
	\$ 40,518,086	\$ 41,680,175	\$ 38,476,629

- (2) As of December 31, 2014, the main advanced payments made to suppliers correspond to: (i) Consorcio MECAM for \$ 1,400,000, for maintenance of grids and work associated to new connections (ii) Obras y

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Diseños S.A. for \$ 2.515.869 for a maintenance contract, public lighting work, and emergency services.

- (3) As of December 31, 2014, corresponds mainly to the positive value of taxes and contributions from advance payments made in 2013, itemized in the industry and trade tax for \$150,312 and other contributions for \$862,433.

As of August 31, 2014, corresponds to the net balance of income tax and CREE for \$9,536,976, industry and trade for \$144,556, and other contributions for \$862,433

- (4) As of December 31 and August 31 of 2014, and December 31 of 2013, this line includes mainly accounts receivable from employees, for \$ 40,962,041, \$38,477,718 and \$36,901,517, respectively.
- (5) Long-term accounts receivable include the "Crédito Fácil Codensa" business portfolio for \$ 4,204, energy portfolio payment agreements for \$ 6,093,160, portfolio of electrical work agreed for \$6,927,756, portfolio agreed services for \$3,215,617, and employee credits for \$ 32,738,552; as follows:

Year	As of December 31 2014	As of August 31 2014	As of December 312013
2015	\$ —	\$ 17,245,805	\$ 16,860,978
2016	17,760,742	9,516,483	9,386,743
2017 and following	31,218,548	19,685,033	19,251,018
	\$ 48,979,290	\$ 46,447,321	\$ 45,498,739

Following is the portfolio reserve:

	As of December 2014	As of August 2014	As of December 2013
Initial balance	\$ 63,806,988	\$ 60,530,162	\$ 61,428,616
Reserved – charged to income (1)	4,411,493	4,105,952	1,846,129
Recoveries	(9,300)	(92,947)	(952,635)
Write-offs (2)	(1,408,001)	(736,179)	(1,791,948)
	\$ 66,801,180	\$ 63,806,988	\$ 60,530,162

- (1) During 2014 the Company made a portfolio analysis based on the nature, deterioration, and payment behavior, by portfolio and client type. As a result of the analysis, new reserve percentages were determined (See Note: *Main accounting policies and practices*), which were applied from December. As a result of these changes, the energy portfolio reserve increased to \$2,869,868. As of August 31, 2014, the infrastructure portfolio was reserved at 100% in the Supercable Telecomunicaciones S.A. portfolio of less than 360 days, for \$ 1,786,309, as a result of not having submitted the payment plan required by the Superintendence of Companies and the client's continued late payments.

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(2) As of December 31, 2014, the write-offs mainly correspond to the mass of electrical power portfolio.

6. Inventories, net

	As of December 2014	As of August 2014	As of December 2013
Raw materials and supplies (1)	\$ 16,943,466	\$ 21,488,924	\$ 15,675,590
Minus – obsolescence reserve (2)	(608,083)	(629,716)	(867,736)
	\$ 16,335,383	\$ 20,859,208	\$ 14,807,854
Minus – short term portion (3)	(715,185)	–	–
	\$ 15,620,198	\$ 20,859,208	\$ 14,807,854

(1) As of December 31, 2014, the Company inventory corresponds to materials and supplies purchases for distribution system maintenance, such as substations and high, mid, and low voltage lines and grids for \$15,946,975 and electric meters for \$281,306.

In 2013, the technical area identified elements that, due to their characteristics, should be part of fixed assets, such as the buffer inventory for \$971,059. For 2014, spare parts identified as assets are directly entered to properties, plant, and equipment and are depreciated to their technical life span plus an estimated time and storage.

(2) Following is the obsolescence reserve:

	As of December 2014	As of August 2014	As of December 2013
Initial balance	\$ 629,716	\$ 867,736	\$ 702,725
Reserves – charged to income	507,491	–	867,736
Uses	(529,124)	(238,020)	(702,725)
	\$ 608,083	\$ 629,716	\$ 867,736

(3) Corresponds to the inventory of appliances with high electric consumption levels (induction stoves and pot sets) for \$715,185, available for sale on November 2014.

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7. Properties, plant, and equipment, net

As of December 31, 2014, following are the values of properties, plant, and equipment:

	As of December 31, 2014		
	Cost	Accumulated depreciation	Net value
Grids, lines, and cables	\$ 5,343,161,382	\$ (2,999,681,815)	\$ 2,343,479,567
Plants, ducts, and tunnels	1,207,732,838	(638,795,713)	568,937,125
Ongoing constructions (1)	260,412,539	-	260,412,539
Constructions and buildings	128,311,677	(53,480,550)	74,831,127
Machinery, plant, and equipment under erection (1)	121,834,112	-	121,834,112
Land	80,383,319	-	80,383,319
Communications and computer equipment	75,366,942	(50,265,633)	25,101,309
Machinery and equipment	52,980,048	(34,814,743)	18,165,305
Furniture, furnishings, and office equipment	39,384,360	(27,958,893)	11,425,467
Transportation and lifting equipment	6,182,753	(4,149,914)	2,032,839
	7,315,749,970	(3,809,147,261)	3,506,602,709
Deferred depreciation Db			
Deferred depreciation Cr	-	110,398,439	-
Grids, lines, and cables	-	(110,398,439)	-
	\$ 7,315,749,970	\$ (3,809,147,261)	\$ 3,506,602,709

As of August 31, 2014, following are the properties, plant, and equipment values:

	As of August 31, 2014		
	Cost	Accumulated depreciation	Net value
Grids, lines, and cables	\$ 5,318,266,203	\$ (2,925,947,230)	\$ 2,392,318,973
Plants, ducts, and tunnels	1,117,699,302	(583,526,674)	534,172,628
Ongoing constructions (1)	140,409,543	-	140,409,543
Constructions and buildings	203,048,306	(96,945,841)	106,102,465
Machinery, plant, and equipment under erection (1)	86,069,135	-	86,069,135
Land	70,745,700	-	70,745,700

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Communications and computer equipment	75,249,755	(48,213,701)	27,036,054
Machinery and equipment	57,761,385	(37,204,994)	20,556,391
Furniture, furnishings, and office equipment	36,513,306	(26,517,656)	9,995,650
Transportation and lifting equipment	5,893,972	(3,953,194)	1,940,778
	<u>7,111,656,607</u>	<u>(3,722,309,290)</u>	<u>3,389,347,317</u>
Deferred depreciation, debit	–	110,398,439	–
Deferred depreciation, credit	–	(110,398,439)	–
	<u>\$ 7,111,656,607</u>	<u>\$ (3,722,309,290)</u>	<u>\$ 3,389,347,317</u>

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

	As of December 31, 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
Ongoing constructions (1)	169,217,752	–	169,217,752
Communication 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 in assembly (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
	<u>6,965,236,378</u>	<u>(3,559,585,081)</u>	<u>3,405,651,297</u>
Deferred depreciation, debit	–	110,398,439	–
Deferred depreciation, credit	–	(110,398,439)	–
	<u>\$ 6,965,236,378</u>	<u>\$ (3,559,585,081)</u>	<u>\$ 3,405,651,297</u>

(1) As of December of 2014 and 2013, ongoing constructions and machinery being assembled correspond to civil work for the improvement of productive and general administration facilities.

Following are depreciation values:

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	As of December 2014	As of August 2014	As of December 2013
Initial balance	\$ 3,722,309,290	\$ 3,559,585,081	\$ 3,325,908,046
Year depreciation	92,550,100	165,319,774	239,825,559
Depreciation removals	(5,712,129)	(2,595,565)	(6,148,524)
Final balance	\$ 3,809,147,261	\$ 3,722,309,290	\$ 3,559,585,081

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

8. Other assets, net

	As of December 2014	As of August 2014	As of December 2013
Intangibles (1)	\$ 68,970,437	\$ 63,698,291	\$ 68,837,500
Deferred monetary correction (2)	45,602,359	46,147,571	47,133,247
Improvements to third-party properties (3)	6,464,147	6,213,323	5,301,569
Studies and projects	1,734,100	1,561,897	1,700,513
Goods received in payment	899,478	899,478	899,478
	\$ 123,670,521	\$ 118,520,560	\$ 123,872,307

(1) Correspond mainly to:

	As of December 2014	As of August 2014	As of December 2013
Software (a)	\$ 122,647,654	\$ 115,675,031	\$ 114,299,976
Licenses	34,347,926	33,120,866	31,704,938
Easements	27,757,339	27,757,339	27,941,014

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Inflation adjustments	17,000,500	17,000,499	17,000,499
Rights	3,173,281	2,808,093	2,808,093
	204,926,700	196,361,828	193,754,520
Minus – accumulated amortization	(135,956,263)	(132,663,537)	(124,917,020)
	\$ 68,970,437	\$ 63,698,291	\$ 68,837,500

(a) During the period September 1, 2014 - December 31, 2014, the Company made developments to the ICT online service portal for \$2,465,415; additionally, field developments have been made to the EORDER application for \$1,452,229, including development of electric vehicles' automated recharge for \$1,116,769, development of commercial, operational and technical distribution systems for \$1,925,450. It includes the costs of projects related to the distribution system improvement and optimizing, amortized during 2 and 5 years, respectively.

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

(2) During 2014 the Company made improvements to third-party properties at the Calle 80 centers, administrative buildings at Calle 82 - floors 5 and 6, and the Q93 building floors 2 and 3 for \$ 2,543,363, of which \$1,739,882 were concluded as of August 31, 2014.

9. Valuations

	As of December 2014	As of August 2014	As of December 2013
Investments: (1)			
Investments in non-controlled companies (Note 4)	\$ 54,431,179	\$ 50,927,083	\$ 44,450,580
Properties, plant, and equipment: (2)			
Grids, lines, and cables	506,443,627	506,720,791	506,839,214
Plants and ducts	125,624,059	125,628,455	125,655,046
Land	39,475,554	39,484,449	39,511,960
Constructions and buildings	18,066,428	18,066,428	18,066,428
Machinery and equipment	2,983,948	3,027,540	3,027,540
Communications equipment	2,336,989	2,337,706	2,337,706
Transportation fleet and equipment	739,275	739,275	868,310
Furniture, furnishings, and office equipment	129,324	129,324	148,812
	\$ 750,230,383	\$ 747,061,051	\$ 740,905,596

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- (1) Corresponds mainly to the update to the investment Codensa S.A. E.S.P. has in Distribuidora Eléctrica de Cundinamarca S.A. E.S.P. – DECSA, for its intrinsic value.
- (2) According to Regulatory Decree 2649 of 1993, the Company should make a technical appraisal of its properties, plant, and equipment minimum every 3 years, entering the resulting valuations and/or devaluations. The last appraisal of fixed assets at commercial value was made Q3 2012 by Consultores Unidos S.A. In 2014 valuations were adjusted based on fixed asset disposals.

Following is the valuations/devaluations balance for each type of fixed asset during 2014:

For the period between December 31 and August 31, 2014

Type of asset	Valuation as of December 31, 2014	Valuation as s of August 31 2014	Valuation adjustment August 31 through December 31 2014
Grids, lines, and cables	\$ 506,443,627	\$ 506,720,791	\$ (277,164)
Plants and ducts	125,624,059	125,628,455	(4,396)
Land	39,475,554	39,484,449	(8,895)
Constructions and buildings	18,066,428	18,066,428	–
Machinery and equipment	2,983,949	3,027,540	(43,591)
Communications equipment	2,336,989	2,337,706	(717)
Transportation fleet and equipment	739,275	739,275	–
Furniture, furnishings, and office equipment	129,324	129,324	–
	\$ 695,799,205	\$ 696,133,968	\$ (334,763)

For the period between August 31, 2014 and December 31, 2013.

Following is the balance of valuations and devaluations entered for each type of fixed asset as of August 31, 2014:

Type of asset	Valuation as of December 31, 2014	Valuation as s of August 31 2014	Valuation adjustment August 31 to December 31 2014
Grids, lines, and cables	\$ 506,720,791	\$ 506,839,214	\$ (118,423)
Plants and ducts	125,628,455	125,655,046	(26,591)

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Land	39,484,449	39,511,960	(27,511)
Constructions and buildings	18,066,428	18,066,428	–
Machinery and equipment	3,027,540	3,027,540	–
Communications equipment	2,337,706	2,337,706	–
Transportation fleet and equipment	739,275	868,310	(129,035)
Furniture, furnishings, and office equipment	129,324	148,812	(19,488)
	\$ 696,133,968	\$ 696,455,016	\$ (321,048)

10. Accounts Payable

	As of December 31 2014	As of August 31 2014	As of December 31 2013
Participating companies and related parties (1) (Note 11)	\$ 588,005,601	\$ 407,484,008	\$ 178,381,753
Purchase of goods and services, national	462,173,553	313,154,885	359,392,111
Creditors	39,844,082	23,551,911	29,569,642
Purchase of goods and services, abroad	1,459,894	795,977	773,158
Other Accounts Payable	185	185	183
	\$ 1,091,483,315	\$ 744,986,966	\$ 568,116,847

- (1) On October 29, 2014, with Minutes N° 59 of the general Shareholders Assembly the Company declared dividends for \$352,236,817 charged to net profits as of August 31, 2014 (Empresa de Energía de Bogotá S.A E.S.P \$182,755,495 including preferential dividends, Enersis S.A. \$136,748,671, Chilectra S.A. \$32,674,460, and others \$ 58,192), which will be paid as follows: 100 % of the preferential dividend and 56,02% of the ordinary dividend on June 24, 2015, and the 43,98% of the ordinary dividend will be paid on October 28, 2015.

Additionally, on March 27, 2014 through Minutes N° 56 59 of the general Shareholders Assembly, the Company declared dividends for \$535,910,519, of which the entire preferential dividend was paid during the year for \$3,948,191 to Empresa de Energía de Bogotá S.A E.S.P, and 62,31% of the ordinary dividend \$331,460,575 (Empresa de Energía de Bogotá S.A E.S.P \$170,706,786, Enersis S.A. \$129,679,782, Chilectra S.A. \$30,985,433 and others \$88,574; 37.69% is still pending payment for \$200.501.754 (Empresa de Energía de Bogotá S.A E.S.P \$103,288,781, Enersis S.A. \$78,464,757, Chilectra S.A. \$18,748,215).

- (2) As of December 31, 2014, Codensa has accounts payable with Colpatria for \$ 117,315,174 for a "Crédito Fácil Codensa", which will be paid in January 2015.
- (3) Codensa S.A. E.S.P decided to apply the rate option regulatory mechanism according to Resolution CREG 057 of 2014, whose purpose is reducing the impact of increases to the rate applied to the end user through

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the financing system defined in Resolution CREG 168 of 2008 "Establishing the rate option to define maximum costs applicable to the provision of the service that could be transferred to the electrical power public service regulated users in the National Interconnected System". As of December 31 of 2014, the value to be charged on account of this option is \$11,143,721, which corresponds to a higher value recovered through invoicing due to the use of the rate option during the first quarter of 2015.

11. Transactions with participating companies and related parties

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

Following are the Debtors and Accounts Payable balances with participating companies:

	As of December 2014	As of August 2014	As of December 2013
Debtors (Note 5)			
Emgesa S.A. E.S.P. (1)	\$ 8,425,140	\$ 42,911,129	\$ 8,366,541
Empresa de Energía de Cundinamarca S.A. E.S.P. (2)	1,505,638	1,049,328	1,243,433
DECSA (3)	-	807,113	-
Endesa Operaciones y Servicios	306,651	309,220	383,767
Empresa de Energía de Bogotá S.A. E.S.P.	-	297,343	146,265
Endesa Energía S.A.	104,011	108,304	61,663
Inversora	321	-	-
	\$ 10,341,761	\$ 45,482,437	\$ 10,201,669

(1) As of December 31, August 31 of 2014 and December 31 of 2013 toll and STR estimates were made for \$ 7,711,607, \$7,712,798 and \$7,428,189, respectively. Additionally, as of August 31, 2014, Codensa made an advance payment for energy purchases of \$34,451,632 which was amortized on September 1, 2014.

(2) As of December 31, 2014, corresponds mainly to the sale of energy, toll estimate and STR for \$306,702 and technical assistance for \$511,653.

(3) On November 6, 2014, Distribuidora Eléctrica de Cundinamarca S.A. E.S.P through Minutes No. 009 of the Extraordinary Shareholders Assembly revoked the decision to distribute profits approved on March 26, 2014, for \$ 807,113.

As of December 2014	As of August 2014	As of December 2013
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Accounts payable (Note 10)			
Empresa de Energía de Bogotá S.A. E.S.P.(4)	\$ 286,044,276	\$ 171,485,558	\$ 65,901,016
Enersis Chile (5)	215,213,428	130,270,475	49,993,238
Chilectra S.A. (5)	51,422,675	31,126,572	11,945,287
Emgesa S.A. E.S.P. (6)	29,646,977	70,075,988	46,295,272
Empresa de Energía de Cundinamarca S.A. E.S.P. (7)	3,539,817	3,588,118	3,618,237
Fundación Endesa Colombia	–	700,644	507,920
Enel Ingenieria e Ricerca Spa	437,474	171,269	120,783
EnelEnergyEurope	69,767	65,384	–
ENEL DISTRIBUZIONE SPA	1,631,187	–	–
	\$ 588,005,601	\$ 407,484,008	\$ 178,381,753
Estimated liabilities and reserves (Note 14)			
Enel Ingenieria e Ricerca Spa	\$ –	\$ –	\$ 234,805

(1) Corresponds mainly to dividends payable to Empresa de Energía de Bogotá S.A. E.S.P. for \$286,044,276 as of December 31, 2014.

(2) As of December 31, 2014, corresponds to dividends payable to Enersis and Chilectra for 130,270,475 and \$31,126,572 respectively.

(3) As of December 31, 2014, August 31, 2014 and December 31, 2013 corresponds mainly to estimated invoicing for energy purchases for \$ 29,537,818, \$35,544,174 and \$46,219,269, respectively

(4) Corresponds mainly to ADDs (distribution charges) for \$3,355,642.

Following is the effect on income of transactions with participating companies as of August 31 of 2014 and 2013:

Company	September 1 - December 31	Four-month period from		Eightmonthperiod	
		September 1 - December 31 2014	September 1 - December 31 2013	January 1 – August 31 2014	January 1 – August 31 2013
Revenues					
Emgesa S.A. E.S.P. Tolls and grid use and (1) energy grids	\$ 33,686,424	\$ 30,911,257	\$ 63,955,631	\$ 59,619,522	
Energy and other services	263,807	305,967	430,944	426,486	
Financial revenues	213,306	349,167	392,678	721,632	
Extraordinary revenues	1,680	1,302	2,893	2,578	

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Empresa de Energía de Cundinamarca S.A. E.S.P.(2)	Use of lines and grids	3,533,709	3,383,867	6,956,166	6,515,629
	Equipment commission and leasing	398,530	270,380	125,013	249,548
	Energy and other services	40,708	–	27,851	24,589
					158,995
	Extraordinary revenues		–	–	–
	Financial revenues	–	997,228	–	2,279,766
Endesa Energía	Call center services	77,775	60,878	118,392	119,934
	Exchange difference	12,481	2,834	4,049	13,587
Endesa Operaciones y Servicios	Other services	243,116	214,042	328,862	294,364
	Exchange difference	46,516	13,136	29,467	535,953
Enel Ingeniería E Ricerca S.P.A	Exchange difference	6,499	(17,484)	–	17,484
EnelEnergyEurope	Exchange difference	6,587	17,533	6,499	–
DECA	Dividends	–	–	807,113	4,360,213
Empresa de Energía de Bogotá	Christmas lighting	1,500,000	1,293,103	–	–
	Substation operation, others	(36,959)	310,663	690,842	560,033
		\$ 39,994,179	\$ 38,113,873	\$ 73,876,400	\$ 75,900,313

Costs and expenses

Emgesa S.A. E.S.P.(1)	Energy purchases	\$ 129,941,391	\$ 201,393,417	\$ 243,679,605	\$ 386,004,082
	Other	897,472	313,602	920,099	275,809
Empresa de Energía de Cundinamarca S.A. E.S.P. (2)	Use of lines and grids and other contracts	693,047	651,496	1,676,331	1,171,555
Endesa Energía	Exchange difference	3	89	8,792	3,399
EnelEnergyEurope	IT service.	69,341	–	487,908	340,365
	Others	2,070	2,973	226,054	359,312

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DECA (3)	Dividends	807,113	-	-	-
ICT Servicios Informáticos Ltda.	IT service.	-	-	-	415,200
Endesa Operaciones y Servicios	Exchange difference	8	-	21,127	7,905
Enel Ingeniería E Ricerca S.P.A	Studies and projects	329,354	234,805	172,268	-
	Exchange difference	-	924	-	-
		\$ 132,739,799	\$ 202,597,306	\$ 247,192,184	\$ 388,577,627

- (1) As of December 31, 2014 and 2013, and August 31 2014 and 2013, revenues correspond mainly to the use of lines and grids, STR estimates, tolls, STN connection charges, and SD invoicing for \$33,686,424, \$30,911,257, \$63,955,631 and \$59,619,522 and energy purchase costs for \$ 129,941,391, \$201,393,417, \$243,679,605 and \$386,004,082, respectively.
- (2) As of December 31, 2014, and 2013, and August 31 2014 and 2013, revenues correspond mainly to the use of lines and grids, STR estimates, tolls, STN connection charges, and SD invoicing for \$ 3,533,709, \$3,383,867, \$6,956,166 and \$6,515,629 and energy purchase costs for \$693,047,\$651,496, \$1,676,331 and \$1,171,555, respectively. Additionally, Financial revenues correspond to deductions for timely payment of advance payments granted by ADDs; in 2013 \$114,929,791 were granted, none in 2014.
- (3) In November 6, 2014, Distribuidora Eléctrica de Cundinamarca S.A. E.S.P through minutes No. 9 of the Extraordinary Shareholders Assembly revoked the decision to distribute profits approved on March 26, 2014, for \$ 807,113.

12. Labor obligations

	As of December 2014	As of August 2014	As of December 2013
Bonuses	\$ 20,591,996	\$ 15,920,243	\$ 17,791,222
Vacation	6,204,160	5,709,554	5,371,756
Severance	2,216,334	1,662,375	1,979,810
Vacation bonus	1,051,767	1,186,745	849,639
Seniority bonus	786,709	777,446	777,446
Other	459,262	364,818	321,103
Interests on severance	264,546	132,842	236,115
Service bonus	-	781,878	-
	\$ 31,574,774	\$ 26,535,901	\$ 27,327,091

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On February 11, 2004 the Company signed a collective workers labor agreement with Sindicato de la Energía de Colombia – SINTRAELECOL– benefiting unionized employees from January 1 of 2004 until December 31, 2007 and affecting unionized employees, partially amended with Minutes No. 1 July 8 of 2011 for a 4-year term from January 1 of 2011. As of December 31, 2014 there were 571 unionized workers.

13. Outstanding commercial papers and bonds

	As of December 2014	As of August 2014	As of December 2013
Bonds issued (1)	\$ 1,176,500,000	\$ 991,500,000	\$ 1,241,500,000
Bond interests	7,494,933	9,958,341	6,713,340
Bond discounts (2)	(799,033)	(920,276)	(1,161,774)
	1,183,195,900	1,000,538,065	1,247,051,566
Minus short-term portion (3)	(7,132,189)	(9,595,597)	(256,350,596)
Total long term portion	\$ 1,176,063,711	\$ 990,942,468	\$ 990,700,970

- (1) On September 25, 2014, the third tranche under the Codensa bond placement and issuance program was issued for \$185,000,000 in one B7 sub-series for 7 years. Resources from this placement were used to finance long – term Company cash flow needs, including working capital and the business investment work plan.
- (2) Corresponds to the lower value received from the ordinary bonds placement of June 20 of 2007, generated by the difference between the face value rate and the rate offered on placement day. As a result of this, the Company failed to receive \$3,671,495, of which as of December 31, 2014, \$2,872,465 had been amortized, a balance of \$799,030 still outstanding which will be amortized in 27 months, time equivalent to the remaining bonds' term.
- (3) As of December 31 and August 31 of 2014 and 2013, corresponds mainly to interests payable from outstanding issuances. As of December 31, 2014, corresponds mainly to bonds from the B10 sub–series and the first issuance for \$250,000,000, which were paid on March 11, 2014.

As of December 31, 2014, the entire Codensa financial debt is represented by 5 current bond issuances in the local market. Following are their firm financial characteristics:

Second bond issuance

On February 14 of 2007 the Colombian Financial Superintendence - through Resolution No. 0208 of 2007 - ordered registering in the National Securities and Issuers Registry (RNVE) the Codensa second ordinary bond issuance for \$650,000 million and authorized its public offering.

This issuance was placed in three tranches, according to the following:

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Notas a los Estados Financieros No Consolidados (continuación)

Total value placed:	\$650,000,000 as follows: 1 st Tranche: on March 14, 2007 for \$225.800.000 2 nd Tranche: on June 20, 2007 for \$305.500.000 3 st Tranche: on December 6, 2007 for \$118.700.000 The total amount was placed in 4 sub-series, 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, 2014,	\$391,500,000 (Sub-series A10)
Bond face 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, 2007, for all sub-series
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: IPC + 4.60% E.A. Sub-series A10: IPC + 5.30% E.A.
Coupon rate:	Sub-series B3: DTF + 2.09% E.A. Sub-series B5: DTF + 2.40% E.A.
Rating:	AAA (Triple A) Appointed by Duff & Phelps de Colombia S.A. S.C.V. (Today Fitch Ratings Colombia S.A. S.C.V.)

Third bond issuance

The Colombian Financial Superintendence, through Resolution No. 332 of March 10, 2008 ordered registering in the National Securities and Issuers Registry (RNVE) the third Codensa ordinary bond issuance for \$350,000 million and authorized its public offering.

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This issuance was placed in two tranches, according to the following:

Balance as of December 31, 2014,	\$80,000,000 (sub-series A10)
Bond face value:	\$10,000
Issuance date:	December 11, 2008 for all sub-series
Maturity date	Sub-series A5 and B5: December 11, 2013 Sub-series A10: December 11, 2018 Sub-series B2: December 11, 2010
Issuance administrator:	Deceval S,A,
Coupon rate:	Sub-series A5: IPC + 5.99 % E.A. Sub-series A10: IPC + 5.55% E.A. Sub-series B2: DTF T.A. + 2.11% Sub-series B5: DTF T.A. + 2.58%
Rating:	AAA (Triple A) Appointed by Duff& Phelps de Colombia S.A. S.C.V. (Today Fitch Ratings Colombia S.A. S.C.V.)

On December 11, 2010, the B-2subseries payment was made for \$190,000,000. On December 11, 2013 an A5 and B5 sub-series bond maturity payment was made for \$75,000 and \$85,500 million, respectively.

Bond issuance and placement program

With Resolution No. 194 of January 29, 2010, the Financial Superintendence of Colombia ordered registering in the National Securities and Issuers Registry (RNVE) the Codensa ordinary bonds issuance and placement program for up to \$600,000,000 and its public offering.

Through Resolution No. 0624 of April 3, 2013, the Financial Superintendence authorized the term renovation for the public offering of the Program ordinary bonds for a three year period, starting on the effective date of the above resolution, i.e. until April 30, 2016. Subsequently, after meeting requirements established the placement and issuance program quota was extended on March 13, 2014 through Resolution No. 0407 of 2014 from the Financial Superintendence of Colombia by \$185,000,000, increasing the Program's Global Quota to \$785,000,000. The placement and issuance program quota was again increased on October 7, 2014 through Resolution No. 1780 of 2014 from the Financial Superintendence by \$165,000,000, increasing the Program's Global Quota to \$950,000,000, of which \$785,000,000 have been issued in bonds.

As of December 31, 2014, three issuances have been made under the Program. The first tranche was issued on February 17, 2010, the second tranche on November 15, 2013 and the third tranche on September 25, 2014.

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First program tranche

Total amount placed	\$225,000,000, as follows: Sub-series B3: \$ 80,000,000 Sub-series B6: \$145,000,000
Current balances as of December 31, 2014,	\$145,000,000
Bond face value	\$10,000
Issuance terms	Sub-series B3: 3 years Sub-series B6: 6 years
Issuance date	February 17, 2010 for all series
Maturity date	Sub-series B3: February 17, 2013 Sub-series B6: February 17, 2016
Issuance administrator	Deceval S.A.
Coupon rate:	Sub-series B3: IPC + 2.98% E.A. Sub-series B6: IPC + 3.92% E.A.
Rating	AAA (Triple A) Appointed by Duff & Phelps de Colombia S.A. S.C.V. (Today Fitch Ratings Colombia S.A. S.C.V.).

During 2013, a B3 sub-series bond maturity payment was made for \$80.000 million

Second program tranche

Total amount placed	\$375,000,000, as follows: Sub-series B5: \$ 181,660,000 Sub-series B12: \$193,340,000
Current balance as of December 31, 2014,	\$375,000,000
Bond face value	\$10,000
Issuance terms	Sub-series B5: 5 years Sub-series B12: 12 years
Issuance date	November 15, 2013 for all series
Maturity date	Sub-series B5: November 15, 2018 Sub-series B12: November 15, 2015
Issuance administrator	Deceval S.A.

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Notas a los Estados Financieros No Consolidados (continuación)

Coupon rate:	Sub-series B5: IPC + 3.92% E.A. Sub-series B12: IPC + 4.80% E.A.
Rating	AAA (Triple A) Appointed by Duff & Phelps de Colombia S.A. S.C.V. (today Fitch Ratings Colombia S.A. S.C.V.).
Total amount placed	\$375,000,000, as follows: Sub-series B5: \$ 181,660,000 Sub-series B12: \$193,340,000

Third program tranche

Total amount placed	\$185,000,000, as follows: Sub-series B7: \$ 185,000,000
Current balance as of December 31, 2014,	\$185,000,000
Bond face value	\$10,000
Issuance terms	Sub-series B7: 7 years
Issuance date	September 25, 2014
Maturity date	Sub-serie B7: September 25, 2021
Issuance administrator	Deceval S.A.
Coupon rate:	Sub-series B7: IPC + 3.53% E.A.
Rating	AAA (Triple A) Appointed by Duff & Phelps de Colombia S.A. S.C.V. (today Fitch Ratings Colombia S.A. S.C.V.).

On March 11, 2014, payment for the first 2004 Codensa Bonds Issuance was made for the B-10 sub series for \$250,000,000. With this payment, all subseries issued under the first issuance were paid, so that as of today there are no outstanding balances. Currently, the Company is canceling this issuance before the Colombian Financial Superintendence.

First bond issuance

Through Resolution 14 of February 24 of 2004, the Colombian Financial Superintendence ordered registering in the National Securities and Issuers Registry (RNVE) an ordinary bond issuance for up to \$500,000,000.

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

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Total value placed:	\$500,000,000 as follows: Sub-series B5: \$ 50,000,000 Sub-series B7: \$200,000,000 Sub-series B10: \$250,000,000
Balance as of December 31, 2014	\$0,000
Face value:	\$1,000
Issuance terms:	Sub-series B5: 5 years Sub-series B7: 7 years Sub-series B10: 10 years
Issuance date:	March 11, 2004, for all sub-series
Maturity date:	Sub-series B5: March 11, 2009 Sub-series B7: March 11, 2011 Sub-series B10: March 11, 2004
Issuance administrator:	Deceval S.A.
Coupon rate:	Sub-series A5: IPC + 4.90% E.A. Sub-series A7: IPC + 6.14% E.A. Sub-series A10: IPC + 6.34% E.A.
Rating:	AAA (Triple A) Appointed by Duff & Phelps de Colombia S.A. S.C.V. (today Fitch Ratings Colombia S.A. S.C.V.)
Total value placed:	\$500,000,000 as follows: Sub-series B5: \$ 50,000,000 Sub-series B7: \$200,000,000 Sub-series B10: \$250,000,000
Balance as of December 31, 2014	\$0,000

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As of December 31, 2014, the balance of the bonds' principal payable during the following years, exclusive of interests and bond discounts, is the following:

Year	Value
2016	\$ 145,000,000
2017	391,500,000
2018	261,660,000
2021	185,000,000
2025	193,340,000
	\$ 1,176,500,000

14. Estimated liabilities and reserves

	As of December 2014	As of August 2014	As of December 2013
Infrastructure projects (1)	\$ 20,896,889	\$ 2,347,187	\$ 13,300,726
Costs and expenses (2)	25,693,190	23,930,700	24,569,453
Participating companies and related parties (Note 11)	-	-	234,805
PCB's dismantling (3)	10,752,166	10,261,424	10,958,525
Nueva Esperanza environmental offsetting(4)	9,897,765	9,520,035	9,985,000
Litigations (5)	4,660,055	4,720,837	6,229,023
Archaeological rescues (6)	2,485,066	5,090,662	8,996,000
	74,385,131	55,870,845	74,273,532
Minus – short term portion	(60,532,024)	(35,697,303)	(51,393,923)
Total long-term portion (7)	\$ 13,853,107	\$ 20,173,542	\$ 22,879,609

(1) As of December 31, 2014, corresponds mainly to the acquisition of the terminal lot for \$864,000, civil works and grids \$12,997,832, easements \$1,887,765, insurance policies (RCE, vehicles, all-risk, terrorism, and directors and administrators) \$4,198,362.

(2) As of December 31, 2014, includes the reserve for the public lighting litigation for \$15,000,000, still under

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conciliation with the Bogotá Capital District. Additionally, it includes the reserve for energy service quality compensation for \$ 6,700,538.

- (3) Considering that according to Law 1196 of 2008 Colombia participated in the Stockholm Agreement and that this fact was regulated with the Ministry of the Environment's Resolution 222 of December 15 of 2011, a reserve was made for dismantling of transformers polluted with PCB; as of December 31 and August 31 of 2014, the reserve made in 2014 was updated to the net present value at a rate of 6.44% EA, resulting in an \$81,608 and \$166,045 reduction, respectively. Additionally, as a result of the periodic review of the registered reserve estimated cash flows as of December 31, 2014, there was an increase of \$ 677,544 caused by an increase in transportation costs due to requirements in the export process. On November 11, 2014, the contract with Lito S.A.S was executed, whose purpose is dismantling transformers polluted with PCBs, which will be done the first quarter of 2014, subject to the ANLA approval of the border crossing permit (National Environmental Licenses Authority)
- (4) Corresponds to compensations included in Resolution 1061 and Agreement 17 of 2013 from the Ministry of the Environment and from Corporación Autónoma Regional de Cundinamarca, respectively, approving substituting the protecting and producing forest reserve of the Bogotá River upper basin, committing the Company to execute a compensation and reforestation plan in areas where the Nueva Esperanza station will be built. As of December 31 and August 31 of 2014, the reserve was updated to the net present value at a 6.53% EA and 6.46% EA rate resulting in a financial effect of \$ 404,567 and (\$ 488,129.), respectively.

Environmental license: on July 31 of 2013, through Resolution 1679, Corporación Autónoma Regional de Cundinamarca – CAR granted the environmental license for the project "Construction of the new 500/115 kV Nueva Esperanza substation and its 115 kV lines and connection modules". However, on August 8 of 2014 the Company filed an appeal against such act based on article 55 of the above resolution, requesting including and clarifying issues related to the geographical area, compensations, and the census, among others.

On December 30, 2014, Codensa was notified of Resolution 3788 of December 24, 2014, through which the appeal for reversal was resolved and through which the environmental license was granted for construction and operation of the "Nueva Esperanza" project. The appeal corrected important aspects and favorably resolved all issued presented by the Company in the appeal for reversal.

This is essential for the project and allows us to continue with the request for the construction license.

Based on the evaluation of the probability of success in the defense of these cases, reserves of \$4,660,055 as of December 31, 2014, \$6,229,023 as of December 31, 2013 and \$4,720,837 as of August 31, 2014, had been made to cover all probable losses due to contingencies. The administration considers that the result of lawsuits corresponding to the non-reserved portion will be favorable to the Company and will not result in significant liabilities that should be accounted for, otherwise not significantly affecting the Company's financial position.

As of December 31 of 2014 values of claims under administrative, civil, and labor litigations and contractors are the following:

Processes	Number of processes	Rating	Contingency value (a)	Reserve value
	28	Probable	\$ 3,278,055	\$ 3,278,055
	117	Eventual	435,206,688	–
Administrative and civil	33	Remote	4,101,707	–
	178		442,586,450	3,278,055
Labor and contractor	9	Probable	1,382,000	1,382,000

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	63	Eventual	6,308,000	–
	16	Remote	1,170,000	–
	88		8,860,000	1,382,000
Total processes	266		\$ 451,446,450	\$ 4,660,055

(a) The value of the contingency corresponds to the value that, according to the lawyers' experience, is the highest value that would have to be paid in case of a ruling against the Company. This value differs from the value in the reserve since it is made based on the success probability and the value the Company would have to pay. The reserve is established by the lawyers as the highest loss value should the ruling be unfavorable. Processes considered probable are reserved at 100% of the real contingency value. Additionally, the Company enters the contingency value in memorandum accounts.

(5) Corresponds mainly to the estimate of values to be paid for the archaeological rescue of the remains found in the land where the Nueva Esperanza substation is being built. As of December 31 and August 31 of 2014, uses of this reserve have been made for \$ 3,869,525 and \$ 2,905,020.

(6) Estimated liabilities and long-term reserves include: litigations for \$4,660,055, PCB's dismantling for \$8,522,198, and Nueva Esperanza environmental compensation for \$670,854.

15. Other liabilities

	As of December 2014	As of August 2014	As of December 2013
Collections in favor of third parties (1)	\$ 47,533,683	\$ 48,010,571	\$ 41,262,445
Deferred monetary correction (Note 8)	45,602,359	46,147,571	47,133,245
Portfolio collection from third parties (2)	13,381,981	9,257,892	12,423,386
Revenues received an advance (3)	2,687,500	3,137,500	3,885,182
	109,205,523	106,553,534	104,704,258
Minus short-term portion	(61,665,664)	(58,018,463)	(54,435,831)
Total long-term portion	\$ 47,539,859	\$ 48,535,071	\$ 50,268,427

(1) Corresponds mainly to the liability on account of ADD energy distribution areas and mandate agreements from subscriptions to newspapers, magazines, and insurance policies.

(2) Corresponds to the value that has to be paid to Banco Colpatría Red Multibanca Colpatría S.A. from the collection made on behalf of the Company of the "Crédito Fácil Codensa" deal credit portfolio sold to the bank, according to the corporate cooperation agreement executed as mentioned in Note 1.

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16. Retirement pensions

	As of December 2014	As of August 2014	As of December 2013
Actuarial calculations on retirement pensions and supplementary benefits	\$ 212,526,942	\$ 203,623,074	\$ 199,581,553
Minus current portion	(28,076,180)	(27,701,837)	(27,618,495)
Long-term retirement pensions and supplementary benefits	\$ 184,450,762	\$ 175,921,237	\$ 171,963,058

Following are values between January 1 – December 31 of 2014 and 2013:

	As of December 2014	As of August 2014	As of December 2013
Initial balance	\$ 203,623,074	\$ 199,581,553	\$ 206,031,851
Financial cost	4,494,841	8,989,683	15,346,423
Payments	(6,882,638)	(15,999,981)	(26,320,310)
Actuarial loss	11,291,665	11,051,819	4,523,589
	\$ 212,526,942	\$ 203,623,074	\$ 199,581,553

Following is the number used of employees for the actuarial calculation:

Number of retired employees	847	847	846
Number of active employees entitled to pension	1	1	2
	848	848	848

As of December 31 and August 31 of 2014, AON Hewitt (external specialist) made the actuarial calculation, which resulted in a greater value of pension liabilities of \$ 8,903,868 and \$4,041,521, respectively. This calculation includes the effect of applying the following rates: mortality table

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(before retirement and upon retirement), authorized by the Financial Superintendence with Resolution 1555 of July 30, 2010. (Mortality Table RC 08); total and permanent disability, EISS, and the 31% and 7.5% increase in medical care rates for 2014 y 2015, respectively. As of December 31, 2014, the actuarial liability is fully amortized.

The value of the pension obligation at the end of each year is established taking into account actuarial hypotheses, Colombian legal norms regarding pensions, and specific conditions applicable to each company regarding pensions and post-retirement benefits.

Financial hypotheses are summarized in 7.04% annual as of December 31, 2014, and 7.13 % annual as of August 31, 2014; a 3.0% pension increase (DANE rate according to Decree 2783 of 2001).

17. Taxes, liens and rates

	As of December 2014	As of August 2014	As of December 2013
Current income tax	\$ 97,228,548	\$ 186,962,411	\$ 282,017,885
Advanced income payment	(9,536,976)	(89,078,673)	(136,764,225)
Withholdings and self withholdings	(50,757,423)	(97,883,739)	(87,271,634)
Tax withholding	14,072,397	10,141,324	12,159,995
Industry and trade tax withholding	642,619	277,124	454,006
CREE withholding	4,774,617	4,659,663	4,339,539
Equity tax	-	15,870,578	31,741,157
Taxes, contributions, and rates payable	11,280,254	8,619,571	10,704,577
VAT	5,792,214	6,227,162	4,661,927
Taxes, liens and rates	\$ 73,496,250	\$ 45,795,421	\$ 122,043,227

Income tax

As of December 31, 2014 the 2013 income statement is open for fiscal review by tax authorities. However, the administration believes that – should it occur – no significant differences are expected. The income statement was filed on April 21, 2014.

The reserve charged to the year year results, for income taxes and CREE (equity income tax), is the following:

	As of December 2014	As of August 2014	As of December 2013

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Current income	\$ 71,391,317	\$ 137,562,180	\$ 206,921,591
Current CREE	25,837,231	49,400,231	75,096,294
Deferred debit tax activities	(15,298,036)	466,277	(2,805,838)
Deferred credit tax to activities	6,670,005	–	–
	\$ 88,600,517	\$ 187,428,688	\$ 279,212,047

The main conciliation entries made between profits before taxes and taxable net assets that explain the difference between the 25% rate for companies corresponding to the income tax and the 9% equity income tax and regarding the effective rate on the 34.60% profits as of December 31, 2013, 34.64% as of August 31 of 2014, and 36.37% as of December 31 of 2014 are the following:

	December 31 of 2014	August 31 of 2014	December 31 of 2014
Accounting profits before income tax	\$ 243,684,702	\$ 539,665,505	\$ 815,122,566
Non-deductible reserves	26,917,309	6,115,551	19,287,526
Non-deductible expenses	16,534,886	8,035,758	7,626,624
Contribution to financial transactions	2,791,431	5,916,685	7,849,554
Not taxed revenues	212,949	(5,820,236)	(9,268,829)
Difference between non-fiscal payments and pensions	151,453	–	–
Assumed interests	17,959	–	–
Non-deductible taxes	5,318	55,868	53,017
Deductions from hiring of disabled employees	(15,393)	(31,219)	(44,813)
Investment in science and technology and fixed assets	(1,134,062)	–	(6,823,158)
Deferred amortization	(1,246,775)	1,321,955	1,691,197
Depreciation and fiscal amortization	(2,419,261)	(5,148,413)	(7,958,383)
Taxable net income	285,500,516	550,111,454	827,535,301
Tax rate	25%	25%	25%
Income tax	\$ 71,375,129	\$ 137,527,864	\$ 206,883,825

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Taxable net income	\$ 285,500,516	\$ 550,111,454	\$ 827,535,301
Deduction in science and technology	1,162,091	–	6,823,158
Hiring of disabled persons	15,393	31,219	44,813
Donations	1,063,327	70,735	–
Amortization of investments in science and technology	(660,977)	(1,321,955)	–
Taxable net income CREE	287,080,350	548,891,453	834,403,272
CREE tax rate	9%	9%	9%
CREE income tax	\$ 25,837,231	\$ 49,400,231	\$ 75,096,294
Total income tax and CREE before occasional gains	\$ 97,212,360	\$ 186,928,095	\$ 281,980,119
Occasional gains	\$ 161,881	\$ 343,160	\$ 377,656
Occasional gains tax rate	10%	10%	10%
Occasional gains tax	\$ 16,188	\$ 34,316	\$ 37,766
Current income tax	\$ 97,228,548	\$ 186,962,411	\$ 282,017,885

Equity conciliation

	As of December 2014	As of August 2014	As of December 2013
Accounting equity	\$ 2,776,933,697	\$ 2,970,914,739	\$ 3,148,431,815
Estimated liabilities	69,416,657	80,350,509	79,242,512
Fiscal adjustment to assets and depreciation 2006	62,748,261	65,117,405	71,332,559
Deferred tax , credit	43,101,567	36,431,562	36,431,562
Debtors reserve	23,987,138	21,237,544	17,831,098
Assets reserve	1,652,599	1,674,232	1,040,565
Other debtors reserve	344,846	336,213	347,519
Depreciation of buffer inventory	47,135	–	–

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Monetary correction	(1,653,956)	(2,205,275)	(1,729,136)
Investment in science and technology	(3,523,120)	–	–
Investment valuation	(54,431,179)	(50,927,083)	(44,450,580)
Deferred tax , debit	(61,971,559)	(46,658,866)	(51,295,517)
Deferred depreciation	(110,398,439)	(110,398,439)	(110,398,439)
Valuation of fixed assets	(695,799,205)	(696,133,968)	(696,455,016)
Fiscal equity	\$ 2,050,454,442	\$ 2,269,738,573	\$ 2,450,328,942

Deferred tax

Following is the deferred tax as of December 31 and August 31 of 2014 and December 31 of 2013:

	December 31 of 2014	August 31 of 2014	December 31 of 2013
Deferred from fixed asset inflation adjustments \$	22,953,403	21,582,221	23,349,721
Other reserves	10,023,647	8,136,438	8,808,693
Debtors reserve	9,354,984	7,220,765	6,062,573
Labor obligations	8,065,073	1,954,177	6,075,076
Estimated liabilities	7,166,354	4,874,882	3,425,389
Industry and trade	4,389,716	2,890,383	3,575,408
Buffer inventory depreciation	18,382	–	–
Forward valuation	–	–	(1,343)
Total deferred tax, debit	\$ 61,971,559	\$ 46,658,866	\$ 51,295,517

Following is the deferred tax as of December 31 and August 31 of 2014 and December 31 of 2013:

	2015	2016	2017	2018	Thereafter
Income	CREE and surcharge	CREE and surcharge	CREE and surcharge	CREE and surcharge	CREE and surcharge
Estimated liabilities and reserve estimates \$	76,059,419	76,059,419	-	-	-

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Asset inflation adjustment						
Portfolio	23,987,138	23,987,138	–	–	–	–
	162,794,818	107,071,348	6,984,235	5,554,855	4,492,345.00	38,692,034.00
Rate	25%	14%	15%	17%	18%	9%
	40,698,705	14,989,989	1,047,635	944,325	808,622	3,482,283
Total deferred tax debit	\$ 61,971,559					

Following are liabilities on account of the deferred tax, credit, as of December 31 and August 31 of 2014 and December 31 of 2013:

	December 31 of 2014	August 31 of 2014	December 31 of 2014
o			
Depreciation of additional work shifts, 1998	\$ (41,727,550)	\$ (36,431,562)	\$ (36,431,562)
Investment in science and technology	(1,374,017)	–	–
Total deferred tax, credit	\$ (43,101,567)	\$ (36,431,562)	\$ (36,431,562)

Equity tax

Law 1370 of December 2009 created a new equity tax for 2011: 2.4% for taxpayers with fiscal equities greater than \$3,000,000 and lower than \$5,000,000, 4.8% for taxpayers with equities equal to or greater than \$5,000,000.

Subsequently, Decree 4825 of December 2010 created a 25% equity tax surcharge for taxpayers with equities equal to or greater than \$3,000,000.

This tax applied to equity as of 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 entered the equity tax under equity revaluation.

Wealth tax

Law 1739 of December 2014 established a wealth tax for legal entities for 2015 through 2017. The tax rates are 1.15%, 1% and 0,4% for 2015, 2016, and 2017, respectively, for equities exceeding \$5,000 million and is calculated annually over net worth held on January 1 of each fiscal year, reduced in \$5.000 million.

Trade and industry tax

The Company is subject to trade and industry tax in Bogotá with a rate of 0.966% over operational

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revenues, 1.104% over other non-operational revenues, and 15% for " avisos y tableros" in other municipalities. In other municipalities in which the Company is subject to trade and industry tax, the tax is paid according to the rate established by each municipality.

Transfer prices

For income tax purposes, taxpayers performing activities with economic related parties or related parties abroad are required to establish their ordinary and extraordinary revenues, their costs and deductions, and their assets and liabilities, considering for this profit prices and margins used in comparable operations between non-economically related parties. Independent advisors will update the transfer prices study in order to demonstrate that operations with economic related parties abroad were made at market prices during 2014. For this, the Company will submit an informative statement and will have available such study by mid September 2015. Any default could result in sanctions and in higher income taxes. However, the Administration and its advisers have analyzed the contracts in 2014 and have concluded that no adjustments will be made to the 2014 income tax.

18. Equity

Capital

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

Following is the shareholding composition as of December 31, 2014 and December 31, 2013:

Shareholders	Ordinary shares with voting rights		Preferential shares with no voting rights		Shareholding composition	
	(%) Participation	Number of shares	(%) Participation	Number of shares	(%) Participation	Number of shares
Empresa de Energía de Bogotá S. A. E.S.P.	42.85%	48,025,920	100.00%	20,010,799	51.50%	68,036,719
Enersis S.A.	46.11%	51,685,039			39.13%	51,685,039
Chilectra S.A.	11.02%	12,349,522			9.35%	12,349,522
Other minority shareholders	0.02%	21,994			0.02%	21,994
	100.00%	112,082,475	100.00%	20,010,799	100.00%	132,093,274

As of December 31, 2013 Enersis S.A. registered before DECEVAL S.A. as a Codensa shareholder, holding 26.662227% of the Company outstanding shares owned by Endesa Latinoamérica, having 39.127684% of the Codensa shares.

Of the total number of Empresa de Energía de Bogotá S.A. ESP shares, 20,010,799, correspond to shares with no voting rights, with preferential dividends of US \$0.10/share.

Distribution of dividends

On October 29, 2014 according to Minutes No. 59, the General Shareholders Assembly ordered distributing dividends for \$352,236,817 against the August 2014 net profits.

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On March 27 of 2014, according to Minutes 56 the General Shareholders Assembly ordered distributing dividends for \$535,910,519 against the December 2013 net profits.

On March 20 of 2013, according to Minutes 54 the General Shareholders Assembly ordered distributing dividends for \$510,992,818 against the December 2012 net profits.

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

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

The \$352,236,817 dividends as of August 31, 2014, will be paid as follows: 100 % of the preferential dividend and 56,02% of the ordinary dividend on June 24, 2015, and the remaining 43.98% of the ordinary dividend will be paid on October 28, 2015.

Dividends on the 2013 profits, \$535,910,519, will be paid as follows: 100 % of the preferential dividend and 37.42% of the ordinary dividend on June 25, 2014, 24.88% of the ordinary dividend on November 26, 2014, the outstanding balance being 37.70% of the ordinary dividend, which will be paid on January 28, 2015.

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

Dividends on the 2011 profits, \$457,663,973, were paid as follows: 100% of the preferential dividend and 25% of the ordinary dividend on April 25; subsequently, two payments of 25% of the ordinary dividend on June 26 and November 15 of 2012, the outstanding balance being 25% of the ordinary dividend, payment having been made on January 13 of 2013.

Reserves

	December	August	December
	31 of	31 of	31 of
	2014	2014	2014
Mandatory reserves:			
Reserves from fiscal norms	\$ 50,962,398	\$ 50,962,398	\$ 50,962,398
Legal reserve	6,604,664	6,604,664	6,604,664
	\$ 57,567,062	\$ 57,567,062	\$ 57,567,062

Legal reserve

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

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Reserve for deferred depreciation (Article 130 of the Tax Code)

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

Equity revaluation

Equity revaluation cannot be distributed as profits; it can, however, be capitalized. During 2011, the Company entered an equity revaluation charge for \$126,964,623 on account of the equity tax, according to Law 1370 of December 2009.

18. Memorandum accounts

	As of December 31 2014	As of August 31 2014	As of December 31 2014
Debtors:			
Contingent rights	\$ 323,970,683	\$ 436,219,220	\$ 480,678,340
Fiscal	52,261,766	10,445,950	–
Control of depreciated assets and others	195,410,869	679,359,899	523,319,396
	\$ 571,643,318	\$ 1,126,025,069	\$ 1,003,997,736
Creditors:			
Contingent liabilities	\$ 651,974,897	\$ 291,882,341	\$ 272,857,358
Fiscal	726,479,256	701,176,168	698,102,874
Electrical power purchase agreements	4,488,405,677	5,069,839,848	3,361,906,499
Merchandise under consignment	4,118,965	3,909,825	5,338,824
	\$ 5,870,978,795	\$ 6,066,808,182	\$ 4,338,205,555

20. Operational revenues

	Four-month period from September 1 to December 31 2013		Eight-month period from January 1 to August 31 2013	
	2014	(Not audited)	2014	(Not audited)
Energy services	\$ 1,091,802,326	\$ 1,017,805,572	\$ 2,132,549,787	\$ 1,991,547,616

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Other services	79,611,960	75,595,562	134,919,487	127,269,382
	\$ 1,171,414,286	\$ 1,093,401,134	\$ 2,267,469,274	\$ 2,118,816,998

21. Cost of sales

	Four-month period from September 1 to December 31	Eight-month period from January 1 to August 31 2013	Four-month period from September 1 to December 31 2014	Eight-month period from January 1 to August 31 2013
	2014	(Not audited)	2014	(Not audited)
Depreciation and amortization	95,201,663	84,154,701	171,922,760	166,178,751
Orders and contracts (2)	57,791,264	60,543,365	93,544,446	92,758,158
Contracts and maintenance (3)	35,158,209	28,905,301	54,771,427	45,046,932
Personal services (4)	31,117,437	24,419,140	59,202,750	67,456,691
Taxes (5)	16,199,429	11,905,305	28,105,024	29,556,127
Other operation and maintenance costs	9,014,163	9,292,543	12,933,231	11,766,819
General (6)	4,213,187	3,061,938	7,449,382	5,943,195
Contributions and royalties (7)	1,903,939	(1,200,269)	2,563,887	2,308,957
Leases	1,767,954	1,528,014	3,362,745	3,455,376
Insurances	1,347,812	1,238,853	3,341,080	2,797,189
Public utilities	701,768	311,498	1,162,724	999,525
Fees	3,455	99,526	111,411	-
	\$ 855,121,249	\$ 763,010,402	\$ 1,627,017,602	\$ 1,513,901,176

- (1) Corresponds mainly to energy purchases and other charges for electric power distribution.
- (2) This line includes meter readings, delivery of invoices, and other contracts for the operation.
- (3) Corresponds mainly to the cost of maintenance contracts for properties, plant, and equipment. From the second half of 2013 and during 2014, the Company implemented a maintenance quality and modernization of lines, grids, and lighting infrastructure plan looking to improve service quality indexes, which resulted in an increase in maintenance costs.
- (4) As of December 31 of 2013 and 14, and August 31 of 2014, corresponds mainly to the recognition of the financial cost of actuarial calculation for \$ 4,494,841, \$ 8,989,683, and 15,346,423, respectively.
- (5) Corresponds to the recognition of industry and trade taxes, stamps, property tax, and other taxes. As of December 31, 2014, and 2013, and August 31, 2014 and 2013, the industry and trade tax was entered for \$ 15,689,879, 11,237,671, \$26,160,000 and \$28,000,000, respectively.

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- (6) General costs include advertising, studies and projects, communications, industrial safety, transportation, and others. In 2014, Codensa S.A. E.S.P. started the advertising campaign “we give life to your moments”, which aims strengthening the Codensa image among interest groups.
- (7) Contributions to CREG and to the Superintendence of Public Household Utilities for 2014. On December 6 of 2013, through Resolutions 20135300054585 and 20135300054595 from this Superintendence, Codensa recognized reimbursement of special contributions paid in 2008 and 2007 to such entity for \$1,688,903 and \$1,026,318, respectively.

22. Administration expenses

	Four-month period from September 1 to December 31		Eight-month period from January 1 to August 31	
	2013		2013	
	2014	(Not audited)	2014	(Not audited)
Other general services (1)	\$ 10,466,723	\$ 8,389,946	\$ 10,597,937	\$ 10,451,540
Integral salary	6,018,124	5,075,210	11,350,200	12,158,189
Other personnel expenses	6,136,400	5,475,544	11,529,915	10,909,341
Taxes (2)	5,588,178	5,088,674	12,043,632	10,866,488
Debtors reserve (3)	4,411,493	484,826	4,105,952	1,361,304
Leases (4)	1,525,093	744,756	1,895,423	1,260,408
Amortizations	990,204	988,294	1,714,251	1,813,004
Personal salaries	861,546	542,571	1,860,992	1,262,884
Contingency reserve (5)	635,978	685,423	1,529,228	175,395
Surveillance	618,090	435,174	1,480,693	706,617
Inventory reserve (6)	507,491	867,736	–	–
Depreciations	282,494	306,454	532,929	616,215
Medical expenses and medications	134,956	185,908	376,782	333,345
	\$ 38,176,770	\$ 29,270,516	\$ 59,017,934	\$ 51,914,730

- (1) Includes the entry on account of studies and projects, fees, maintenance, advertising, materials and supplies, general insurance, and other general expenses. As of December 31, 2014, and 2013, the most significant variation is due to the Company facilities and headquarters upgrade plan for \$1,622,712 and \$413,970.
- (2) As of December 31 of 2013 and 14, and August 31 of 2014 and 2013, it is entered under the financial activities tax, for \$5,582,861, \$5,073,534, \$11,833,370, and \$10,625,574, respectively.

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- (3) During 2014, the Company made an evaluation based on the nature, deterioration and payment behavior by portfolio type and client type. As a result of this evaluation, new reserve percentages were determined (see the Note "Main Policies and Accounting Practices"), which started being applied December. As a result of this change, the energy portfolio reserve increased to \$2,869,868.
- (4) During 2014 and 2013, the Company made expenditures on account of administration and leasing of floors 5, 6, 7, and 8 of the calle 82 building. In 2014, floors 2 and 3 of the Q93 building were leased, resulting in a greater expense.
- (5) Corresponds mainly to litigations considered probable, as a result of changes in the evaluation made on the probability of an unfavorable ruling from administrative, civil, and labor litigations, and constitutional actions previously considered eventual/remote.
- (6) As of December 31, 2014, and 2013, the inventory reserve for cables and electric materials' obsolescence was not recognized.

23. Financial revenues

	Four-month period from September 1 to December 31		Eight-month period from January 1 to August 31	
	2013		2013	
	2014	(Not audited)	2014	(Not audited)
Financial interests and yield (1)	\$ 6,260,300	\$ 7,764,617	\$ 11,339,378	\$ 13,763,172
Late payment charges	1,837,870	2,536,907	4,052,706	4,956,342
Dividends (2)	–	–	807,113	4,360,213
Exchange differences	565,953	140,400	652,534	249,360
	\$ 8,664,123	\$ 10,441,924	\$ 16,851,731	\$ 23,329,087

- (1) Corresponds mainly to interests for client financing, interests over deposits, investment returns and early payment revenues. The variation corresponds mainly to early payment discounts from the ADD's invoicing of the EEC for \$ 3,276,994 generated in 2013, of which \$ 997,228 correspond to the period between September and December 2013.
- (2) On November 6, 2014, Distribuidora Eléctrica de Cundinamarca S.A. E.S.P through Minutes 9 from the Extraordinary Shareholders Assembly revoked the decision to distribute profits, approved on March 26, 2014, for \$807,113.

24. Extraordinary revenues

	Four-month period from September 1 to December 31		Eight-month period from January 1 to August 31	
	2013		2013	
	2014	(Not audited)	2014	(Not audited)
Recoveries (1)	\$ 1,598,392	\$ 1,660,559	\$ 9,096,107	\$ 1,835,024

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Other (2)	1,362,127	908,511	6,285,157	6,658,963
Profit from the sale of materials	594,055	383,450	963,952	862,798
Indemnifications (3)	298,150		-	390
Profits from the sale of properties, plant, and equipment	177,763	3,687	415,566	585,339
Other	5,303	14,910	17,741	21,122
	\$ 4,035,790	\$ 2,971,117	\$ 16,778,523	\$ 9,963,636

(1) As of December 31 and August 31 of 2014, Codensa made recoveries from Colpensiones reimbursements and monthly pension payments for \$ 729,174 and \$ 4,565,823, from litigations and contingencies reserve for \$422,749 and \$ 1,959,385, respectively.

(2) As of December 31, 2014, and 2013, corresponds mainly to indemnifications due to material losses for \$239,685 and \$15,277, sanctions to users for \$422,717 and \$403,460, among others.

As of August 31 2014 and 2013, corresponds mainly to the previous year income tax adjustment for \$4,148,456 and \$ 4,091,295.

(3) As of December 31, 2014, corresponds mainly to a partial Seguros Bolivar payment for \$288,990 in recognition of the indemnification associated to the Concordia substation accident.

25. Financial expenses

	Four-month period from September 1 to December 31		Eight-month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
Interests (1)	\$ 31,093,074	\$ 21,848,940	\$ 53,864,319	\$ 43,902,458
Comissions	291,159	772,652	39,382	160,740
Other financial expenses	277,159	249,746	398,358	454,963
Exchange difference	592,041	145,241	465,079	497,695
Loss from participation method	28	36	233	191
	\$ 32,253,461	\$ 23,016,615	\$ 54,767,371	\$ 45,016,047

(1) The increase corresponds to interests accrued by current bonds issued by Codensa S.A. E.S.P in September 25, 2014, corresponding to the third tranche under the Codensa Bond Issuance and Placement Program for \$185.000.000, subseries B7, for 7 years.

26. Extraordinary expenses

Four-month period from September 1 to December 31	Eight-month period from January 1 to August 31
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	2013		2013	
	2014	(Not audited)	2014	(Not audited)
Other extraordinary expenses (1)	\$ 12,421,745	\$ 5,810,637	\$ 12,868,184	\$ 1,557,683
Loss from the sale and disposal of fixed assets and materials	1,262,136	1,068,671	1,190,290	2,320,433
Losses from accidents (2)	1,116,947	484,177	632,327	1,075,579
Expenses from previous years (3)	76,741	31,998	5,239,223	4,533,045
Sponsorships (4)	–	757,920	700,644	–
Non-deductible expenses	448	–	448	31,701
	\$ 14,878,017	\$ 8,153,403	\$ 20,631,116	\$ 9,518,441

- (1) As of December 31, 2014, August 31, 2014, and December 31, 2013, includes mainly the actuarial loss resulting from the actuarial calculation update to pensions made by AON Hewitt for 11,291,665, \$11,051,819, \$4,523,589, respectively. Additionally, on November 6 2014, Distribuidora Eléctrica de Cundinamarca S.A. E.S.P through Minutes 9 from the Extraordinary Shareholders Assembly revoked the decision to distribute profits approved on March 26, 2014, for \$ 807,113.
- (2) As of December 31, 2014, corresponds mainly to recognizing indemnifications paid by Codensa to the users for \$ 894,573 as a result of damages caused by an accident to in the Concordia substation in 2013.
- (3) For the eight-month period ending August 31, 2014 and 2013, corresponds mainly to the previous year deferred tax adjustment for \$4,170,375 and \$3,412,437, respectively. Additionally, as of August 31, 2014, commercial adjustment to the previous years' rate to Centro Comercial Metrópolis for \$1,015,606 and others for \$53,242.
- (4) The increase corresponds mainly to the recognition of the donation made to Fundación Endesa in August.

27. Reclassification in financial statements

In Note 5, for comparison purposes as of December 31, 2013, the other debtors line was reclassified to the clients line; the balance on account of the solidarity fund and redistribution as a result of the deficit generated by the subsidies and contributions mechanism for \$5,455,470; this information does not change the debtors net balance (Note 5) or the working capital composition.

For comparison purposes, in Note 8 as of December 31, 2013 the line "studies and projects, intangibles, the balance associated to the commercial SAP – ISU Génesis and Sinergia 4J "Epic@" commercial management system for \$14,935,769 does not change the other assets' balance, net (note 8) or the working capital composition.

Note 14 describes the following: Nueva Esperanza environmental offsetting, archaeological rescue, and PCB dismantling. For comparison purposes, as of December 31 of 2013 \$13,288,939 had been reclassified, corresponding to the short-term portion. The information does not change the balance of estimated liabilities and reserves (Note 14) however changing the working capital composition.

For comparison purposes, in Note 17 as of December 31, 2013, fiscal adjustments corresponding to the following had been reclassified: i) deferred amortization regarding fiscal depreciation and amortization for \$75,180 corresponding to monetary correction; ii) non-deductible expenses to amortization deferred by \$1,691,197 corresponding to the science and technology amortization; and iii) investments in science and

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technology and fixed assets to revenues not subject to taxes for \$377,656 corresponding to fiscal profits from the sale of fixed assets. This information does not change the note's income tax balance.

For comparison purposes, in Note 21 as of December 31, 2013, the general line was reclassified to public utilities; the balance associated to expenses to public utilities for \$363,942. This information does not change the cost of sales balance (Note 21) or the working capital composition.

28. Financial metrics

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

	Expression	December 31 of		August 31 of		Explanation
		2014	2013	2014	2013	
Liquidity						
Current ratio	(times)	0,73	0,94	0,76	0,58	The capacity the Company has to handle its debts to current, committing its current assets
(Current assets / Current liabilities)						
Indebtedness						
Total level of indebtedness:	%	50,38%	43,05%	42,77%	42,74%	The level of leverage corresponding to the creditors' participation in Company assets
(Total liabilities / Total assets)						
Short-term indebtedness:	%	24,20%	20,03%	18,27%	25,13%	The percentage of participation with third parties with short-term maturities,
(Total current liabilities / Total assets)						
Total long-term indebtedness:	%	26,18%	23,01%	24,50%	17,50%	The percentage of participation with third parties with mid- and long-term maturities
(Total long-term liabilities / Total assets)						
Activity						
Commercial portfolio turnover:	Days	44	41	50	44	The number of the commercial portfolio average turnover days
(360/ (Operational revenues /total portfolio))						
Vendor turnover:	Days	76	69	56	44	The average number of days the Company takes to pay its vendors.
(360/ (cost of sales/ Accounts payable, vendors))						
ROI						
Ross profits margin:	%	27,00%	30,22%	28,25%	28,55%	The capacity the Company has, in managing its sales, to generate gross profits, i.e. before administration and sales expenses, other revenues, other expenditures, and taxes
(Gross profit / Operational revenues)						

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Operational margin: (Operational profit/ operational revenues)	%	23,74%	27,54%	25,64%	26,10%	How much each sales peso contributes to operational profits generation.
Net profit margin: (Net profits/operational revenues)	%	13,24%	17,23%	15,53%	16,40%	The percentage of net sales generating profits after taxes in the Company
Equity yield (Net profit/total equity)	%	5,58%	5,98%	11,86%	11,74%	The shareholders return on investment
Total assets return (ROA) (Net profit/total assets)	%	2,77%	3,41%	6,79%	6,72%	Measures, for each peso invested in total assets, how much it generates in net profits