Codensa Annual Report 2017

codensa
Grupo Enel

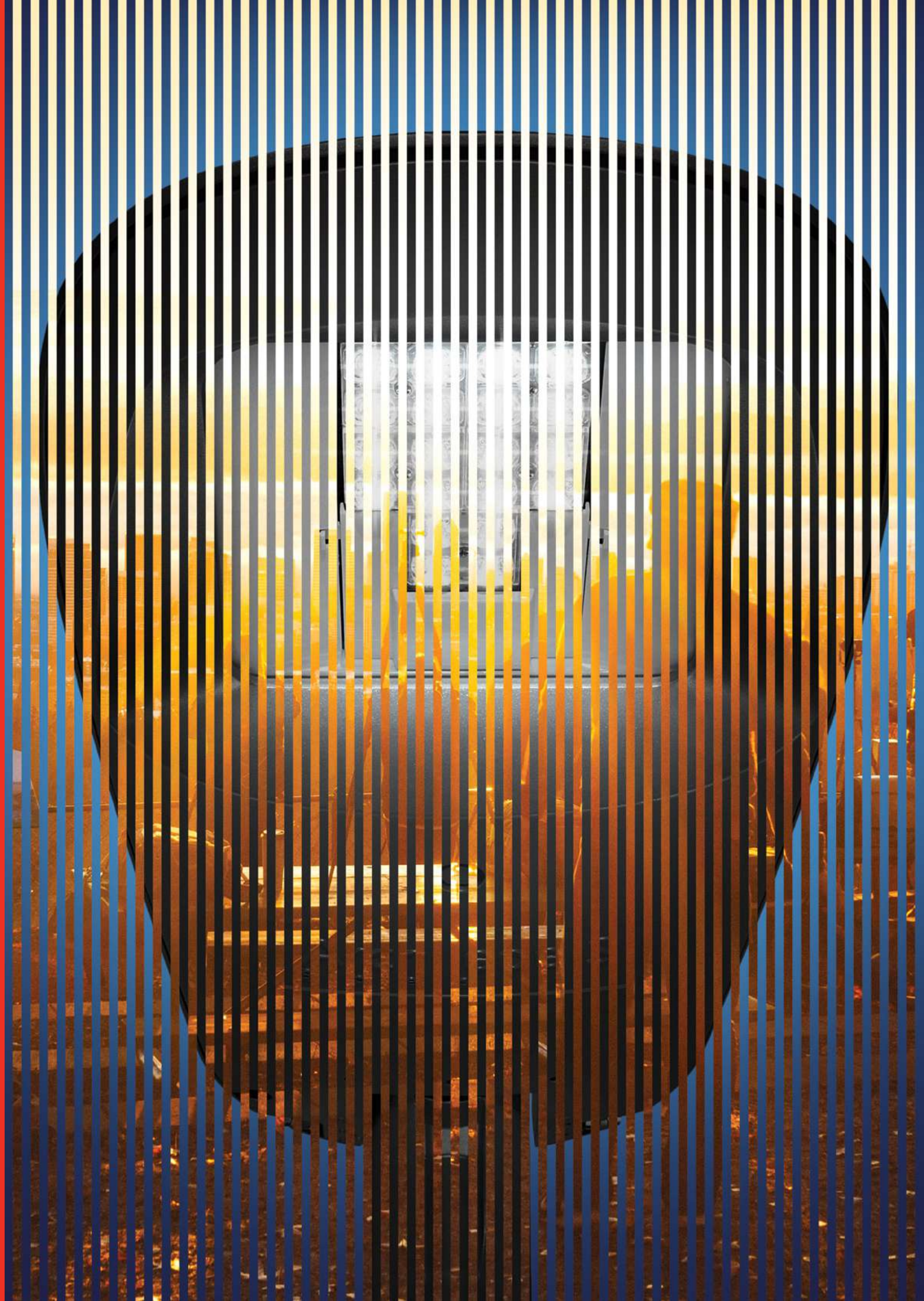
Codensa S.A. E.S.P., is a company of the ENEL Group engaged in the distribution and commercialization of electric power, leader in the market, with over 3,300,000 clients distributed in Bogotá, Cundinamarca, eight municipalities in Boyacá, one in Tolima, one in Caldas and one in Meta. Established in 1997, it has an installed capacity of 21,500 MVA (megavolt amperes) along 71,358 kilometers of a High, Medium and Low Voltage network. The Company generates close to 14,000 direct and indirect jobs in the country.

Enel is a multinational electric power company and a leading integrated company in the global markets of electric power, gas and renewable energy. It is the largest public service company in Europe in terms of market capitalization and one of the leading electricity companies in Europe in terms of installed capacity and reported EBITDA. The Group is present in more than thirty countries around the world and produces electricity with 86 GW of managed capacity. Enel distributes electricity and gas through a network of over 2 million kilometers and, with more than 65 million companies and homes as customers all over the world, it has the largest customer base among European competitors. Its renewable energy division, Enel Green Power, already manages approximately 40 GW of wind, solar, geothermal, biomass and hydroelectric power plants in Europe, America, Africa, Asia and Australia.

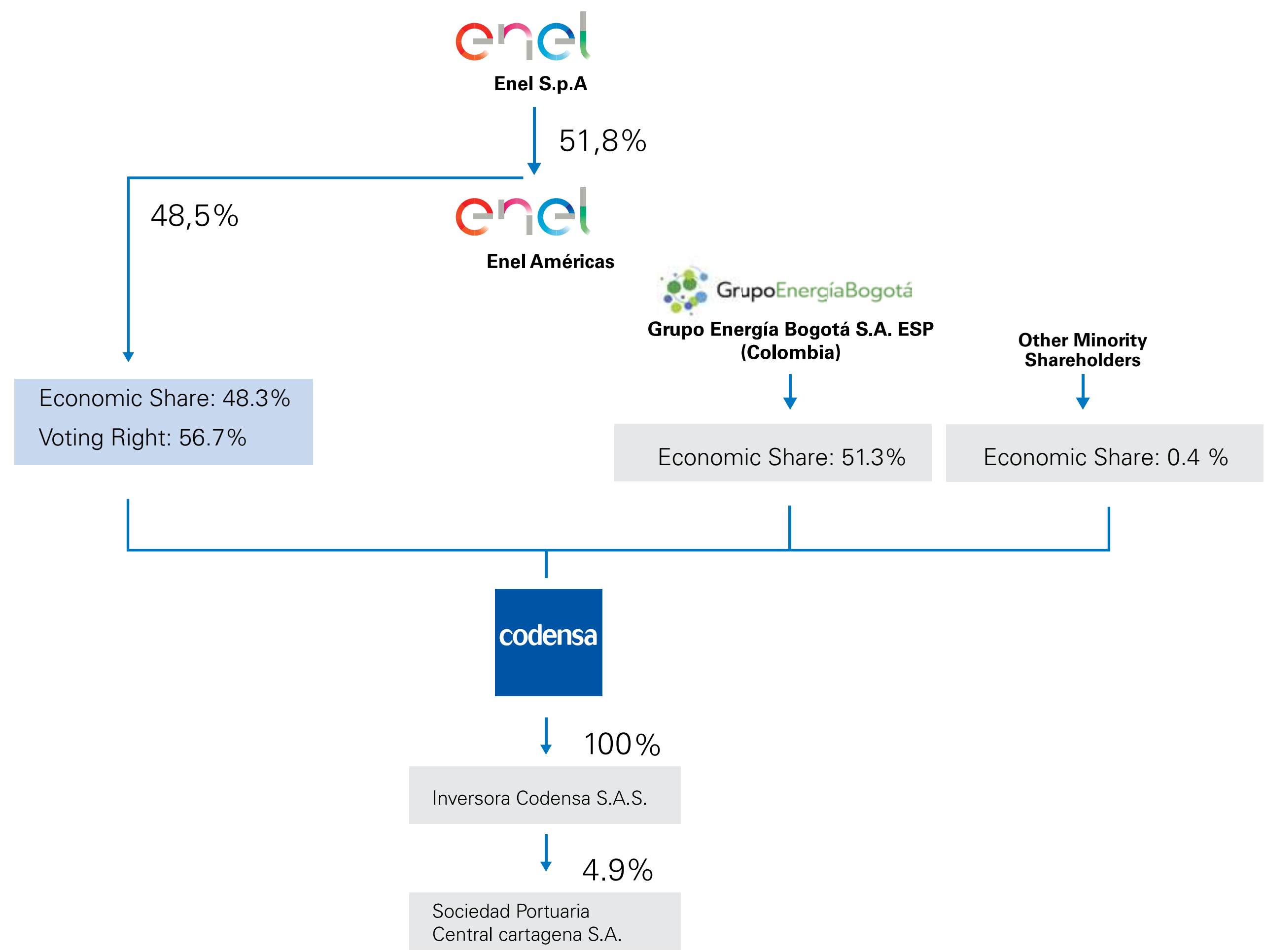
Table of Content

01

The Company, its context and its main results



Ownership Structure



Equity Structure

Shareholder	Ordinary Shares	% Ord.	Preferential Shares	% Pref.	Total Shares	% Total
Grupo Energía Bogotá S.A. ESP	49.209.331	42,8411%	20.010.799	100%	69.220.130	51,3215%
Enel Américas S.A.	65.148.360	56,7175%	-	0%	65.148.360	48,3026%
Other minority shareholders	506.960	0,4414%	0	0	506.960	0,3759%
Total	**114.864.651**	**100%**	**20.010.799**	**100%**	**134.875.450**	**100%**

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Corporate purpose

The main purpose of the company is the distribution and sale of electricity, as well as the execution of all similar, related and supplementary activities related to the distribution and commercialization of energy, the performance of works, design and consulting services relative to electrical engineering and product marketing for the benefit of its clients. The company may also perform other activities related to the provision of public utility services at large, manage and operate other Public Utility Companies, execute and perform special management contracts with other Public Utility Companies, and sell or provide goods or services to other economic actors, both domestic and foreign, related to public services. It can also participate as a partner or shareholder in other public utility companies, directly, or in association with third parties, or creating consortia with them. As part of the aforementioned purpose, the company may promote and establish companies or agencies in Colombia or abroad; acquire any kind of real or personal property, lease, sell, encumber or offer them as guarantee; opt for any form of association or collaboration business modality with natural or juridical persons to carry out activities that are related, associated and establish companies or agencies in Colombia or abroad; acquire any kind of real or personal property, lease, sell, encumber or offer them as guarantee; opt for any form of association or collaboration business modality with natural or juridical persons to carry out activities that are related, associated and supplementary to its corporate purpose; develop trademarks, trade names, patents, inventions or any other intangible good as long as they are related to the main purpose; issue, accept, endorse, collect and pay all kinds of securities, negotiable instruments, shares, executive titles and others; participate in public and private tenders; give to or receive from its shareholders, parent company, subsidiaries, and third parties, money as loans, enter into insurance, contracts transportation contracts, shared accounts and banking and/or financial contracts. Likewise, it can participate with financial entities as banking correspondent for the benefit of its clients".

Corporate Governance

Board of Directors

Chairman of the Board of Directors:	José Antonio Vargas Lleras
General Manager:	David Felipe Acosta Correa
First Alternate of the General Manager:	Carlos Mario Restrepo Molina
Second Alternate of the General Manager:	Juan Manuel Pardo Gómez

The Company has a Board of Directors conformed by seven principal members, each of them with an alternate, elected by the General Shareholders Meeting through the electoral quotient system. In accordance with the Corporate Bylaws, as long as the company is a security issuer, 25% of the Board members shall be independent according to the law. The Board members are appointed for two-year terms, and they can be re-elected indefinitely, and without prejudice of the faculty of the Shareholders Meeting to remove them freely at any time. The functions of the Board of Directors are described in article 62 of the Corporate Bylaws.

In the General Shareholders Meeting held on March 28, 2017, the election of the following Board of Directors members was approved:

SEAT	PRINCIPAL	ALTERNATE
FIRST	DAVID FELIPE ACOSTA CORREA	CARLOS MARIO RESTREPO MOLINA
SECOND	JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
THIRD	LUCIO RUBIO DÍAZ	JUAN MANUEL PARDO GÓMEZ
FOURTH	ASTRID ÁLVAREZ HERNÁNDEZ	ERNESTO MORENO RESTREPO
FIFTH	FELIPE CASTILLA CANALES	ALEJANDRO BOTERO VALENCIA
SIXTH (Independent	JOSÉ ANTONIO FRANCO REYES	DANIEL RODRÍGUEZ RÍOS
SEVENTH (Independent)	ORLANDO CABRALES MARTÍNEZ	VICENTE NOERO ARANGO

In its extraordinary session of the General Shareholders Meeting number 68, held on December 18, 2017, the Assembly was advised that Mr. Orlando Cabrales Martinez resigned to his position as independent principal member, seventh seat, of the Company's Board of Directors; hence, the Assembly designated Mr. Andrés López Valderrama to fill that line and, therefore, the Board composition at December 31, 2017, is the following:

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Attendance to meetings by members of the Board of Directors

The company Board of Director in 2017 met fifteen times, out of which twelve sessions were ordinary, two were extraordinary face-to-face, and one was an extraordinary virtual session. The members of the Board participated in said sessions, as indicated below:

SEAT	No. of sessions attended Principal Member	No. of sessions attended Alternate Member*
FIRST	13	2
SECOND	13	2
THIRD	15	-
FOURTH	13	2
FIFTH	11	4
SIXTH (Independent)	14	1
SEVENTH (Independent)	14	1

* The alternate members shown in blank did not have to replace the principal members, inasmuch as there were neither absolute nor temporary absences.

Based on the foregoing, it is inferred that in all meetings there was quorum to meet and decide validly.

Audit Committee

In accordance with the provisions of the Corporate Bylaws, the Code of Good Governance of the Company, and Law 964 of 2005, the Company has an Audit Committee, conformed by four (4) members of the Board of Directors, two (2) of them being independent members. The Chairman of the committee is independent and elected among its members. This committee will have a Secretary, who may or may not be a member thereof. The Statutory Auditor attends the Committee meetings with right to speak, but not to vote.

The Board of Directors in its meeting No. 257 of April 20, 2017, approved the composition of the Audit Committee, as follows:

PRINCIPAL	ALTERNATE
JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
ASTRID ÁLVAREZ HERNÁNDEZ	ERNESTO MORENO RESTREPO
JOSÉ ANTONIO FRANCO REYES	DANIEL RODRÍGUEZ RÍOS
ORLANDO CABRALES MARTÍNEZ*	VICENTE NOERO ARANGO

*The designation of this member took place during the Board of Directors session held January 2018.

The functions of the Audit Committee are described in Article 96 of the Corporate Bylaws, it being worth to highlight: (i) Supervise fulfillment of the internal audit program, which must take into account all business risks and conduct a thorough assessment of all Company areas. (ii) Make sure that the preparation, presentation and disclosure of financial information is in accordance with law provisions. (iii) Review the financial statements at the end of the period, prior to their submittal for consideration of the Board of Directors and the General Shareholders Meeting. (iv) Establish the policies and practices that the Company will implement for preparing, disclosing and disseminating its financial information. (v) Define the mechanisms that the Company will use to consolidate information of the control bodies that are submitted to the Board of Directors. (vi) Issue a written report with respect to operations performed with related parties, having verified that these are carried out in fair market conditions and do not breach equal treatment among the Shareholders. (vii) Other that are assigned by the Board of Directors.

In view of the foregoing and pursuant to its main function of supporting the Board of Directors in monitoring compliance with good governance provisions set forth in the Law, the Corporate Bylaws, the Good Governance Code, and the Internal Regulations of the Board of Directors, the Good Governance Committee presents to the General Shareholders' Meeting a report corresponding to the previous year, in which it reports the fulfillment of the functions described above.

Attendance to meetings by members of the Audit Committee

The Audit Committee held five sessions over the year 2017, four of them being ordinary and one extraordinary. The members of the committee participated in said sessions as follows:

SEAT	No. of sessions attended Principal member	No. of sessions attended Alternate member*
FIRST	5	-
SECOND	4	1
THIRD (Independent)	5	-
FOURTH (Independent)	4	1

*The alternate members in blank did not have to replace the principal director insofar as there were neither absolute nor temporary absences.

From the above, it is inferred that in all the meetings there was a quorum to hold a session and to decide validly

Good Governance and Evaluation Committee

Pursuant to that provided for in the Corporate Bylaws and the Good Governance Code, the Company has a Good Governance and Evaluation Committee, made up of three members of the Board of Directors. The Chairman of the Committee is elected among its members. This Committee will have a Secretary who can be a member thereof or not.
The Board of Directors, in its session No. 257 of April 20, 2017, approved the composition of the Good Governance and Evaluation Committee, which was conformed as follows:

PRINCIPAL	ALTERNATE
JOSÉ ANTONIO VARGAS LLERAS	LEONARDO LÓPEZ VERGARA
LUCIO RUBIO DÍAZ	JUAN MANUEL PARDO GÓMEZ
ASTRID ÁLVAREZ HERNÁNDEZ	ERNESTO MORENO RESTREPO

The functions of the Good Governance and Evaluation Committee are described in Article 98 of the Corporate Bylaws, it being worth to highlight: (i) Oversee that the shareholders, investors, other stakeholders and the market, at large, have full, truthful and timely access to the company's relevant information. (ii) Review and evaluate fulfillment of its duties by the Board of Directors over the period. The aspects to be included in the evaluation include the following: attendance of the members to the meetings; their active participation in the decisions and follow-up of key corporate issues. (iii) Monitor negotiations performed by the members of the Board of Directors with actions taken by the company or other companies of the same group. (iv) Supervise compliance with the remuneration policy for Board members. (v) Be aware of complaints expressed by investors, shareholders and other stakeholders with respect to compliance with this code and have them conveyed timely by the person in charge of the virtual office for service of shareholders and investors.

In view of the foregoing and pursuant to its main function of supporting the Board of Directors in monitoring compliance with good governance provisions set forth in the Law, the Corporate Bylaws, the Good Governance Code, and the Internal Regulations of the Board of Directors, the Audit Committee presents to the General Shareholders' Meeting a report corresponding to the previous year, in which it reports the fulfillment of the functions described above.

Attendance to meetings by members of the Good Governance and Evaluation Committee

The Good Governance and Evaluation Committee met twice during the year 2017, with one ordinary session, and one extraordinary. The Board members participated in said sessions, as indicated below:

SEAT	No. of sessions attended Principal Member	No. of sessions attended Alternate Member*
FIRST	2	-
SECOND	2	-
THIRD	2	-

*The alternate members shown in blank did not have to replace the principal members, inasmuch as there were neither absolute nor temporary absences.

Based on the foregoing, it is inferred that in all meetings there was quorum to meet and decide validly.


Panoramic view Bogotá, Colombia

Letter To The Shareholders

We are pleased to share with you the balance of Codensa's operations and results for the year 2017, as well as reviewing the main milestones reached in our transformation process to become a leading company in the Electric Energy Sector, based on two key organizational drivers: digitization and convergence, which will lead us towards a service business model under a Digital Platform, according to the current demands.

The journey in 2017 keeps reflecting our teamwork-based orientation, our passion for achieving good results, and a great commitment to provide our customers with a quality product, driven by a material investment effort.

In fact, in 2017 we have substantially increased our Capex investment to MM COP $ 786, including, as we shall see later, significant investment in network technology and process automation. This means that we have invested nearly 40% of our contribution margin, the highest level registered in our recent history.

Similarly, in 2017 we launched new operating models, with the unwavering spirit of being more agile, which are already translating in better performance for our clients and capturing greater and better operational efficiencies, being focused on simplifying and reinforcing the sustainability of our business, in the journey to digitization.

A year ago we said in our letter to shareholders that 2017 would be a key year to make Codensa a growing, more efficient and much more technological company. For us it is a great satisfaction to prove the significant progress achieved in this direction.

2027 Colombian macro-economic environment: results in accordance with moderate growth projections.

Colombia's economic activity in 2017 was characterized by a weak domestic demand, so that growth was around 1.8%, which implied a slight deceleration compared to 2.0% in 2016.

In 2017, measures were taken to strengthen revenues and mitigate expenses aimed at the adjustment of public finances. The Colombian Government tax revenues increased as a result of the tax reform approved in late 2016.

In this scenario, the Central Bank gradually reduced its interest rates to 4.75%, as the impact of inflation shocks registered in 2016 dissipated. Furthermore, this rate reduction became fundamental in a context where consumption was affected by the VAT increase to 19%, which was reflected in a year to date growth of the economy below the forecast for 2017.

However, despite the strong impact of the tax reform on consumption, government revenues were sufficient to achieve compliance with the fiscal rule, and therefore, in a context of controlled inflation and low interest rates, ran upturn of the GDP growth is expected during 2018. In the same token, the price of an oil barrel is standing above 65 dollars, which helps reactivate the exploration and production of inactive fields and, therefore, to a recovery in tax revenues on such account.

In terms of exchange, there were no major upsets in 2017. Exchange rate expectations remained around 3,000pesos (closing at 2,984 pesos/dollar) and no significant variations are expected in the exchange rate during 2018, unless there is an unexpected upturn in the oil price.

The Consumer Price Index (CPI) registered a variation of 4.09% in 2017, decreasing by 1.66 percentage points vs the inflation rate in 2016 (5.75%). In turn, the Producer Price Index (PPI) registered a variation of 1.86% in 2017, higher by 0.24 percentage points with respect to variation in 2016 (1.62%). This last indicator has a positive impact on 2017 revenues.

The domestic demand for electric energy registered an annual growth of 1.14% at the end of 2017, showing a better performance against contractions of -1.8% observed in 2016. This behavior is consistent with the moderate dynamism of the economic activity described above. However, it is worth to note that in the current year, in our area of influence (as network operator) the figures were lower as the demand for energy grew only 0.9% at the close of December 2017.

With respect to 2018, it is worth pointing out that the International Monetary Fund and various sectors have projected that the Colombian GDP will grow by 3%, driven by the reduction of rates, the increase in oil prices, and expectations of better performance of United States and the euro zone economies.

Regulatory Environment: towards a new tariff setting period.

In 2017, a new draft decree was issued on remuneration of the Distribution Activity for the period 2017-2021, pursuant to Resolution CREG 019 of 2017.

Although at the end of the year the final decree was not issued, as in the previous year, it must be highlighted that Codensa is ready to face this new challenge with investment plans in accordance with the requirements of the Regulator and our customers, thus securing the business growth and its competitiveness in the medium and long term.

We secured management of the growth of demand through the construction of projects that contribute to the development of the City - Region.

We are proud to underline that in October 2017, the Nueva Esperanza Substation (500/ 115kV) was started up, as well as the associated lines that will allow the transfer of energy from the National Transmission System (STN) to the Codensa Regional System and that contribute substantially to improve reliability and stability levels of the energy system in the center of the country, improving the quality of the service and expanding our capacity to meet the new demand.

In addition to the foregoing, we continued the construction of the North Substation Project (230/ 115kV) and the Gran Sabana Substation Project (115/34.5 /11.4kV), to meet the new demand from industry, commercial and residential customers, and to improve reliability in the northern zone of the Sabana de Bogotá.

We managed the energy network to achieve global standards relative to service quality and improved the resilience of the electrical system

In the framework of the 2016-2020 Quality Plan, during 2017, operations were developed in eight fronts aimed at improving Service Quality, which enabled us to work in a structured, decisive way that translated in reductions of 11.7% in average interruptions, and 15.5% in their duration. The work fronts were active in the following projects:

- Network Telecontrol Project
- Redesign and replacement of medium voltage networks
- Redesign and replacement of low voltage networks
- Normalization of substations and high voltage networks
- Modernization of essential services in AT/MT substations
- Forest Management
- Action plan to control and/or mitigate the impact of rainy and windy seasons
- Management of protections
- Modernization of communications substations

In addition to the foregoing, it should be emphasized that our plans to mitigate non-technical losses make us a country's benchmark. Thus, as part of our market discipline program, the loss index closed at 7.84% in 2017 registering a 7.84% increase as compared with 2016 because of the effects of the merger and the inclusion of the network characteristics of the Empresa de Energía de Cundinamarca S.A. ESP. The energy losses reported in 2016 amounted to 1,045 GWh compared to 1,178 GWh at the close of 2017.

Likewise, pursuant to the fundamental grounds that all our actions are based on the principle of health care and safety at work for our own workers and those of the contractors, in 2017 our main achievements were:

- Reduce road traffic events by 100%
- Reduce electrical accidents by 83%
- Mechanical accidents increased by 17%
- The overall reduction in the number of accidents for contractor personnel was 21%
- Over a total man-hours worked of around 25,000,000, we reached a frequency index of 0.54

Furthermore, we defined a strategic safety plan as a lever to continue ensuring the physical integrity of our employees and collaborators, developed on three main axes associated with organizational adjustments, engagement with contractors and culture, whereby six critical success factors were considered: methods and monitoring discipline, roles and responsibilities, dilemmas between safety and productivity, environmental, culture and contracting management, and contractor management.

It should be noted that we developed a comprehensive preventive program for the health of our workers, focused on the prevention of cardiovascular, muscle-skeletal, breast cancer, prostate cancer, skin cancer, and psychosocial risk.

Technological evolution and digitization: we continue leading the technological transformation of the business through the implementation of technology in our networks, processes and operations

In the framework of our efforts to work for the smart City - Region and in the midst of an increasingly complex and interconnected society, technological development will be key in sectors such as ours, in order to respond to the new needs of people by improving the management of networks, and enhancing agile and simple relationships with our customers.

In 2017, Codensa continued the implementation of the projects Smart City In Bogotá, in the area of Ciudad Salitre, and the project's Inter-institutional Engagement Plan was initiated to promote the use of new technologies at the urban planning level in the city of Bogotá.

Thus, we are glad to mention some of the most important advances in technology and digitization implemented in our network and processes that enable us to continue at the forefront of our industry:

- We assisted the District of Bogotá in the execution of city projects: we worked together on the project of the Bogota Metro first line.
- We reinforced our Telecontrol and Automation projects, by implementing technological
- innovation to operate the network in a more efficient manner, with direct benefits as to service quality. At the close of 2017, we have already installed around 4,350 telecontrol equipment units that contribute 139 minutes reduction in the Company's SAIDI.
- We continued the country's technological transformation process with smart measurements: during the year 2017, 1,996 smart meters were installed in Bogotá and some municipalities in Cundinamarca, now adding up to 42,000 installed meters with these characteristics.
- Use of drones in activities implying higher risk for personnel and longer execution time: this is aimed at guaranteeing that energy reaches all customers regardless of the topology of the country; six-propeller drones were used to transport the guide rope in 200 to 800 long stretches, as well as drones for taking inventory of Public Lighting.
- Public Lighting: we continued with the project for upgrading Public Lighting in Bogotá, which included the installation of 21,000 luminaries with LED technology over a total of 33,000 luminaries included for the entire project.
- In June 2017, the Mayor's Office, Transmilenio SA, CODENSA, BYD and Trans-Masivo SA commenced the operation in the trunk system of the first 100% electric articulated two-storey bus.
- Timely connection of our new clients to the distribution system has improved and is part of our service priorities: An achievement in 2017 was that 90%of the connectionscompleted over the year (approximately 115,000) were performed in 5 days or less as the date of request by the clients.
- We carried out the first installation of a joint measurement for the Cundinamarca project at 100%, implementing the device called Power Box , which combines the basic internal installations as a specific solution for homes built with lightweight materials (wood, adobe, and recycled) corresponding to users of limited resources in the most distant areas of Cundinamarca.
- We improved our predictive and classification models for the detection of energy losses: we focused this year 2017 on the standardization and improvement of the predictive power of statistical models, increasing the volume of inspections with the creation of unregistered consumption records; at the end of 2017, this allowed to generate a new rating for all Codensa customers, as well as 3,000 operations on customers with a high loss rating, reaching 24% productivity, obtaining improvement of 200% with respect to models from previous years.

Thus, we ratify our intention to continue evolving our business strategy to meet the needs of our customers, starting with the redesign of internal processes, incorporating new technologies and, in general, new ways of doing things.

This transformation towards digital is a great opportunity for Codensa to develop a differential competitive advantage with quality and efficiency.

Market management based on efficiency, digitization, innovation and commercial strategy to position products and value-added services

In 2017, 10,306 GWh were purchased for an amount of 1.65 billion pesos, with a coverage of 79%. For 2018 a growth rate 1.6% is expected for the OR energy demand, with which (according to market dynamics and conditions thereof) it is expected to increase the coverage for the years 2019 to 2021, and start creating a portfolio for the years 2022 and 2023.

At the end of December 2017, the collectability index reached a historical high of 101.85%, thanks to the management in the corporate customers and complementary businesses segments, generating an additional collection of $52,341 as compared with that invoiced throughout the year.

Continuing with our proposed digitization strategy, it is worth noting that the 6 entities in charge of 90% of the total collection have implemented theWeb Service, having achieved 15.45% use of electronic payments.

As regards PQR management, in 2017, 141,620 applications were received and 146,205 were processed, which represent 27.1% and 24.8% increases respectively, as compared to 2016.

For the business segment, in 2017 we developed commercial strategies that helped position the value-added services - PSVA's, through communication actions that started with the knowledge and analysis of current and potential market customers.

The focuses on which these strategies were leveraged were:

- Knowledge of the customer
- Segmentation
- Identification of channels
- Marketing actions, sales strategies and implementation of incentive plan
- Service strategies
- Communication strategies
- Training plans on products and services

We highlight that in 2017, the electric taxi pilot program completed its fifth year of operation. The fleet consisting of 40 vehicles accumulated about 10 million kilometers traveled (equivalent to 785 turns to the earth), a total consumption of 2.9 GWh, and an estimated reduction of 2500 tons of CO_2.

Likewise, we pursue with enthusiasm and assertiveness our innovation process, based on the needs of our customers to create new products and services to meet their needs. In this regard, we transform ideas into innovation projects, through an incubation process that validates their viability and attractiveness. Furthermore, we promote open innovation to increase the knowledge base and resources, we perform co-creation workshops with strategic partners, we look for startupsthat have strategic alignment with the company, and we work with universities, customers and suppliers.

This is how in 2017, we achieved the participation of 1,173 people in our culture of innovation, generating 141 ideas and 11 of them closed in the development stage.

Administrative and informatics management: active actors in the digital transformation for implementing projects that support the digital strategy and the evolution of the value of our services.

In 2017, we made significant progress in the implementation of transforming processes through systems and telecommunications projects based on three fundamental pillars: our customers, our assets and our people.

We highlight the progress of the Business Intelligence and Analytical projects as well as the Project Sales Force to develop and incorporate new capabilities that represent a differential competitive advantage in our relationship with the client.

Similarly, we seek efficient management of the assets installed in our networks through the use of digital technology for "connection" and remote management, thus automating business processes and improving the operational performance of the assets.

Regarding the automation of our internal processes, through digital transformation we have been able to include automatic workflow projects, to improve quality, transparency and control with a consequent increase in the productivity of our employees.

The administrative management of Codensa included in 2017 the selection and acquisition of an electronic security integration system intended to centralize security operations in the new Security Command Center, which will allow for monitoring, management and control of the Access Control, Intrusion (Alarms) and Video Surveillance sub-systems in our facilities.

Furthermore, we finalized the design of the Operative Headquarters and Customer Service Center of Chia, which aims to consolidate the central point for the operation in Cundinamarca.

Financial results: growth and strength.

It is a pleasure for us to share the excellent economic results achieved in this year 2017.

Our operating income reached $ 4.6 billion represented by $ 3.7 billion from the sale of energy services and $ 0.8 billion from the sale of other associated services: operating revenues grew 9% as compared to the same period of the previous year.

Cost of sales amounted to $ 2.6 billion, showing an increase over the previous year of 7%.

Thus, accumulated as of December 2017, CODENSA generated an EBITDA of $ 1.5 billion, 11% higher than that generated during 2016.

The Company's net profit during the year 2017 was COP 0.6 trillion, 15% higher than the previous year.

With these results, CODENSA in 2017 obtained a return of 10% on total assets and 23% on total equity.

As already mentioned, in the year 2017 investments were carried out for $ 0.79 billion, and the financial debt as of December 31, 2017 is $ 1.8 billion represented mostly in bonds issued in the domestic market.

In order to comply with article 47 of Law 222 of 1995, relative to transactions performed with the shareholders and administrators, it is reported that these complied with all applicable legal provisions and are duly reflected in the financial statements.

Similarly, Codensa complies with intellectual property and copyright regulations and declares that all software available for the management of the Company has the pertinent licenses, thus complying with all intellectual property and current copyright regulations in Colombia.

To also comply with article 87 of of Law 1676 of 2013, it is reported that the Company has not hindered the free circulation of invoices issued by vendors or suppliers.

Additionally, we state that after the closing of the year there were no relevant events in the Company worth to be mentioned and that, in accordance with the provisions of law 142 and 143 of 1994, the company has an internal control system and an external auditor for management and results; additionally, during the period covered by the report, the company, as security issuer, has controlled and disclosed the financial information in accordance with the applicable regulations.

In accordance with CODENSA's Corporate Bylaws, the following reports are presented to the Shareholders:

- General Manager management report corresponding to the period January 1 to December 31, 2017, approved by the Board of Directors.
- Certified and audited end-of-year financial statements.
- Report of Article 446 of the Commercial Code.
- Special Report of the Business Group in accordance with Article 29 of Law 222 of 1995.
- Corporate Governance Reports

Finally, we thank our Shareholders for their show of confidence in maintaining their investment in the Company, which is an incentive for us to generate value and good results, further contributing to the country's development.

DAVID FELIPE ACOSTA CORREA
General Manager

JOSÉ ANTONIO VARGAS LLERAS
Chairman of the Board of Directors

02

Our value chain

Market Management E-Solutions

Highlighted in this chapter are the most relevant aspects of the operation in 2017:

Energy purchases

In 2017, 10.306 GWh were purchased for COP $1,650 million:

Item	GWh	Mill COP$
Regulated Market	**10.065,77**	**1.610.671,91**
Contract purchases	**7.980,07**	**1.378.511,37**
EMGESA S.A. ESP	4.322,94	754.939,93
ISAGEN S.A. ESP	2.050,00	324.113,00
AES CHIVOR Y CÍA SCA ESP	803,00	149.282,59
CELSIA S.A. ESP	55,56	11.229,52
EMPRESA DE ENERGÍA DEL PACIFICO S.A. ESP	35,85	7.248,31
GENERARCO S.A.S. ESP	131,40	24.020,77
NITRO ENERGY COLOMBIA S.A.S. ESP	24,00	5.381,97
PROELECTRICA & CÍA S.C.A.P.	87,60	16.219,24
TERMOYOPAL GENERACIÓN 2 S.A.S. ESP	87,60	15.527,95
CENTRAL TERMOELECTRICA EL MORRO 2 S.A.S. ESP	87,60	15.527,95
TERMOTASAJERO S.A. ESP	56,06	12.128,59
EMPRESA URRÁ S.A. ESP	202,72	37.874,68
CODENSA S.A. ESP *	13,33	2.078,01
VATIA S.A. ESP	22,39	2.938,86
Spot purchases	2.086,00	232.177,08
Spot sales	0,29	16,54
Unregulated market (**)	**240,21**	**40.279,31**
Contract purchases	**267,44**	**43.173,36**
AES CHIVOR Y CIA SCA ESP	38,43	7.536,50
EMGESA S.A. ESP	229,01	35.636,85
Contract sales	**13,33**	**2.078,01**
CODENSA S.A. ESP *	13,33	2.078,01
Spot purchases	**9,53**	**1.146,20**
Spot sales	**23,43**	**1.962,24**
Total electric energy sales	**37,1**	**4.056,78**
Total electric energy purchases	**10.343,03**	**1.655.008,01**
Net	**10.306,0**	**1.650.951,22**

*Part of the demand required by the regulated market is covered with own energy offered by Codensa
(**) For January and February two unregulated clients of Empresa de Energía de Cundinamarca (EEC), in Puerto Salgar and Tolima, were included in the total unregulated market, with a 1.44 GWh consumption for the two months.

Contracting management – Power purchases

The coverage in 2017 was 79%, period for which the average spot price was 111,34 $/kWh. Year to date, the average Price of the contracts was 172.38 $/kWh, 55% below the average spot price, due to the hydrology conditions that included the low impact La Niña weather phenomenon.

In 2017, four energy purchase bidding processes were carried out for the years 2017 to 2021, destined for the regulated market of Codensa, which allowed for the allocation of 9,660 GWh amounting to $ 1.83 billion, corresponding to a total of fourteen long-term contracts executed.

A bidding process for the purchase of energy was carried out for the years 2019 - 2020, destined to the public lighting of the Capital District, which allowed to award 97.42 GWh for $ 20.5 billion and corresponding to the execution of a long-term contract.

Buying efficiently generates benefits for both customers and the Company. In this regard, the efficiency premium as of December 2017 represented for Codensa $ 1,151 million.

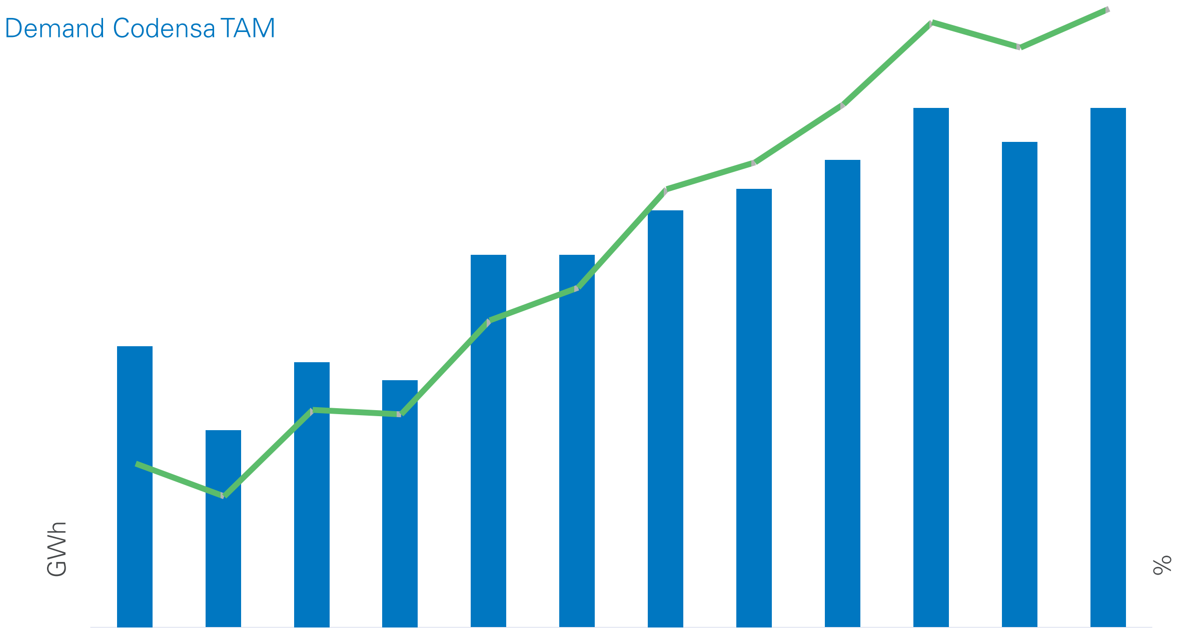
In 2017, transactions in the wholesale market for energy purchases in contracts, purchases and sales on the spot market, and charges associated with the purchase amounted to $ 2.20 billion.

XM reported the balance of the 2016 energy saving plan, an initiative that generated balances in favor of the customers: $ 20,001 million in January by Codensa and $ 4.5 million in February by Empresa de Energía de Cundinamarca (EEC). This recognition was registered as higher sales on the stock market, which are not associated with energy.

Evolution of demand

The OR (Network Operator) demand of Codensa in 2017 amounted to 14,690 GWh, 97 GWh more than in 2016, equivalent to a growth of 0.94%. The domestic demand reached 66,841 GWh in the year 2017, with an increase of 1.14% compared to the demand of 2016.

OR Demand Codensa TAM



	Ene-17	Feb-17	Mar-17	Abr-17	May-17	Jun-17	Jul-17	Ago-17	Sep-17	Oct-17	Nov-17	Dic-17
GWh/TAM COD	14.557	14.510	14.548	14.538	14.589	14.608	14.633	14.645	14.661	14.690	14.671	14.690
TAM % - COD	-2,11%	-2,33%	-1,75%	-1.78%	-1,15%	-0.93%	-0,27%	-0,09%	0,30%	0,85%	0,68%	0,94%

The previous graph shows the evolution of Codensa's OR TAM energy demand for 2017. Likewise, the red line shows the month-to-month growth rate. It is to be noted that since March there has been a change in the growth rate, and as of September, it is positive, closing the year with 0.94% growth.

According to market dynamics, it is expected that the current coverage will be increased for 2019 to 2021, and to start creating the portfolio for the years 2022 and 2023.

Billing

There was accumulated billing over the year of $6,5 billion, with a monthly average of invoiced accounts for $3.2 million. Included below are the values and number of accounts:

Billing in COP$

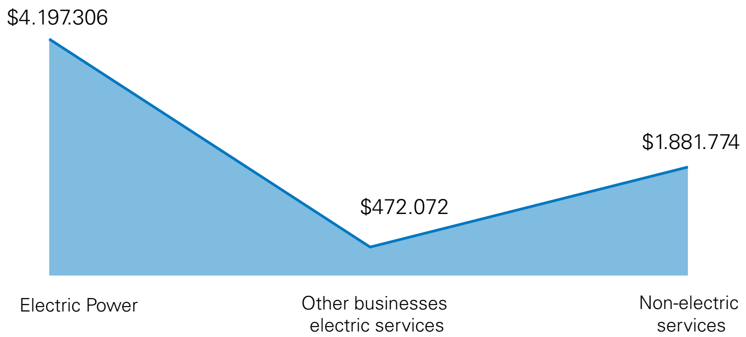
Item	2017 COP$
Electric Energy	**4.197.306**
Regulated Market	3.851.351
Energy Tolls	233.614
Public Lighting	110.944
Unregulated Market	$ 1.398
Other Electric Service Business	**472.072**
Billing of Non-Electric Service	**1.881.774**
Total Invoicing	**6.551.152**

Number of accounts invoiced

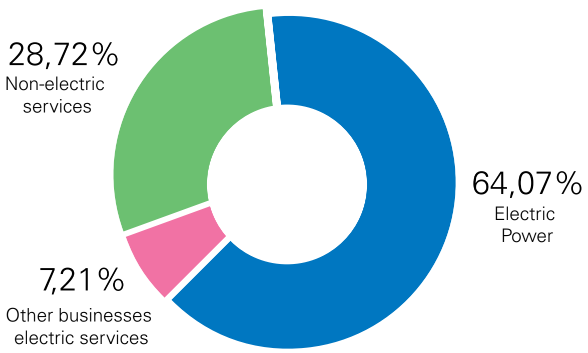
Item	Average month COP$
Bogotá	2.458.655
Business	19.230
Sabana	300.668
Cundinamarca (4000)	180.108
Cundinamarca (6000)	254.535
Total accounts invoiced	**3.213.196**

The following graphs show the billing composition according to the business:

Billing by business $COP



Billing by business %

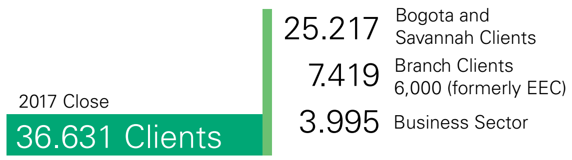


Virtual Invoice

The virtual invoice is a strategy that responds to the Company's digitization project, and the Customer Journey Digital project,which seeks to increase the efficiency and transparency in the relationship and the participation of customers.

During the year 2017, campaigns were carried out such as: publishing in social networks, inserts in the bill, advertising in mass media, exclusive advisers in Service Centers, mailing, among others.

At the end of December 2017, the following customers were registered in the virtual billing service:



Electric mobility billing

As of March, they issued the first invoices through the Company's commercial system, corresponding to the customers of the Electric Mobility project. This exercise was carried out for the consumption registered in the different electric stations installed in the city of Bogotá.

Unified Tariff Schedule

As a result of the merger of Codensa and the Empresa de Energía de Cundinamarca (EEC), the application of the unified tariff schedule for all customers in the municipalities of the department of Cundinamarca and Bogotá began in February. Customers previously served by the EEC received a discount of up to 16%.

Compensation of service quality - former clients of the Empresa de Energía de Cundinamarca (EEC)

Due to the merger of markets between Codensa and EEC, in accordance with Resolution CREG 199 of 2016 and considering the provisions of the current legislation regarding the recognition of securities to customers for interruptions in the quality of service, a modification was incorporated in the methodology for estimating the values through which recognition is made, by going from affecting or modifying the tariff (unit cost) directly, to granting the benefit through a charge on the invoice issued. This process began in April 2017, with interruptions recorded in the system during the last quarter of 2016.

Unification of commercial systems for billing SDL and STR (unification of Codensa markets - EEC)

In February 2017, charges were invoiced for the use of the Local Distribution System (SDL) and the Regional Transmission System (STR) for the unified market of Codensa and the EEC, given the publication and firm entry of the CREG resolution 199 of 2016, thus unifying the markets. 212 business frontiers were created from the EEC market in the commercial information system for SDL billing and, in addition, the STR invoicing was consolidated. Thus, as of February, the agents received a single invoice for SDL and another for STR items.

End of Unregulated Customer Contracts

The change of agent of the unregulated customers coming from the EEC was gradually completed, thus making the last billing in April, closing the SNR system with which they were invoiced.

Stratification

Work was carried out to update the socioeconomic stratum in the Company's commercial system, according to decrees issued by the Planning Secretariats of the municipality of San Francisco (Decree 031 of 2017) and of the City of Bogotá (Decree 394 of 2017). Likewise, the company participated in 180 sessions of Permanent Stratification Committees in a total of 45 municipalities throughout the department.

In strict compliance with Decree 007 of 2010, the financial resources contribution worth $ 285 million was made in nine (9) municipalities of Cundinamarca: Flandes, Chía, Gama, Gutiérrez, Guayabetal, Soacha, Ricaurte, Fusagasugá and Bogotá DC, which complied with the requirements stipulated in the current stratification regulations, in order to access this disbursement.

Special requests management

Customer georeferencing data bases were prepared, the first of which was requested by the Ombudsman Office in relation with the collective action of the Doña Juana Landfill, and the second Requested by the Delegate for Habitat and Public Utilities of the Bogota Ombudsman Office, in order to verify the coverage of the electricity service in sectors that used to be subnormal neighborhoods.Similarly, in a work round table with the Head of Information Systems in the municipality of Chia, work was com

Updating of addresses

The nomenclature was updated in five (5) municipalities of Cundinamarca: Soacha, San Bernardo, Albán, Vianí and Vergara, where there was a high percentage of addresses taht were outdated. Visits and validations were performed on a total of 181,771 properties, having updated 39,490 properties in the company's commercial system.

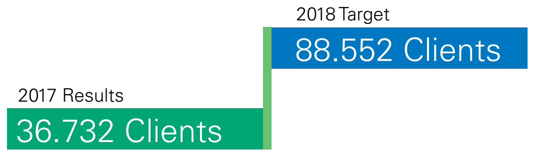
Safety

The Sano y Salvo (S&S) team, which is intended to implement occupational health practices among collaborators and company stakeholders, supported the idea of carrying out safety meetings and monthly safety briefings. It also supported the programs called One Safety andSafety Walks, promoting and monitoring personnel training, as well as accompaniment to the various members of the areas. Finally, it structured and carried out the launching of theBe Safer program, which aims to raise awareness and interaction among own employees and those of collaborator companies.

Not-connected zones project

The Company projects that intend to leverage the development of new energy ventures with alternative energy, providing access to electricity services to remote communities and within the framework of current applicable regulations, developed pilots for photovoltaic, isolated solutions in Puerto Salgar and Paratebueno, Cundinamarca. Within this context, the definition of the commercial model was led to supportthe development of associated operations: commercial novelties, billing, collection portfolio and customer service.

Clients registered with the virtual invoice



Challenges

- Continue creating digital culture among customers.
- Improve the design of the electricity bill and implement new distribution routes. Develop an immediate invoicing model, which supports added value and services.
- Update zone planning in Cundinamarca.
- Consolidate billing of the public lighting tax, through Collection Mandates (Encargos de Cobranza - ECOS), basedon the garbage collection and cleaning model.

Portfolio Management

In 2017 there was an increase in the portfolio due to defaults from Empresa de Energía de Cundinamarca, added to the fact that the market was affected by the country's economyand.

The following were determining factors related to portfolio management over the year:

Evolution of relevant macro-economic variables of the country: The industrial growth deceleration, the impairment of the trust of consumers and increased credit default in the financial sector, were decisive variables in the customers' payment behavior over the year. Residential, commercial and industry segments were materially affected, which resulted in increased non-payment.

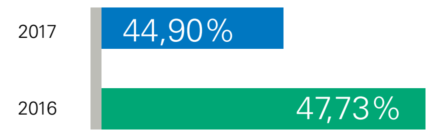
Growth of electricity service billing: After 2016, a year that was affected by the weather phenomenon of El Niño, which required the implementation of contingent measures that discouraged the consumption of energy, such as the "Turning off pays" campaign, billing grew. This led to the need of executing more preventive actions to remind customers of payment by the Company, in order to avoid material increases in defaults.

Operational Improvement: The effectiveness of the electricity service suspension strategy grew to levels close to 77%. Two new collection contracts were started. The reminding actions were tripled with the aim of creating better payment habits. For supplementary businesses, a new collection strategy was implemented through the remittance of collection letters with the Datacrédito logo, as well as operational improvements such as segmentation of the portfolio and optimization of the collection cycle, through preventive collection.

Electricity Service Default Rate

The delinquency rate of electric service closed at 44.90%, with a reduction in the past due portfolio of $ 4,888 million, versus billing, which increased by 4%. This result stems in particular from the payments made by the District Public Lighting System, which reduced its debt.

Electricity Service Default Rate

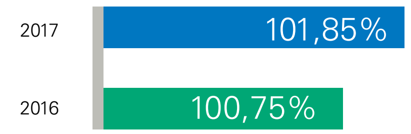


* The result of 2016 was updated as per a new measurement methodology. As of 2016, the data includes the District's Public Lighting information.

Collectability Rates

At the end of 2017, the collectability rate reached a historical maximum of 101.85%. The increase in the performance of the indicator was achieved by encouraging significant payments in the segment of corporate clients and supplementary, which generated an additional collection of $ 52,341 million as compared to that invoiced throughout the year.

Collectability Rate



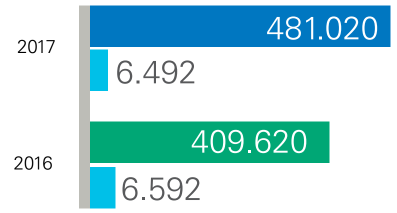
*The result of 2016 was updated as per a new measurement methodology. As of 2016, the data is calculated as per the N/N-1 methodology.

Overdue portfolio of supplementary businesses

The indicator of overdue portfolio of supplementary businesses closed 2017 with $6,92 million, achieving a portfolio reduction of $100 million, equivalent to 2% with respect to that of 20million, higher by $71,400 million with respect to 2016, that is, an increase of 17.4%.

When calculating the percentage of overdue portfolio, with respect to annual billing of supplementary businesses, the result was 1.35% for 2017 vis-a-vis 1.60% in 2016. The positive evolution of this result stemmed from the reduction of portfolio in arrears in these businesses following the implementation of new strategies and improvement in the collection cycle.

Overdue portfolio of supplementary businesses



*The Result of 2016 was updated as per the new measurement methodology. As of 2016, the data is calculated as of 1 day in arrears.

Extraordinary plan of payment agreements

The plan was designed to motivate the recovery of difficult-to-collect portfolio; in addition to generating differential payment alternatives, providing a better service, contributing to the normalization of the portfolio, and contributing to the improvement of the default, collectability and impairment of the portfolio indicators.

This plan contributed to improve the cash flow of the Company, for the segment of account with due debts in the electricity business.

As of the plan final date,
7.731 accounts
were normalized

Normalized portfolio **$11,651 million**
Liquid income **$5,009 million***
Agreements Balance **$5,919 million**

Plan for strengthening of the suspension strategy

The Plan for strengthening the suspension strategy achieved the effectiveness of the process by 10% in 2017, achieving effectiveness of 78,4%. Over the year, the portfolio recovered $51,677 million through this strategy.

Strengthening of payment reminders

In order to contribute to the reduction of debt days, different campaigns were undertaken for notification of invoice issued, reminder of due date one day before timely payment and reminder two and three days prior to the date of suspension. Account notifications amounted to 3,871,000, 94% more than in 2016. Likewise, the number of channels increased from 80 to 300, in order to manage all of the assigned accounts.

Consolidation of supplementary business collection model

Improvements were introduced in the collection model, which resulted on better handling of closing overdue portfolio in the past six years: $6,492 million of overdue portfolio on a total annual invoicing of $481,020 million.

Challenges

> Uphold and improve good results in portfolio for supplementary businesses according to Codensa's sales forecast for 2018, which expects an additional increase of $51,000 millionvs. the invoicing of 2017 ($481,020 million).

Systems Operation

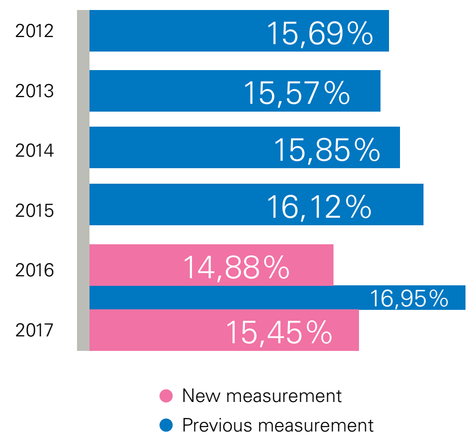
Management of collection channels

Its purpose is to make sure that the customers have greater availability of channels for Payment of energy, product and service invoices. The following results were achieved in 2017:

> **Live Payment means:** With 18% of total collections, the CADE Network was consolidated as one of the most common Payment channels used by our customers. This Network is conformed by SuperCADE, CADE and RapiCA¬DE. In December 2017, SuperCADE Engativá was inaugurated, thus expanding the Network and securing the continuity of the scheme.

The coverage of the Network was expanded through Correspondent offices of Banks.

> **Payment virtual channels:** The indicator was changed to include the entire documents and accounts of Empresa de Energía de Cundinamarca. The result showed significant progress thanks to the campaigns to incentivize trust in the use of the media, the validation of availability of invoicing files in bank platforms and the possibility of paying with credit card, among other actions.



Assurance of the Collection Process

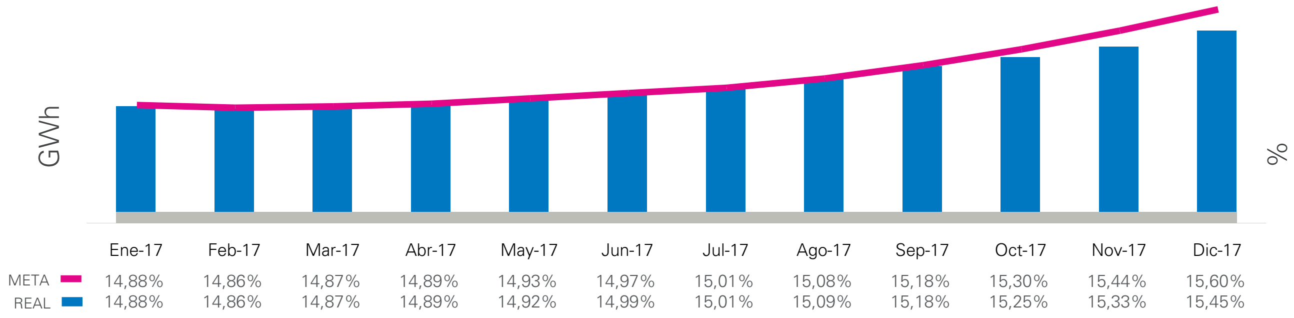
The integration of the Empresa de Energía de Cundinamarca and the new internal structures generated changes in the collection process. Therefore, special controls, new computer technologies, and process optimization were implemented, which reduced the claim rates, bank clarifications and service times due to claims for unprocessed payments.

Web Service

In order to obtain online information about payments made by the clients, of the fifteen financial entities that carry out the collection, six of them that cover 90% of the total, have implemented the Web Service. There are already four branches with stability in the report, which represents 32% of the total collection of Codensa.

Payment by electronic means

The use of Payment by electronic means increased above the target, as follows:



	ene 17	feb 17	mar 17	abr 17	may 17	jun 17	jul 17	ago 17	sep 17	oct 17	nov 17	dic 17
Target	14,88%	14,86%	14,87%	14,89%	14,93%	14,97%	15,01%	15,08%	15,18%	15,30%	15,44%	15,60%
Actual	14,88%	14,86%	14,87%	14,89%	14,92%	14,99%	15,01%	15,09%	15,18%	15,25%	15,33%	15,45%

Average Month Transactions: 473.124
Growth in 2017 vs. 2016: 7,5%
2017 Total Transactions: 5.677.486
Approximate savings in electronic media: $2.224.492.869


Lighting works, Sesquilé, Cundinamarca

Challenges

Increase in a significant manner the number of payments via electronic media. In a three-year horizon, the expectation is to exceed the current Results by 3.39%.

Non face-to-face service

Contact Center

This channel received a total of 2,300,691 calls, which accounts for 17% growth vis-a-vis 2016, represented by 326,685 more calls, mostly due to the rainy season over the year.

However, the service level had a 2% positive impact with respect to 2016, closing at 82.02%, as well as1.5% in service level, closing at, 92.08%. This impact was derived mainly from the action plans implemented to mitigate the rainy season, the incorporation of more advisers in the operation, the adherence and absenteeism control, and the well-being plans that seek balance of work and personal life, and the career plan that translated in over 35% of work related growth in the operation at all levels.

In 2017, new services were implemented such as service through the Smart window, virtual office, community cell phones and scheduling of Appointments at Service Centers, channels developed to provide greater coverage and opportunities for customers in Cundinamarca and Bogotá. Further, the sale of Outbound insurance began, and the Services to Sales was structured and implemented.

Virtual media

In 2017, the non-face-to-face digital sales channel concentrated its efforts on strengthening customer trustin the brand. Hence, integrality campaigns were developed in-house at the Contact Center for management of potential requirements, claims, grievances and congratulations.

To strengthen digital sales, the Clic to Call and sales chat were implemented, thus achieving enhanced services to meet the needs of customers related to the products and services offered by the Codensa brand.

The following shows the main results of 2017:

- 4,559,558 visits in the residential and business portals, which is 13.42% more than that of 2016.

Chat at the virtual office, Fusagasugá, Cundinamarca

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Service Center, La Vega, Cundinamarca

- 14,100,922 transactions carried out through the portals, 115.16% more than in 2016.
- 357,888 followers on the Facebook page and 27,518 on Twitter. Through these social networks, 48,484 interactions with customers were managed.
- One of the channels with the highest increase in 2017 was the chat, which registered an increase of 133.93% as compared to 2016. In 2017, 37,379 conversations were attended.

Activities were carried out to improve the customer experience in virtual service channels, for example, the creation of new animated gifts on social networks that explain energy efficiency issues, payment points, among others.

The information of the smart meters was incorporated in the Codensa mobile application. Thus, customers can know their current reading and change their consumption habits.

Also, brand activations were carried out in media such as, bus stops, radio, press to inform customers about the existence of virtual service channels, namely social networks, website, and mobile applications, through which their requirements and concerns are addressed in a timely and efficient manner.

Challenges

- Offer customers new services in non-face-to-face channels, which allow them greater accessibility from any geographical point.
- Create new satisfaction surveys aligned to the PQS (Perceived Quality System).
- >Offer the video call channel on the Codensa website, to meet the requirements of customers in Bogotá and Cundinamarca.

Face to face service in Bogotá

In the 24 service points Bogotá, 2,461,544 transactions were carried out, which represented a 5% increase vis-a-vis the previous year. The main cause of this increase was the inclusion of Service to Sales with the sale of lighting and insurance products.

The cumulative level of service in 2017 was 76.63%, an indicator that presented an improvement of 4% compared to 2016. Likewise, the waiting time in the room closed with an average of 12 minutes, and the service time in global average module closed at 05:55 minutes, fulfilling the expectation for this year and the goals set.

On the other hand, 79,526 effective micro insurance sales were completed (mainly personal accidents, funeral provision and life insurance) through door-to-door services, sale in waiting rooms and Service to Sales. Likewise, 24,063 sales of lighting units (LED bulbs and lamps) and more than 1,500 new connections were made.

In 2017, initiatives were developed to achieve greater customer outreach and optimization of new service and sales opportunities such as:

Intelligent Window, Soacha, Cundinamarca

Service to Sales

Based on active listening and identification of customer needs, the existing service force carried out the placement of products associated with PSVA's (lighting, new connections, micro insurance).

Smart window

A solution was implemented in the Soacha service center, which enables customer access to self-services (Payment coupons), navigation in the web page, and consulting with a virtual adviser. This service is available even on weekends and form Monday to Friday until 8 p.m.

In 2017, approximately 17,200 transactions were processed.

Scheduling of appointments

By means of this new service, it was possible to make 161,894 appointments for customers in advance, achieving an average waiting time of three minutes for assistance at the service point.

Office remodeling

The Kennedy office was remodeled, the general area was increased from 150 m2to 575 m2, a 40% increase of the installed capacity, for both services and sales. Also, the collection area related to these services that today has nine cashier windows for payment. This office is very important because of its geographical location and the volume of services provided, which add up to 14,000 on average/month.

Additionally, the Smart Window was made available to customers. It also has a sales and experience center, where it is possible to obtain the added value products that are offered in this channel (lighting and insurance).

Finally, the remodeling of the Restrepo office was undertaken, which will have an experience center with lighting products, insurance and solar panels, and a third smart window.

Challenges

Consolidate the Service to Sales with the incorporation of the sale in waiting rooms under the scope of this service.

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- Strengthen the service models that improve
- Calculate and bill customer service costs per minute.
- Migrate from attention to digital channels.
- Contribute to digitization with customer registration in the virtual invoicing service and implementation of smart kiosks.

Cundinamarca Face-to-face service

In 2017, 534,435 assistances were provided through the Cundinamarca face-to-face service centers, representing a monthly average of 44,536, with an average increase of 6.52%, which was generated by the increase in number of consultations at the service points. This was part of process stabilization after the merger with the Empresa de Energía de Cundinamarca.

Likewise, the indicators were met according to the stated goals, thus closing the monthly average:

- Level of service assistance in module: 75.7% (Target 72%)
- Level of service in the room: 70% (Target 70%)
- Waiting time in room: 0:10:32 minutes (Target 0:13:00)
- Service time in module: 06:10 minutes (Target 06:30)

Extended service hours

Service hours were extended in the service centers of Cundinamarca, which allowed for availability of the channel 306 hours per month to provide face-to-face and virtual assistance. This was supported by a service management team from the service centers with low traffic to those with high traffic.

Migration of Integral Mobile Assistance (IMA) to Virtual Office

As of October, the migration of the IMA service from 23 municipalities to the Virtual Office was carried out; during this process, accompaniments were made to the service, which was socialized with the communities and opinion leaders.

Remodeling of service centers

During the year, the remodeling of the service centers of Gachetá, Puerto Salgar, Ubaté and Chocontá was scheduled.

Construction of the Cundinamarca service model (Service standards)

We worked on the construction of the service and sales model for offices in Cundinamarca, given that scattered customers have specific characteristics.


Service Center, Fusagasugá, Cundinamarca

Integrated Care Network - RIA

Virtual Office: Through the Alliances with Internet Cafes at the municipalities, the Virtual Office channel has managed to connect 46 municipalities in Meta and Cundinamarca, completing 26,690 video calls in 2017.

The indicators were fulfilled according to the stated goals, closing with a monthly average:

> Service level: 94,76% (Target 90%).
> Service level: 87% (Target 87%).

This project was recognized by the Portafolio magazine as an innovative and free solution that has benefited hundreds of families in Cundinamarca. In addition, it obtained the quality certification and it is one of the most advanced within the Company in terms of digitization.

Community phones

In 2017, a total of 2,323 calls were received. In addition, in order to encourage the use of the channel, workshops and the delivery of home appliances were carried out, and progress was made in the decommissioning and relocation of some points.

Sales Cundinamarca

For the face-to-face sales channel in Cundinamarca, the year 2017 was one of diagnosis, "sales pilots" and building of the sales strategy.

Sales began in the municipalities with the new contract model and local work force. Likewise, with the adjustments made to the commercial computer platforms derived from the Merger with the EEC, the sales operations commenced.

16,130 effective micro-insurance sales related to the three products currently offered (personal accidents, funeral expenses, and life insurance) took place, which represented 120% fulfillment of the target set for the year.

Regarding SOAT insurance, it closed with 3,681 sales, meeting the target of 3,340.

Retos

> Portfolio of products and services to be offered in Cundinamarca adjusted to the shared value model.

Community cell phones, Cundinamarca

> Media plan, advertising and marketing adjusted to the profile of the Cundinamarca customer.
> Growth of Points of Service of the RIA program.
> Materialization of the new contract for services in face-to-face offices in Cundinamarca, which registered customer service digital transformation projects, such as Sales Force, opening of Virtual Office points, implementation of Kiosks in the municipalities, promotion of virtual registration, among others.
> Growth in sales by Service to Sales, both in the Field Offices and the Virtual Office, which translated in development and positioning of the channel.

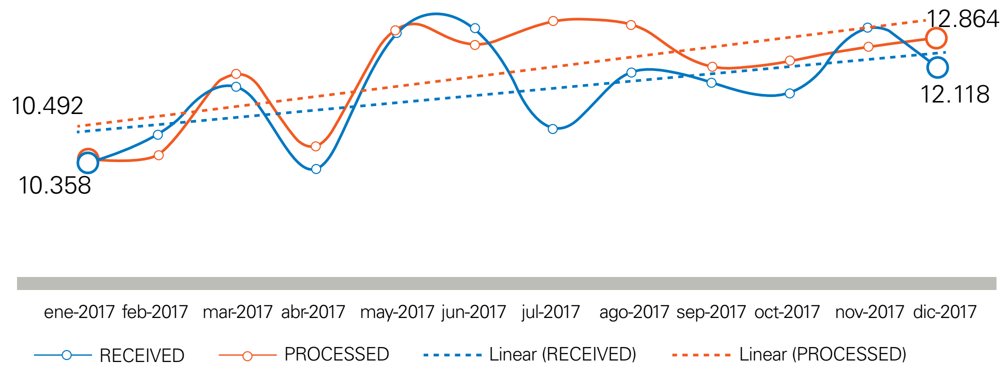
Written management and re-billing

In 2017, 141,620 applications were received, and 146,205 were processed, which represents an increase of 27.1% and 24.8% respectively, compared to 2016. One the relevant facts for this increase was the integration with the Empresa de Energía de Cundinamarca and the implementation of Decree 1166, with which the clients who filed a verbal response were able to receive a written response, in turn having the chance of filing appeals pursuant to government channels.

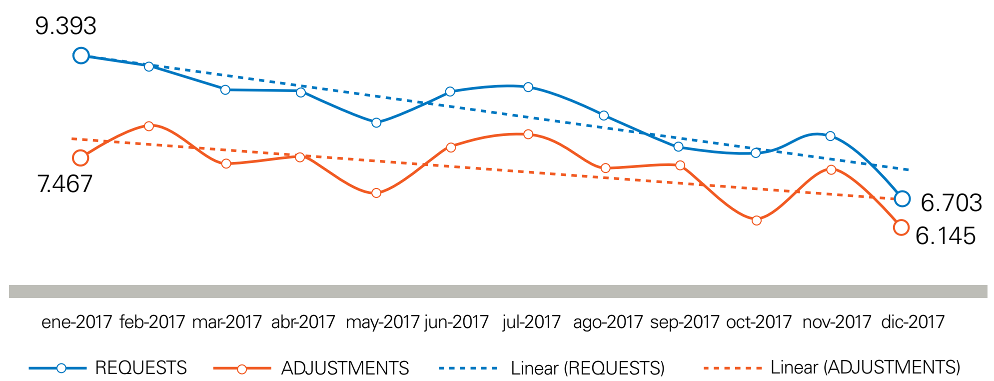
In the case of re-invoicing, 99,961 requests were received and 87,712 invoice adjustments were processed, which is equivalent to increases of 25.73% and 23.12%, respectively, as compared to 2016.

As regards civil liability figures, 3,677 cases were processed, and $182 million were paid as compensation, plus $ 222 million for repairs.

Case Evolution



Re-billing evolution



Bidding process for service channels: Through this process, the Company will select the firm to provide customer service and Service to Sales; therefore, in 2017 the steps prior to the creation of the basket were covered, which had an approximate value of 30 million euros.

PQR at 120: The implementation of this project led to standardizing the service process in all the channels of Cundinamarca. A 360° educational campaign was carried out, which included customers, advisers from all channels and collaborating companies; responses to customers were standardized according to their request; operation costs were optimized; response times to customers were shortened, and inquiry strategies were implemented in the initial contact channels in order to advise the clients and ensure that their needs are understood and the solution is optimized upon the initial contact. Among other tools, videos were developed that facilitate the understanding of the conditions of the networks in the field.

Challenges

- Continue developing the strategy of digitization and automation of the channel.
- Develop a compensation model with the client.
- Select the new strategic partner that will accompany the process during the next three years, achieving an implementation and materialization of timing and quality standards required by the customers.

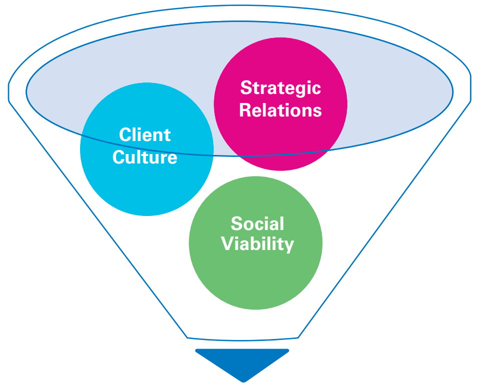
Management and service communities

This strategy manages in a timely, transparent manner, the social impacts, the risks, and the approaches with the communities and their representatives, associated with business decisions and actions, and facilitates the creation of relationships of trust.

It has three fundamental purposes:

1. Generate favorable social environments for performance of Company operations.
2. Build positive experiences and generate bonds of trust and closeness with stakeholders.
3. Promote a culture of intelligent and productive use of products and services among customers.

Social viability methodology

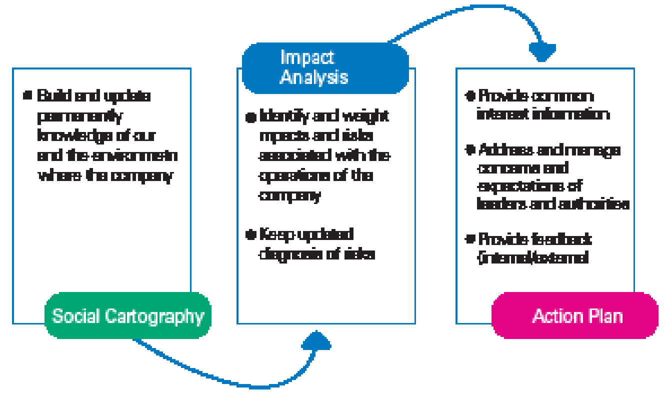


Strategic Engagement

The objective was to build, maintain and improve relationships of trust and affection, sustainable over time, promoting and guaranteeing scenarios of dialogue and debate with the stakeholders on issues of common interest.

This plan was consolidated based on the implementation of transparent, timely and reliable information and communication mechanisms with citizen participation.

Strategic engagement methodology

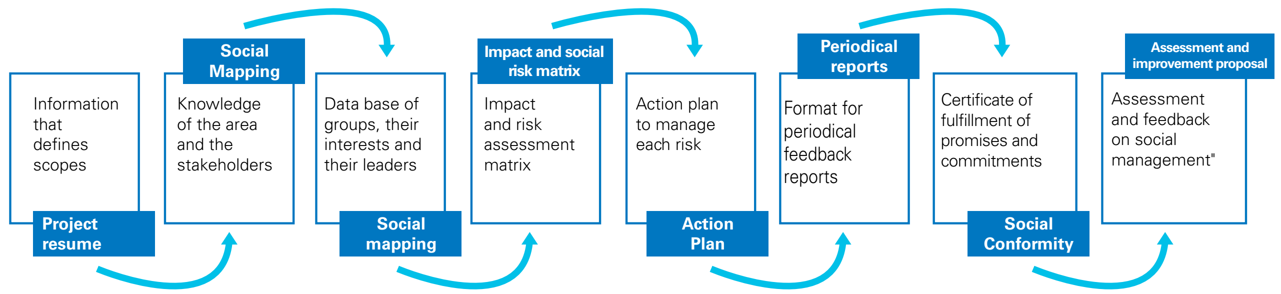


During 2017, 2,582 contacts were made (meetings, interviews, tours) with authorities and stakeholders in all the localities of Bogotá and different municipalities of Cundinamarca, Boyacá and Tolima.

Social viability

This strategy seeks to build legitimate, reliable, productive social environments around the development of the Company's projects and operations that guarantee social development through socialization, communication and information actions.

Metodología de viabilidad social



During 2017, 44 projects were viable, which are currently ongoing. It is worth noting that most of the declared projects did not manage social compliance, as they are all in the development stage.

The projects made viable were:

- New Esperanza Substation Construction
- North Substation Construction
- Compartir Substation Construction
- Smart Measurement
- Gran Sabana Substation Construction
- Terminal Substation Construction T
- Cundinamarca at 100%
- Undergrounding of networks according to the Rafael Uribe Territorial Planning
  - Rafael Uribe
  - Teusaquillo
  - Antonio Nariño
  - Suba
  - Usaquén
- Loss control, neighborhoods by adhesion
  - Kennedy
  - Bosa
  - Guasca, Portales de Valenta
  - Fontibón, Buenos Aires
- Modernization of Public Lighting in Bogotá
- Legalization of Direct Services in Cundinamarca
- Project Management New Demand
- Contingency Management
- Quality Plan:
  - Pacho
  - Hato Chico
  - El Placer
  - Viotá
  - Cubia
  - Paime
  - Anatoli
  - Saint Gabriel
  - La Vega
  - Albán
  - Cerinza
- Perimeter of the East
- Modernization of the municipality of Chocontá, Paratebueno: Minigrid
- Puerto Salgar, isolated solutions
- Garbage collection and cleaning billing
- Lego, change of meters
- Remodeling La Vega networks
- Guavio
- Puerto Salgar Small Power Plant
- San Mateo substation maintenance
- Chapinero networks Unergrounding
- Ubalá Connection

Customer Culture

The objective was to build strategic alliances with the communities, which favor corporate actions, through the strengthening of citizen skills and competencies in business knowledge and other topics of common interest.

Activities underway:

- 469 days of By Your Side (A tu Lado) in your neighborhood and By your Side in your condo, where 48,817 consultations/requirements were managed.
- 2,437 consultations/requirements/claims were attended, through the days of Mobile Customer Advisory Center, in different municipalities of the expanded Sabana.
- There were 85 talks on the productive, conscious and efficient use of energy and home appliances, with the participation of 2,613 customers.
- 775 talks given at 208 schools in Bogotá, where 42,981 children were trained and certified as Energy Watches (Vigías de la Energía).
- 16 breakfasts with energy, with the participation of 287 attendees including legal representatives, local authorities, representatives, control representatives, and horizontal property administrators.
- Within the Energy Watches (Vigías de la Energía) project, the innovation and creativity strategy was developed - Play Energy, which sought to recognize the commitment and care for the environment. With the participation of 14 schools, a science fair was held, where the three projects that met the criteria for qualification were selected.

Customer Experience

Codensa seeks to promote the customer experience as a competitive advantage and differentiating value in the residential and small business segments, and to such end, it established three work focuses: customer knowledge and loyalty, experience assurance, and selection and channel training. The achievements on each front were:

Customer knowledge and loyalty

- Design of the relationship and loyalty strategy for the B2C segment, with the participation of energy and PSVA's customers (Value Adding Products and Services), whose objective is to generate long-term, close, and profitable relationships between the Company and the customers of the segment.

Play Energy project presentation

- Implementation of initiatives such as the centralization of the retention channel and benefit campaigns of the purchased products, aimed at reducing the desertion of customers of the insurance product and extending permanence times.
- >Development of segmentation models to improve the effectiveness of telephone sales and profiling processes of the SMEs clients.

Assurance of experience

- Implementation and control of the improvement plan for the indemnity process of the Personal Accident insurance, raising the satisfaction and recommendation rates (NPS) from 50% and -21% in 2015 to 69% and 14% in 2017, respectively.
- Design and implementation of a service model to optimize PSVA's after-sales processes.
- Diagnosis of Customer Journey for two intensive processes related to customers (commercial energy cycle and insurance). Based on the results, a route to improve customer experience was commenced, which includes the unification of the invoice in the channels, the alternative of avoiding power cuts for customers with an intelligent meter (carrying out a load limitation instead), notices of service reconnection times, and the option of generating payment vouchers through the telephone channel (in process of approval).

Selection and training on channels

- The diagnosis of the current selection process of the contractor companies was made and the standard of good selection practices was defined and shared, in order to focus the process on an ideal profile for each of the business needs.
- A model was built - Energy Business School (EBS), which aims to standardize and specialize training in contractor companies to enhance customer orientation and commercial skills in the sales and customer service channels. The model included the definition and standardization of learning routes for all the channels, the design of the subjects, the classification by themes and the definition of the training material repository, the virtualization of twelve subjects, and the pilot test of the new training model for the contractor of the face-to-face sales channel.

Challenges

- Start-up of the engagement and loyalty program.
- Implementation of a project - Digital Customer Experience, intended initially to prioritize and maximize the different digitization initiatives for the residential segment.
- Completion of the virtual classroom implementation with the virtualization of all the defined subjects.
- >Definition of the operating model of channel training, to standardize and secure a better training for a better service.

Development of non-electrical products - PSVA's

Codensa Easy Credit

It is a credit product designed to benefit the customers of the public energy service of Codensa, for the acquisition of products and services marketed by various business partners. It reached 850,840 active cards as of December 2017. The remuneration scheme of the business was changed, eliminating the 2.6% ceiling on the portfolio per day. Furthermore, the enrollment of commercial partners increased by 50% in 2017, highlighting that of Falabella and Drogas La Rebaja, cash advances for all Codensa Easy Credit cardholders, launching of campaigns such as Págalo en febrero (Pay it in February), and the continuation of the financing campaign for services and products such as market sales.

DIRECTV Sales

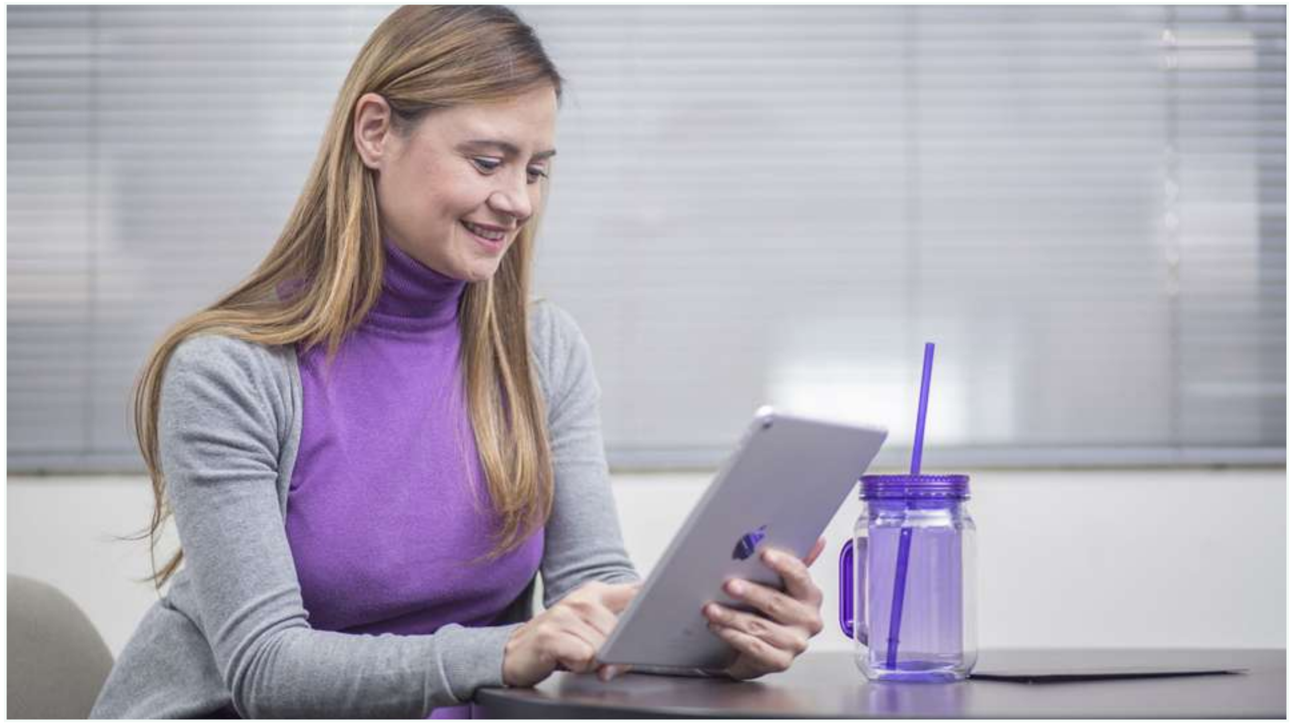
In 2017, DIRECTV recorded a margin increase above 200%. This resulted from the closing of the Codensa sales channel, which did not reach the expected efficiency. However, this also reduced revenues by nearly 60%, ending 2017 with 1,710 active clients. Codensa's expectations regarding the growth of the partnership focused on the development of a package offer that included television and internet. The latest corporate guidelines of the partner do not consider the necessary investments to expand the internet network to Bogotá. The foregoing, together with the decrease in revenues, led to the decision of maintaining collections only during the first half of 2018 and to focus on more representative ventures.

Smartphones

After the market launch of the Smartphones project tin 2016, it was possible to validate the acceptance and timeliness of this product in the Colombian market, which ranks third in the region among the countries with the highest penetration of smartphones after Brazil and Mexico. However, this same fact forced to adjust the operating processes to minimize the risk of fraud, so it was decided to end this alliance and adjust the operation scheme before making the final launch.

Safe launch of Vital Health

In order to offer innovative products that positively impact the quality of life of our clients, Codensa Vital Health was developed. This insurance is intended to provide quick



and direct access to consultation with specialist doctors without having to go to a previous appointment with a general practitioner. It also offers coverage for diagnosis exams, laboratory exams and discount on medicines. All of this without the restriction of having to be affiliated to an EPS. These benefits are offered at low cost and can be paid through the Codensa invoice. The launch was carried out in December 2017.

Safe Home Redesign

The Safe Home product is ranked fourth among products with more active clients in the portfolio. However, to improve the product, its coverage and benefits ere redesigned as follows:

- New way to calculate rates: closed plans by house area and socioeconomic strata
- Expansion of Bogota areas to be secured
- Expanded coverage for theft
- New coverage: internal damage, aesthetic damage, replacement of property titles and drawings

Expansion of Codensa SOATto Cundinamarca

Six new sales points were launched to the Cundinamarca market, located in the municipalities of Fusagasugá, Girardot, Villeta and Facatativá and more than 3,600 policies were issued in this market, which represented for Codensa a 41% growth vis-à-vis 2016.

Commercial Partnership with Casa Editorial El Tiempo

In 2017, new business models were analyzed that allow for the use of the energy bill as a means of payment for the digital products of the Casa Editorial El Tiempo. Likewise, tests were conducted to analyze the possibility of offering the telephone sales service.

Codensa LED lighting

The business model was redefined, increasing the commission from 22% to 38%, thanks to the integration of the value chain and the revenues from the new business partner Tecnolite SAS. The portfolio was extended to three references.

Two channels are commercialized: one that is non-face-to-face in the digital modality, which closed the year with 9,158 units sold, and the face-to-face channel, made up of ten service centers in Bogotá, which closed the year with 24,063.

Home appliances

Sales in the B2C channel registered a 45% contraction as compared to the previous year; this was attributed to the effects from the tax reform that increased the VAT and the overall decrease in consumption.

Participation Fair of the Home

In 2017, 644 heaters, 299 stoves, and 1,300 home appliances repair and maintenance services were invoiced in the B2C channel, while the construction channel reached 1,574 units sold.

Codensa Employees Fair

With the aim of positioning and making employees aware of electric and non-electric PSVAs, the first Codensa-Emgesa employee fair was held, where the portfolio of products and services we commercialized was displayed. The fair was attended by about 1,000 workers and at the end there was a raffle of an electric bicycle and an induction stove among the attendees.

Participation of Codensa in the 017 Home Fair 2017

Codensa was present at the 2017 Home Fair, positioning the portfolio of products and services to the residential market of Bogotá, with 11 products:

> Insurance and protection services: Insurance, assistance, prospects, and SOAT
> Technology and Telecommunications: Smartphones
> Financial Services: Codensa Easy Credit
> Training: Publications
> Home appliances: Hot water devices and induction stoves
> Energy efficiency: Storage B2C
> Sustainable Mobility: Electric bikes
> Electrical adjustments: The entire portfolio
> Digital platforms: E-commerce and The Specialist
> Innovation: Totem Street Power

11,000 direct contacts were made, 648 leads between interested in The Specialist, e-commerce and Storage, 4,300 database collected from the electric bicycle raffle detachable coupon, 1,037 sales units in LED lighting and 200 applications for the Codensa Easy Credit card.

Challenges

> Reaching the customers of Cundinamarca with the value proposal of "Codensa Easy Credit" and improving the capture of value of Codensa with an acceptable risk level.
> Consolidate the launch of Vital Health with 4,000 policies sold at the end of the year.
> Develop and launch insurance co-ownership and car insurance coverage.
> Expand sales channels for Codensa LED lighting.
> Implement payment with credit and debit cards, and cash at all the points where Codensa products are distributed.
> Develop and implement products and services in the home appliance category, achieving compliance with the required margin goals.
> Consolidate a competitive and differential repair and maintenance service.
> Develop and implement products and services in the home appliance category, achieving compliance with the required margin goals.
> Consolidate a competitive and differential repair and maintenance service.

Companies

In 2017, the strategy was framed by the operational efficiencies through the engineering and works model. Thus, there was a reduction in the general terms of the Codensa services process, from 104 business days in 2016 to 82 business days in 2017, derived from operational improvements such as:

> Automation of the process of generation of offers to final customers.
> Specialization of support executives in the commercial and execution process.


Christmas lighting El Virrey Park , Bogotá

> 90% of the works were completed within the agreed times.
> 93% of the reconciliations were achieved in two days or less.
> The times for quoting and executing the work improved by nearly 60% as compared with 2016.
> A contract was entered into with Claro for execution of works worth $ 700 million

Bogotá Christmas

The 2017 Bogota Christmas was supported by District sponsors and several private brands such as Coca Cola, Heineken and Cruz Verde. This initiative, which accounts for over 4,000,000 visitors throughout the season, illuminated 34 sites in all areas of the city for more than 30 days, under the concept of flora, fauna, environment and sustainability, thanks to joint efforts during eight months with the Bogota Mayor's Office and several related entities.

Strategy in material handling:

Christmas lighting:

> For the first time in ten years of this project, a three-year open contract was executed for the supply of Christmas lighting materials.
> The SAP code master file of Christmas lighting materials was created, aimed at mitigating the duplication of codes in the system.
> It was possible to manage material quantities, bidding process with provisioning, imports of merchandise, product certification, transport to the warehouse, SAP system entry, and on time deliveries to contractors or the execution of projects.

Christmas lighting El Tunal Park , Bogota

- The Christmas lighting warehouse consultancy was carried out successfully, where the Massy Energy company evidenced strengths, weaknesses and opportunities to improve the marking, storage, control and registration of Christmas lighting materials. This consultancy will be the basis for the implementation of improvement plans in the Christmas lighting warehouse.
- An update was made to the policy for managing the depreciation of Christmas lighting assets, in line with Codensa's accounting criteria. This new policy establishes the basis for the classification of assets and their respectful accounting management, which reflects the current reality of the Christmas lighting assets.

Purchase of materials:

The purchase of the cable for the Central Cervecera (beer project) was managed. This open contract, for an amount close to $ 3,000 million, was the first to operate parallel to a bidding process for a client, where price efficiencies were achieved that will result in significant margins for the business.

The negotiation process and definition of commercial conditions for the execution of the open contract with the Mexican Company Selmec, supplier of power plants, was finalized. This contract was entered into for 3 years.

It was achieved for the first time using "waste" or not used material by the Infrastructure and Networks Management, for the execution of engineering works and B2B operations. This generates optimization in 2 ways, by leveraging the use of company assets by reducing storage costs and generating revenue by selling these materials to customers.

Customer service companies

Constructor Office New Connections Process:

	2016	2017	%
Total assistances	23.279	20.520	-12%
Waiting time less than 10 minutes	82%	85%	3%

The number of assistances decreased, given the changes implemented in the New Connections process (optimization of activities and digitization).

85% of the cases were managed with a waiting time of less than ten minutes.

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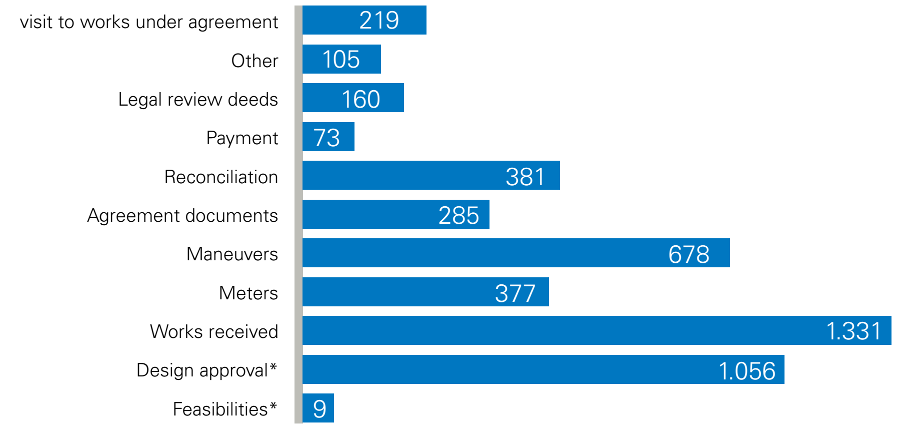
Purchases of distribution assets –constructor segment

268 payments were processedamounting to $30,037 million, which represents 7% increase vs. that executed in 2016.

257 agreements were processed in 2017, with 28% reduction as compared withthe average in the last six years. This is derived from the reduced activity in the sector.

New Connection Requirements

Volumetrics by type of RQ



95% of the requirements were processed in less than 13 business days and 67% of them in less than five days.

Face to face assistance of Administrators (Gestores)

500 meetings with new connection customers were held and the implementation of virtual meetings commenced.

Service Process PQR´s – Technical and Commercial Cycle

TECHNICAL CYCLE	COMMERCIAL CYCLE	PSVA´S			
Business Administrator Mail	357	Business Administrator Mail	455	Business Administrator Mail	8
External Client Mail	977	External Client Mail	6625	External Client Mail	188
External registers	1514	External registers	227	Radicaciones externas	118
TOTAL	**2848**		**7307**		**314**

- In 2017,10,469 PQR´s were processed; it is to be noted that 82% of assistance requirements were received via email.
- The average service time was 7 days for comercial cycle requirements (invoicing) and 11 days for technical cycle requirements (supply quality).
- In October, a new PSVA´s assistance cycle was implemented through which all requirements related to the sale process were managed: claims for works in execution, invoicing, portfolio, offer acceptance, requests for quotes, work for third parties.
- 47 customers assisted, who had requested meetings with business administrators, customers and distributors.
- 8 sale leads were generated, which were remitted accordingly for assistance.

Sales strategy focused on the start-up of projects:

> Operational Excellence
> Growth and penetration of the portfolio countrywide
> Increase in the value of average ticket of businesses closed in 2017
> Christmas Reconquest Plan

Some results obtained:

> Sales of products and services for the construction segment were maintained, closing 2017 at $ 6,131 million, compared to $ 6,064 million in 2016, showing a growth of 1%.
> For the state contracting segment, opportunities were analyzed for more than $ 93,000 million, and sales through the participation in public tenders for $ 1,737 million and private valued at $ 15,500 million.
> Sales of products and services nationwide, through the Gestor Nacional and Freelance channels, were $ 14,691 million compared to $ 4,000 million in 2016, which represents growth of 267%.
> The average ticket in 2017 closed at $ 79 million compared to $ 25 million in 2016, which represents of 216%.
> Sales of the Christmas portfolio nationwide amounted to $ 4,007 million from $ 2,035 million in 2016, which represents growth of 97%.
> The net dropout at December 2017 was -2.92 GWh. Recovery of 5,889 GWh, represented in 16 accounts and the loss of 12 accounts for 2.96 GWh.

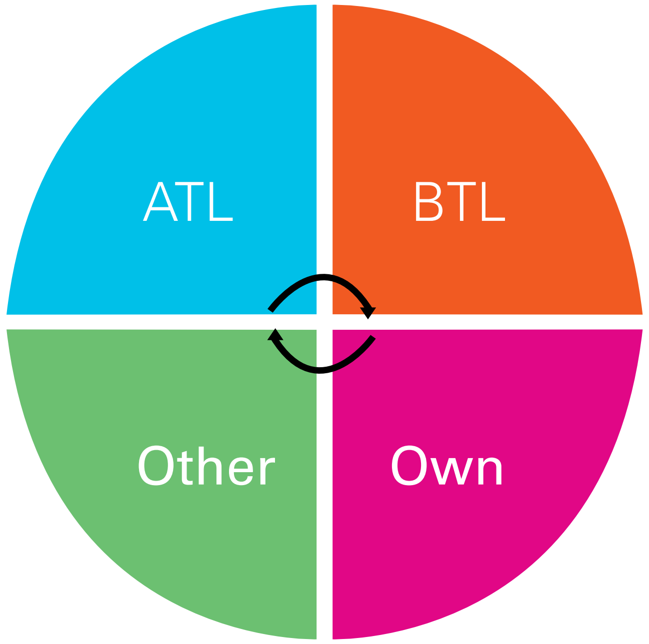
Strategy and experience of business clients

Commercial strategies were developed that helped position the value-added services - PSVA's, through communication actions starting with the knowledge and analysis of current and potential market customers.

The approaches on which these strategies were leveraged were: customer knowledge, segmentation, identification of channels, marketing actions, sales strategies, implementation of the incentive plan, service strategies, communication strategies and training plans on products and services.

Some of the projects that were managed during 2017 were:

> Different communication fronts were used, ensuring that the clients could get to know the product and service portfolio of Codensa.



Radio Bogotá
Radio Barranquilla

Expoconstrucción
II Forum on unconventional renewable energy

Inventive Plan Campaign

Webinar
Brochures
Fliers
Invitations to events

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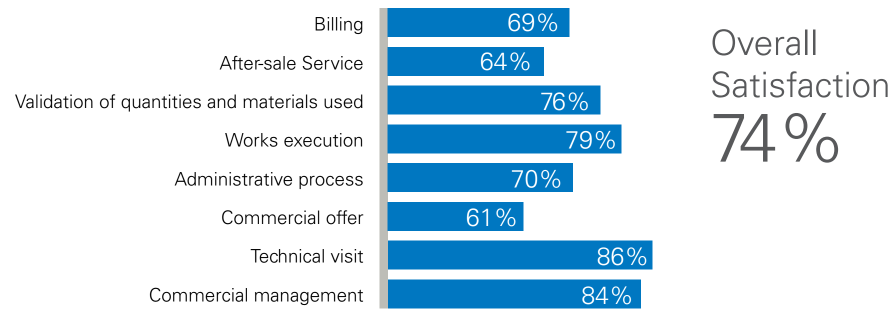
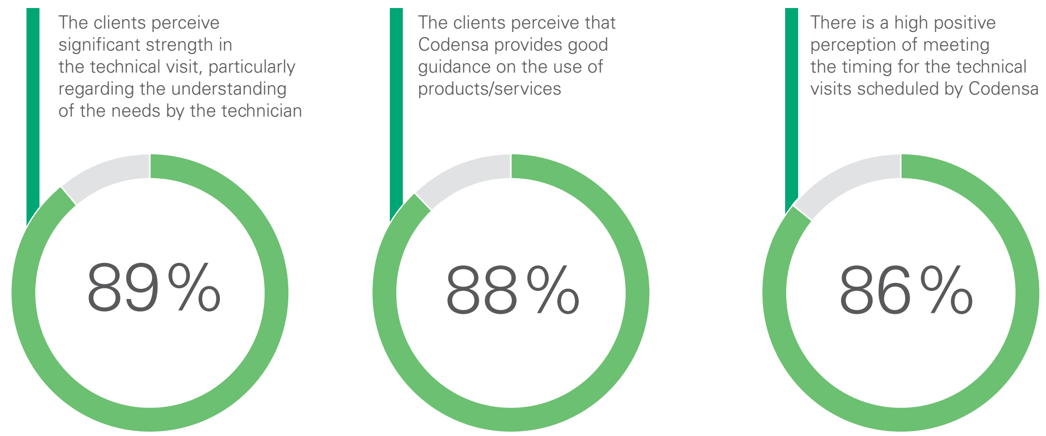
> Digital platforms such as webinars were used to emable customer access to added value product and service information.
> The satisfaction studies on SCP perceived quality were improved, through the analysis and redesign of questionnaires and methodologies, achieving material reductions of times to perform polls or interviews. This study for 2017 obtained 74% overall satisfaction.

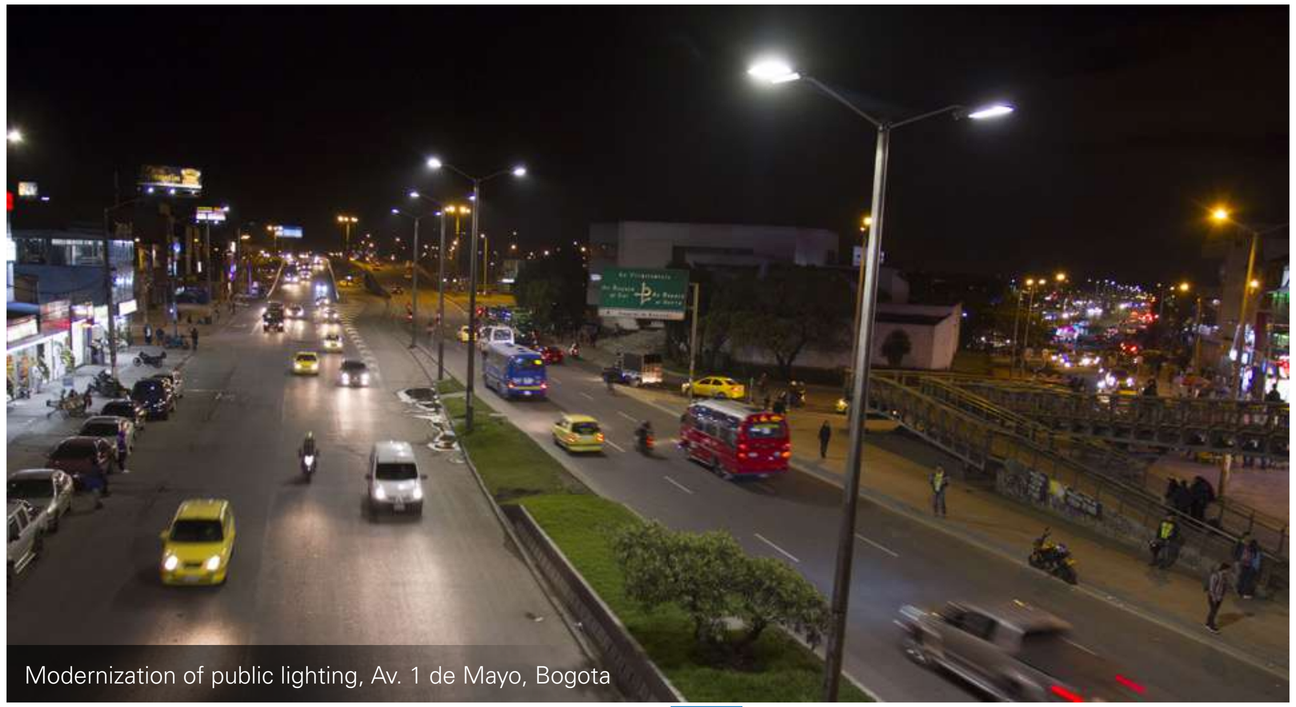
SCP (Perceived Quality System) B2B Colombia



What the clients **value** the most



> Improvements were achieved on the new connections process, thanks to the identification of the main dissatisfactions of customers in the constructor segment.
> Training sessions were held with the sales forcé and operational areas to strenghten their knowledge of the product and service portfolio.
> Methodologies were implemented for the generation Leads through events and campaigns such as Te Conozco and Te actualizo. (I know you and I update you)
> Current markets were reinforced(Bogotá and Cundinamarca), strengthening the market in the Coast.
> The first solar energy projects were sold.
> The customer Journey maps were developed and actions were undertaken to improve relations
> An incentive plan was implemented aimed at the sales forcé that contributed to improving sales closing.
> The Christmas event was launched in a business round that invovled brands to guarantee the selling of sponsorships in the Christmas lighting.



Modernization of public lighting, Av. 1 de Mayo, Bogota

Challenges

- > Improve the Net Promoter Score indicator, which was 25% in 2017
- > Strengthen and develop a better relationship with customers.
- > Encourage the use of digital channels in the sales and customer service processes.
- > Focus strategies not only on sales compliance, but on the improvement of value adding product and service PSVA's margin.
- > Streamline the offer of value-added products and services -PSVA's, empowering business managers.
- > Implement new non-face-to-face service channels.

Sales results

Sales of the business segment at the end of 2017 were 49.9% higher than in 2016. Within these sales, we have the closing of important businesses such as: Central Cervecera (Heineken), ARA Stores and Uniaguas.

Street lighting

Compliance of 116% of the PSVA Margin was achieved for the Public Lighting and Infrastructure Rental businesses. Further, the execution of the project investment capex was $ 43,976 million.

Bogotá Public Lighting

Negotiations with the Public Services Administrative Unit (UAESP)

The closing of different issues that being negotiated with the UAESP was achieved, which had an impact on the generation Company revenues, such as: the closing of constructive units of the Public Lighting service, the payment agreement for recalculation of the rate pending from years 2015, 2016 and 2017, and the working tables for the negotiation of the Public Lighting Agreement, aimed at improving the quality of the service and the business revenues.

Bogotá LED Modernization

- > Six main roads were certified, the trails and the squares of the Simon Bolívar Park and the Rafael Uribe neighborhood, which were upgraded to LED by the Bogotá Modernization project, with a total of 7,047 luminaries, which impact the calculation of the 2018 tariff. Additionally, more illuminated spaces were provided to the city that had an impact on the people's quality of life and safety.
- > The process to obtain the RETILAP certification of all LED projects was implemented and developed.
- > 400 parks were upgraded with more than 6,800 luminaries with the metal halide technology for citizen enjoyment and improvement.
- > >In other special areas of the city, such as the quadrants requested by UAESP (Santa Helenita, 20 de Julio, Santa Fe Shopping Center), bike paths (Juan Amarillo, El Porvenir, Av. Calle 116, Calle 170), partying zones (Calle 85), historic center, Usaquén Square, University Area (Ciudad Bolívar District, Uniminuto, Universidad del Bosque, Uniagraria) more than 20,200 metal halide luminaries were intervened.
- > >The tender was developed for the purchase of 115,000 LED luminaires to be installed in 6 locations in the city.

Pope Francisco visit

As part of the visit of Pope Francisco to Bogotá and through coordination between the Special Administrative Unit of Public Services (UAESP), IDRD and Codensa, approval was obtained to incorporate the lighting of the Simón Bolívar Metropolitan Park within the infrastructure that is managed by Codensa, where the following lighting works were carried out:

- > Modernization to LED technology of 37 luminaires on the event platform
- > Modernization of 873 luminaires with LED technology on pedestrian paths
- > 175 new posts for luminaries
- > 18 kilometers of low voltage networks for street lighting
- > Lighting of special zones

The works of lighting and architectural lighting in this park are part of a gift from the Mayor of Bogotá for the use and benefit of its citizens

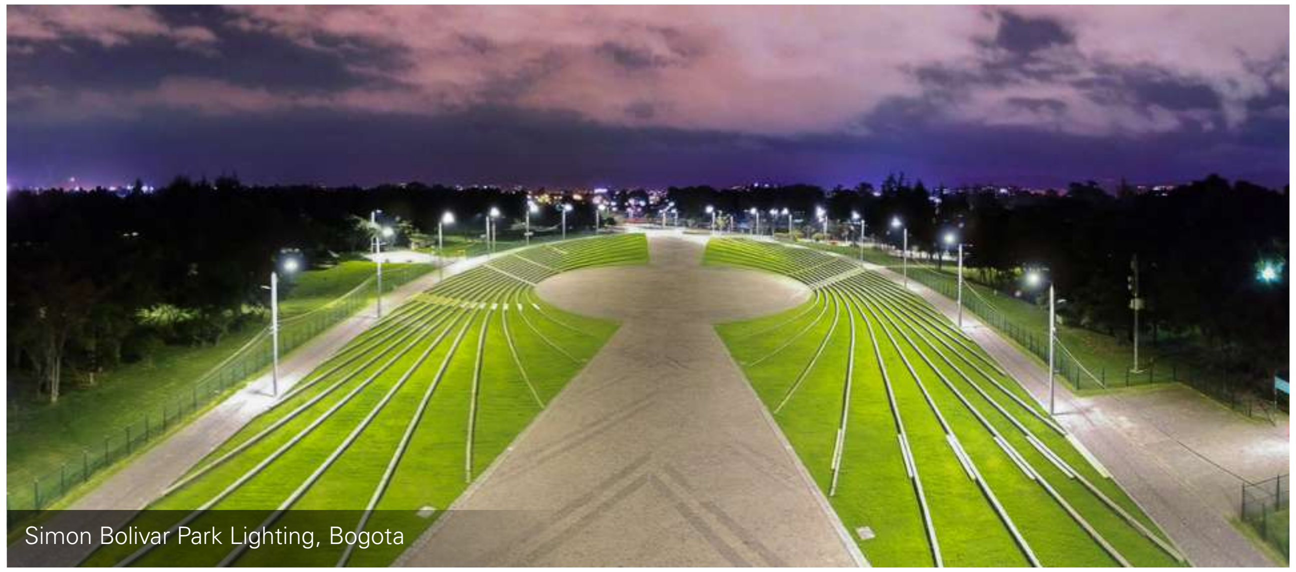
National public lighting

The Company participated in two public street lighting tenders in Santa Marta and Buga. It also conducted market studies and approaches with the local administration in Cali and Neiva. Likewise, it presented the Bogotá LED street lighting project to UPME to obtain the tax benefit of Law 1715, for which it obtained initial approval. Finally, it conducted the due diligence for the purchase of the Acacias and Guamal concession for 8,700 luminaires.

Public lighting in municipalities

- > Current Contracts
- > The continuity of all public lighting contracts with the municipalities that already have agreements was achieved.
- > Two contracts were entered into for the administration, upgrading, operation and maintenance of public lighting in the municipalities of Sesquilé and Nemocón.
- > As to public lighting expansions, 2,706 new lighting points were executed.
- > The inventory was validated with the municipality of Sopó, to determine numbers and establish the pending commercial agreements.

LED Modernization Project for



Simon Bolivar Park Lighting, Bogota

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Park Lighting in Zipaquirá, Cundinamarca

municipalities

- **Sesquilé:** the modernization of the public lighting in the urban and rural areas and the main park of this municipality was carried out, for a total of 1,378 lights. As a result of the project, the municipality said that they now receive more tourists given the embellishment of the park and the main church, as well as the positive impact on the local economy thanks to their having safer spaces for recreation.

  The embellishment of the facade of the church was one of the main deliverables of the project, which had an impact onlocal inhabitants and visitors to the area.

- **Nemocón:** 1,044 luminaires were modernized to LED technology in the municipality, which resulted in improved lighting and security of its areas.

Infrastructure rental

- Continuing with the implementation of the Telecommunications Network Quality Plan, 3,074 pending anomalies were corrected.
- The viability management of projects in Cundinamarca was undertaken digitally, thus contributing to one of the Company's main digitization targets.
- As regards commercial management, five new contracts were obtained for the interconnection of venues and one for telecommunications.
- The e-pole project was implemented with Axcelnet, through the installation of a fiberglass pole with a telecommunication antenna. Further, a solar panel was installed for its operation, to implement new technologies for customers.

Challenges

- Fulfill the execution of the investment capex of 2018, which amounts to $ 154 billion.
- Modernize more than 80,000 LED luminaires in different locations in Bogotá, responding to the modernization plan of the Special Administrative Unit for Public Utilities (UAESP) and the Mayor's Office of Bogotá.
- Achieve the closing of the AOM remuneration and the commercialization charge with the UAESP, for the public lighting agreement of Bogotá.
- Negotiate the new agreement with the municipalities where the public lighting contracts expire in 2018, through the value proposal of the LED modernization.
- Continue guaranteeing safety in our Public Lighting operations, which are around 15,000 per month.
- Purchase of a public lighting concession to operate 18,000 additional lights, in addition to allowing compliance with the experience requirement as a concession in the national public lighting processes.
- Achieve the closure with one of the cities nationwide which current public lighting concession is ending (Cali, Cartagena, Neiva or Cartago) to obtain the operation and administration of 30,000 additional luminaires.

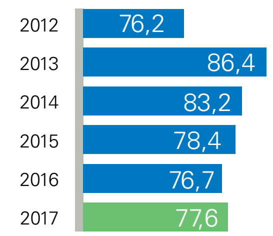
Customer satisfaction results

Residential client segment

Codensa participated in the Regional Client Satisfaction Survey (CIER) that has been carried out since 2003. In 2017, 59 energy distributors from Central and South America participated. The purpose of this study is to learn about the best practices in customer satisfaction, conducted by the best qualified companies and with the highest levels of engagement with their customers. The ISCAL result- the Quality Satisfaction Index, obtained by Codensa in 2017 was 77.6%, ranking it 14th in the Latam ranking. The customer's highest expectations are focused on the previous notification of interruption of the energy service, the agility in the resumption of the service and the final solution of requirements. Similarly, the importance of structuring brand positioning campaigns that result in building a solid and positive image in the mind of the consumer over time is evident.

Business customers segment

2012 - 2017 residential ISCAL evolution



Codensa participated for the second time in 2017 in the study-CIER of business clients. The study included 14 energy distributors, mainly from Brazil, serving industrial markets. Codensa obtained an ISCAL result of 75.1%, positioning itself as number seven in the ranking. The process with the best evaluation by the client is the energy bill and the greatest improvement opportunity was focused on the supply of energy without extended interruption and the notice for scheduled maintenance.

2016-2017 Business ISCAL evolution

This year, the decline was mostly evident in the "Consumer Orientation" factor, where customers expressed a perception of lower satisfaction with respect to 2016, with respect to issues such as efficient use, rights and duties, services offered other than energy, among others.

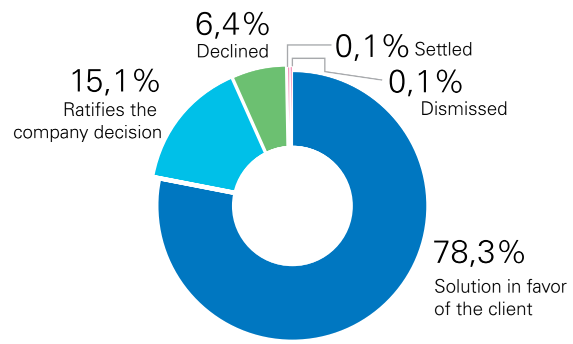
Client Ombudsman Office

The customer Ombudsman office's mission is to preserve and improve relations between Codensa and its clients, through the peaceful management of contractual conflicts; the office acts independently as a mediator between the clients and the Company.

With its activity, the client's Ombudsman contributes to the reduction of administrative and judicial processes associated with these contractual disputes and generates learning for the Company based on their settlement.

In 2017, in 78% of the cases submitted to the Ombudsman, the Company agreed to modify, revoke or reconcile

Decisions issued by the client's ombudsman



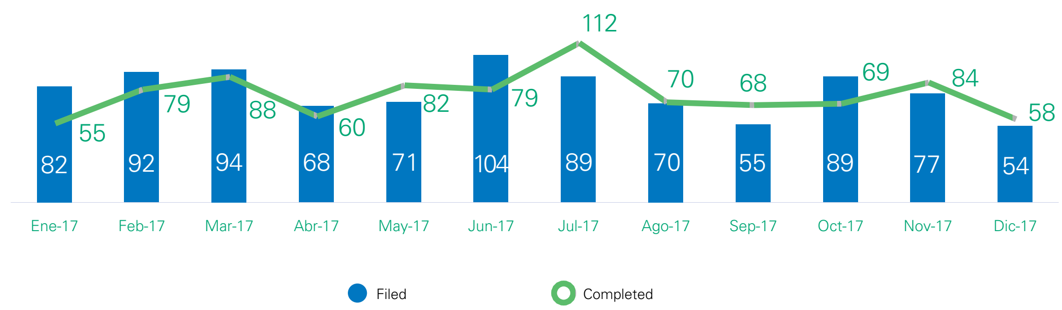
the decisions defined in the first instance.

This indicator highlights the willingness of Codensa to directly resolve contractual disputes with customers, their respect and that of customers for opinions and decisions of the Ombudsman, as well as the independence of this figure.

Customer service line

945 cases were admitted in 2017, 904 of which were closed, with an attention average of nine business days.

Cases referred to the Client's Ombudsman in 2017

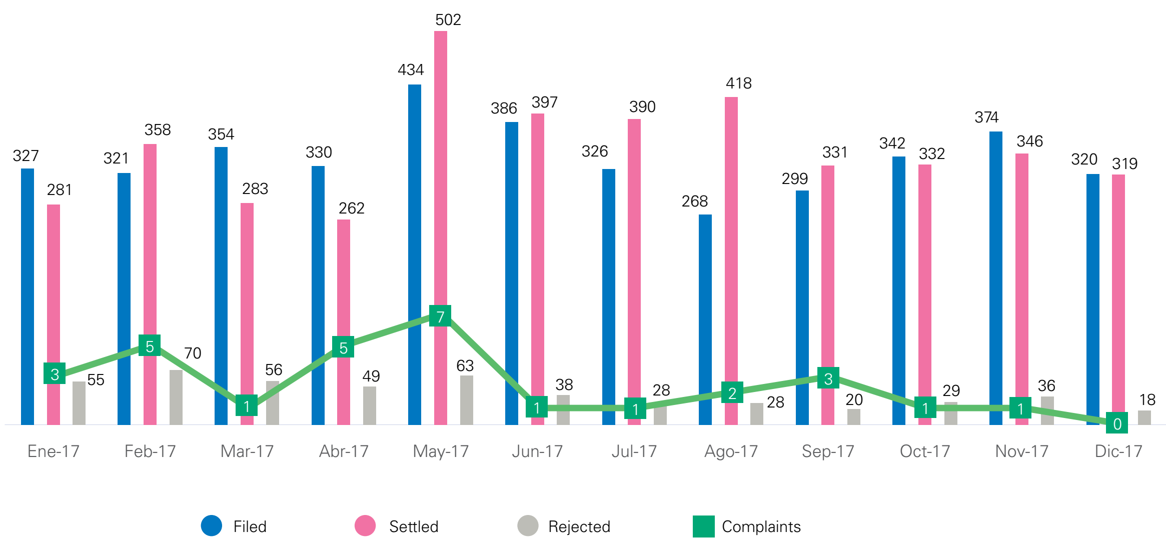


Furthermore, the Client's Ombudsman office attended 2,577 requests and consultations of clients, 27 of which were resolved in the first contact and the rest were transferred to the traditional channels of service, as claims in the first instance.

Claim-Filing Channel

These complaints correspond to the reports of users or citizens relative to immoral, illegal or unfair behaviors of the workers, contractors or third parties that affect the good relations of the Company with its clients or with the community.

Client Ombudsman Complaint filed in 2017



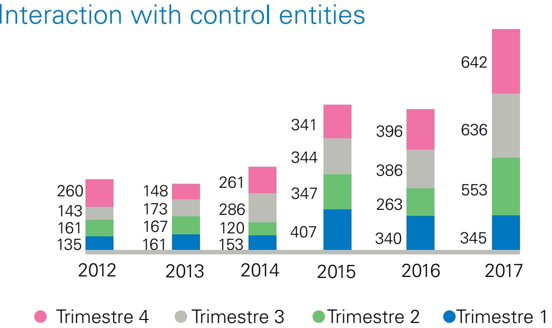
In 2017, 4,081 complaints were received, 4,218 were closed and 490 were rejected. 30 complaints were also received for non-compliance with the Company's processes and procedures related to the client.

Interaction with control entities

During 2017, the control authorities made 2,176 requests to the Company, as a result of the complaints reported by clients. It is worth noting that 100% of these requests were handled within the terms granted by law.

Illustrated below is the evolution thereof during the last six years:

Interaction with control entities



In 2017, there was a 57% increase, compared to the requirements received in 2016, due to the fact that in 2017 the Public Residential Utilities Superintendence created the team for the Protection of the energy and fuel gas user, which function is giving immediate attention to any request from users who report a situation of imminent risk or have no power supply.

The most common reason for claims was related to maintenance of the electrical infrastructure, attributed to 26% of total claims. This was followedby complaints associated with the continuity of service, with 14.9%, mainly in the areas of Cundinamarca. The third place includes the claims for invoice collections with 14.1%.

Achievements

- In 2017, sanctions equivalent to $44,336 million were avoided, since the Superintendence of Residential Public Services adopted, as its line of action, the enforcement of the maximum sanction value to the Companies, with the previous sanctioning methodology. Consequently, it imposed on Codensa sanctions for breach of the norm for $ 3,946 million.
- In 2017, coordination and feedback workshops were held for the Cundinamarca municipal officials, aimed at informing them of the regulatory and technical aspects that, from the perspective of the control authorities, have greater relevance and impact on the users of the service in these municipalities, which has allowed them to advise and properly guide customers who come to their offices. This contributes to strengthening the relationship and having a channel for customers located in remote areas.

Challenges

- Based on the specific analysis of cases and their characterization by process, manage improvement plans aimed at the application of energy sector standards.
- Strengthen internal management in preventing the opening of investigations by the SIC against the PSVAs business, through actions aimed at knowing and implementing the Consumer Protection Statute and the Personal Data Protection Law.

Electric taxi- Bogotá

Electric Mobility

Electric taxis in Bogotá

In 2017, the electric taxi pilot completed its fifth year of operation. The fleet comprised of 40 vehicles accumulated about 10 million kilometers traveled (equivalent to travelling the earth around 785 times), a total consumption of 2.9 GWh and an estimated reduction of 2,500 tons of CO_2. These figures position the project as the most important in Latin America and the successful results have been taken into account in the plans for the massification of electric vehicles by the Colombian Government.

Based on the progress of the project, adjustments and improvements have been made in the energy recharging services for owners of electric vehicles. Codensa implemented the inspectorship service in the recharge stations of the pilot, where a periodic review of the condition of the recharge units is maintained to generate faster solutions. The recharge service was improved by detecting faults that affected its quality and isolator transformers were implemented in each charger.

Over the year, several work groups met with the Mayor's Office and its Secretariats of Mobility and Environment, seeking to generate the conditions for the massification of electric vehicles. After the repeal of Decree 600 of 2015 (massification of electric taxis in Bogotá as of 2017), the Company has continued to search for new alternatives to implement the technology. Recently, potential opportunities have been identified in luxury taxi services and in the taxi service under the quality factor category. It is estimated that electric vehicles can be made viable under these new service and compensation schemes in the city.

On the other hand, Codensa in the first semester of the year dismantled the charging station for electric taxis located in the west area of the city, San Ignacio neighborhood, located in a land owned by PracoDidacol. The dismantling was due to the change of offices of PracoDidacol - ally and partner of the project. By the end of 2017, the charging network for electric taxis was made up of 4 public access stations (TercerMilenio, Lago, Santa Bárbara and Salitre), comprising 34 fast charging units (43kW, 380V) with recharge capacity for 300 vehicles a day. Due to the size of the taxi fleet and the mentioned installed capacity of the recharging network, it was not necessary to install new points for the project. Finally, Codensa implemented a plan to improve its recharge service, performing a detailed analysis of the stations. Therefore, a protection solution was implemented for the chargers that prevents them from going out of service during the simultaneous loading processes, increasing the availability times of the units and improving the response times of Codensa to service any faulty equipment.

Challenges

- Support the materialization of the regulations on luxury taxis and fares with a quality factor, in such a way that opportunities are generated for the implementation of electric taxis in Bogotá.
- Make the cost structure of the pilot more efficient, reducing costs that do not add value to the customer.
- Increase the public cargo network for taxis, together with possible business partners such as service stations, shopping centers, parking lots and public bays.
- Increase the number of electric taxis in the city, developing business models that respond to the needs of owners, drivers, recharge service provider, Mayor's Office, suppliers, funding entities, insurers and other related stakeholders.
- Improve the safety conditions of the stations to avoid the energy losses that have occurred in the project.

Special services in Bogotá

Codensa undertook the structuring of new projects that promote electric mobility in Bogotá in the special services segment. In the context, a fleet of nearly 150,000 vehicles affiliated in this category, operating in Bogotá and its surroundings was identified.

Based on this market, the Company initiated the valuation of the business with new potential partners, and structured a new pilot, which was endorsed in 2017.

With the endorsement, the purchase plan of six BYD brand electric vehicles, the structuring of contracts, the attainment of insurance and the review of financial indicators built in-house, with potential partners were undertaken. Likewise, four loading units were installed in three public access stations.

Challenges

- Implement the own electric vehicle fleet in the special services segment and evaluate its viability and projection.
- Improve the projected revenues per vehicle, as well as obtaining the best prices in the cost scheme, including insurance premiums, maintenance, driver costs, recharge, etc.
- Socialize the results of the business with potential buyers to encourage the acquisition of electric fleets dedicated to the segment of special services.

Agreement on intentions with Terpel

In 2017, the pertinent steps were taken to materialize the first charging point for electric vehicles together with Terpel. The economic validations, business model and the location of the charging station were defined by the parties. The Companies maintained their interest to make this project a reality, for which they developed joint work agendas with district entities to align the pilot with the related regulations.

Challenges

- Obtain validations and approvals from government entities to implement the first joint charging station in 2018.
- Generate demand for the use of infrastructure with the fleets of electric vehicles in place in Bogotá and its surroundings.
- Obtain operational information that enables timely decisions for the success of the pilot and its staging.

Electric Vehicle Application - EVA

In 2017, the last eight months of operation of the contract took place for the development, assembly and operation of the first application of recharges management for electric vehicles developed in Colombia. The Company, after exploring the convenience of tendering the administration of the EVA application, decided to carry out said activities in-house, thus generating a greater appropriation of knowledge and important savings for the business. In addition, manual delivery and transfer of knowledge of the operator - developer to the Codensa contractor was made, ensuring the autonomous continuity of the system.

Electric vehicle - GrupoÉxito rental

Challenges

- Reduce the investment costs associated with the implementation of automated charging units with EVA.
- Implement pre-paid options for users of the EVA system.
- Identify a cost efficient solution to automate slow and fast public and private charging points for the growth plan of the electric vehicle charging network in Bogotá and Colombia.

Private transport segment

With the purpose of promoting and making the electric mobility visible in the private vehicle segment, the Company has achieved the following milestones:

- The Car Sharing pilot project was carried out in partnership with GrupoÉxito and the Car-B Company, a specialist in hourly car rental. The project will enable citizens to access electric vehicles as a solution for their mobility. The program has 10 electric Mitsubishi iMiEV vehicles (owned by Codensa) and 10 charging points distributed in different spaces of GrupoÉxito in the city. Car-B will act as operator, including its mobile application and the technological platform for users to rent.
- Electric bicycles were commercialized with the suppliers Auteco Starker and Neardental El Tomacorriente. Under this alliance, different marketing channels were used such as the digital channel through a landing page, the sales telephone channel, and participation in events and fairs. Fiftyelectric bicycle sales were concluded, especially during the employee fair.
- The ECOCAR program was executed. Under this program, 18 electric vehicles travelled around the city with the Company's brands; more than 72,000 kilometers traveled and nearly 4,500 recharges at the five points installed at the Codensa headquarters were reported.
- Ten new electric vehicle recharging points were installed in the city, with more than 120 private recharging points installed.

Challenges

- Develop the Car Sharing pilot in Bogota and establish citizen acceptance of the product and supplement the program with an electric bicycle renting pilot.
- Consolidate the ECOCAR program with a wider range of electric vehicles, greater coverage and access to electric mobility by employees.
- Execute the installation strategy of charging points to offer public and private solutions to the market through mass access to electric mobility in the country.

Exhibition electric bikes - Home Fair

2017 Public Policies

In 2017, the Company participated in meetings and workshops organized by the Government, aimed at building and socializing public policies on transport, energy and environment issues. In these work groups, the visibility, knowledge management and experience activities in the pilots with electric vehicles led by the Company gained relevance.

Some of the measures generated in 2017 that support and favor the electric transport initiative in Colombia include:

Decree 1116 of 2017. The Superior Council of Fiscal Policy - CONFIS issued a favorable tax opinion for the temporary reduction of the tariff to 0% for electric vehicles and 5% for hybrid vehicles. The regulation establishes the tariff reduction that will be applied until 2027 for the annual imports of the following number of vehicles: 1,500 electric vehicles per year between 2017 and 2019. From 2020 to 2022, the import of 2,300 units per year was authorized. From that last year until 2027, up to 3,000 annual vehicles of this category will arrive to the country. The standard also included the imports of chargers for electric vehicles with a 0% tariff charge until the year 2027.

Resolution 41286 of 2016. This norm adopted the 2017-2022 Indicative Action Plan for the development of the Rational and Efficient Use of theEnergy Program, which defines objectives and targets for energy efficiency, actions and sectoral measures, and strategies for the achievement of goals and adopts other provisions on the matter. The savings goals for the transport sector are defined at 5.49%, a sector in which electric transport is considered an option in public transport segments (buses and taxis), motorcycles, automobiles and official vehicles.

Resolution 1988 of 2017. In coordination with the PROURE, this standard adopted the targets for energy efficiency as environmental goals. This standard adopts the Indicative Action Plan (MYP 2017-2022), and defined the actions and measures that may benefit from VAT sales tax exemption through the UPME-ANLA mechanism.

Resolution 160 of 2017. This standard defines an assisted-electric bicycle, with the following conditions: electric motor with nominal power not higher than 400 W, maximum speed of 25 km / hour from which the assistance of the electric motor must be disconnected; the weight should not exceed 35 kilograms, with no accelerator.

This type of vehicle has all the benefits and responsibilities of a conventional bicycle. Otherwise, the vehicle is considered a moped or motorcycle and must consequently obtain a SOAT, technical-mechanical inspection certificate, and registration in the National Registry of Traffic (RUNT); the driver must have a driving license and must circulate in a lane of the road (outside of bike paths).

CONPES 3900. This norm defines the support of the National Government to the public transport system of Bogotá and the declaration of strategic importance of the first line project of Metro-section 1. In the document, the first metro line (PLMB) section 1 is considered of strategic importance, due to the need for exceptional future validity, in accordance with Law 1753 of 2015, Law819 of 2003 and Decree 1068 of 2015, and defines the conditions of the State participation in this project. It is planned that the final designs will be completed in 2018, and the terms of reference for their contracting will be issued.

Zona Cero Emisiones Centro (ZCEC) App

The Zona Cero Emisiones Centro (ZCEC) project is an initiative that sought the formulation, design, construction, implementation and operation of a mobility system in the downtown area, within the framework of the Bogotá downtown plan and a zero emission zone. The project intends to improve mobility in the area, contribute to the reduction of greenhouse gas (GHG) emissions and particulate matter, and generate an efficient mobility service with low or zero emissions throughout the downtown area of Bogotá.

The structuring team is made up of companies with a track record in the transport and infrastructure sector (Codensa - BYD - FANALCA TRANSDEV). In 2017, studies were carried out at the pre-feasibility level required for structuring the document that was filed with the District Department of Mobility on September 22, 2017. So far, the proposal has already received comments from the District Government and is being adjusted by the structuring team.

Challenges

- Specify the approval of the pre-feasibility stage of the APP proposal with the responsible district entities.
- Develop the feasibility stage and its filing during the year 2018, with prior approval by the district authorities.

Electric articulated bus pilot

The Mayor's Office, Transmilenio S.A., Codensa, BYD and TransMasivo S.A. placed the first 100% electric high-floor articulated bus in operation in the trunk system in June 2017. For technical accompaniment, the Universidad Nacional de Colombia was hired. The objective of the project is to make the technology visible, obtain operational indicators and measure user satisfaction in the Transmilenio trunk system, prior to the renewal of the Phase I and Phase II trunk operation contracts, with a fleet comprised of nearly 1500 articulated and bi-articulated buses. The terms of reference for this tender are projected for the first quarter of 2018.

Electrical Transmilenio, Bogotá

During the first months of operation, the vehicle's electric traction and high energy efficiency system (average 1.4 KWh / Km) were found reliable under the demanding operational conditions of the Bogotá trunk system. Likewise, with nearly 10,000 kilometers traveled (approximately 235 kilometers per day) some aspects to be improved in bodywork and mechanics have been identified, experiences learned in the assemblies of the electrical infrastructure required in parking areas, the influence of good driving practices in the energy efficiency of the vehicle. By the end of 2017, 11,844 KWh had been consumed and savings of 16.2 tons of CO^2 were achieved.

Challenges

- Monitor the operational indicators of the articulated electric bus.
- Support the pilot from the energy component and electrical infrastructure.
- Participate in the follow-up groups of the project with Transmilenio.
- Manage the inclusion of electrical technologies in the terms of reference for the renewal of fleets I and II of Transmilenio.

First WEC Electric Mobility Meeting

In September 2017, the First Electric Mobility Meeting organized by WEC Colombia was held. This event was attended by the main actors involved in electric transport in the country and is considered the most important electric transport event in Latin America. Over one thousand people attended the event, where conferences, panel discussions and commercial samples of electric vehicles were held. Codensa was the main sponsor with a significant brand presence.

WEC Electric Mobility Meeting

Innovation

The innovation process focuses on identifying the needs of customers and creating new products and services to satisfy them.

It has different innovative tools, called Smart Data 4i, to observe, analyze and interact with our customers and thus identifyideas, problems and needs. Social listening mechanisms and a marketing blog and market research are implemented. Trends in industry and competition are constantly monitored to identify ideas and fill gaps. Furthermore, all Groupemployees are invited to participate in competitions and workshops on innovation culture, where ideas are collected to solve the needs of customers in an innovative manner.

Then ideas are transformed into innovation projects, through an incubation process that validates viability and attractiveness; the inventions are prototyped and tested with real clients and a business plan is designed, according to the results from the pilots.

Further, open innovation is promoted to increase the knowledge base and resources. Co-creation workshops have been carried out with partners; startups that have a strategic alignment are sought, added to work with universities, clients and suppliers.

Culture of innovation

The factory of ideas and open innovation, within the framework of its strategic vision of making innovation part of everyday life, seeks through activities of culture, training, competitions and other to change the mindset and create a new way of working for the employees of Codensa and Emgesa.Hence, in 2017, the following results were achieved:

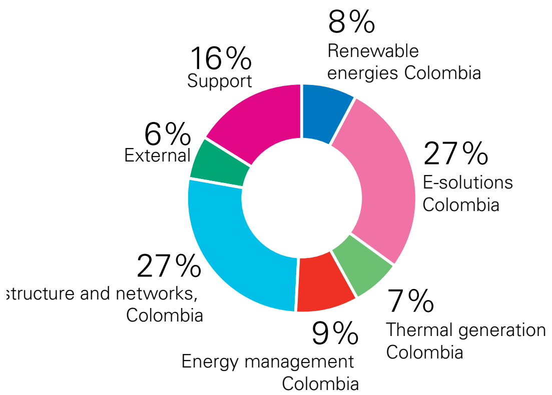
Indicators

Culture indicators

1173 people participating	140 hours of creativity and innovation
141 Ideas generated	11 Ideas approved by the managements
9 Open innovation workshops	26 Intra-entrepreneurial workshops

In the following graph, the participation of workers by Business is detailed:

Culture of innovation



Below are some of the activities developed on cultural aspects:

Open innovation

Enel Explora

It is the new program developed in the second half of 2017, whose objective is to make the people of the Organization learn and interact with other innovation ecosystems and experiment with new ways of innovating. It involved the participation of 65 workers from different areas, who voluntarily enrolled in the Enel Explora program and learned about the Innovation system of the Universidad de los Andes and the BBVA Innovation Center.

Enel Explora Centro de Innovación del BBVA

In Explora the innovation system of the ANDES Innovadores.
In Explora, the innovation center of BBVA
2 events
65 people

New Constructors Connections Workshop

The workshop was aimed at the "Company-Client" co-creation. Opportunities were identified to find efficiencies in the process of new connections, and an experience was designed to listen to the needs of the customers of the construction segment and to jointly generate new solutions.

Furthermore, within the Open Innovation framework, the Sustainability workshops for the shared project, co-creation workshop with Motoriza, participation in the TEDXBogotá event, among others, were developed.

Intra-entrepreneurship

PHI Leaders

After different tests in the assessment and lateral thinking questionnaires, the 20 leaders who started as managers and promoters of innovation in 2018 were chosen, who will help to disseminate innovation throughout the Company.

82 candidates
40 people participating in assessment
20 selected leaders

Open Talent

In 2017, three editions of the Open Talent program were launched. The program focused on the solution to business challenges applying ideas from the workers of the different areas of the Company. Awards were granted to the three most innovative ideas. The results are:

1 ***I&N Cundinamarca al 100%***
How to reach solutions and satisfaction at low cost, in a profitable manner, for 8,500 clients in the rural area of Cundinamarca?

2 ***Energy Management***
How to grow and invigorate transactions in the electric energy market, taking into account the new dynamics, trends and external drivers?

3 ***Renovables***
How to leverage on clean alternative energy to create efficiency at the power generation plants?

How to optimize the removal and use of waste in the Alicachin sector?

3 businesses
136 participants
66 Ideas
59 teams
40 presentations
59 winner ideas

GxellenceTermal

Accompaniment in the development of the generation of ideas for improvement and innovation for the thermal generation business.

Furthermore, training activities were developed in problem solving (DT), structuring ideas (Line Canvas), storytelling (Elevator pitch), detection of shared value opportunities, and celebration of innovation day, among others.

Financial benefits

As a result of the project presentation management with the National Tax Benefits Department of Colciencias, Codensa obtained the approval of $ 4,945 million, that is, $ 8,653 million in tax deductible benefits.

Acknowledgements

Codensa was ranked 16th in the list of the most innovative companies by ANDI and Dinero magazine. AMBAR-Second position with the presentation of the Wireless System project, to prevent the theft of electrical energy - RFID-SAW Seals, and recognition for the largest number of projects presented and accepted.

Recognition in COLCIENCIAS of five (5) projects developed in the Observatory of High Voltage Innovation: Blockchain Cybersecurity, Robotic Construction, Electrical IoT, Intelligent Fridge, and Active Management, as technological development projects in the country.

Smart Data 4i

Smart Data 4i includes different types of market research methodologies, which seek to know the most powerful needs of customers and trends to propose new ideas to each line of business. It covers fifteen research methodologies:

Between 2016 and 2017, 64 studies were carried out for the Company, using different tools.

Innovation blog

In the innovation blog, the next products to be released are published. It is a non-invasive method, and that is why the company's brand is not shown in the publications, in order to better understand people's opinions about services or products and collect their insights.

Blog results:

- 73 articles published
- 73,503 visits
- 3 minutes of permanence on the blog per person on average
- 20% of recurring visitors

Beta Users

With this methodology, a product or service is delivered to a collaborator of the Company to validate its performance.

3 Beta Users were developed: Solar Kit, Aquareturn, and Security and Automation.

Projects

The projects with the greatest impact that were developed in 2017 are the following:

Street Power

Street Power is a power supply service for charging mobile equipment and/or electric bicycles, WiFi network service for a specific time according to the user's choice and dynamic advertising.

The project seeks to improve the experience of citizens outside their home and provide a solution to the citizen's energy dependence on the daily use of cell phones, tablets, laptops, electric bicycles, etc.

The pilot registered 713 users and six companies were interested in buying or renting the product to offer this service to their visitors.

El Especialista

El Especialista is a platform to connect the supply and demand of home repair service, digitize the service providers in Bogotá and generate a more effective communication mechanism between them and household clients.

In 2017, inbound marketing activities were developed to position the platform and assemble operational processes on the platform. The pilot results were 800 SMEs enrolled and 50 services attended.

E-Commerce

It is a virtual platform of Codensa engaged in commercial transactions carried out electronically. It connects sellers and buyers through the internet and presents products for sale virtually.

Innovation Committee, presentation of startups

In 2017, the payment gateway was assembled, five categories of products were exposed (light bulbs, cell phones, bicycles, heaters, stoves) and learning was capitalized.

Click Enel

Click Enel seeks to automate operations and implement the electronic payment technology easily available to grow the business. Codensa will enable customers to conduct cardless, cashless and paperless products and services bill payments.

The target market is residential customers who wish to buy online and pay on the energy bill. Revenues are based on the collection of transaction fees for recurring and unique purchases of products and services. In addition, it seeks to increase the number of billing partners to allow more purchasing scenarios for the customer base.

In 2017, the virtual platform was designed for the registration of customers to the system, the purchase of products online, the contact with suppliers for the payment process, and the product delivery process. The contract for the development of the platform was also signed.

Smart-Home: home automation

It offers household appliances automation services, management of energy consumption and home security. Seeks to test automation kits through the BETA USERS community, to identify the best suppliers and structure the business model.

In 2017 the delivery of the 12 planned kits was achieved and the first cycle and test results were carried out.

Collaborative work with startups

A new innovation space was created to bring the Organization closer to the intra-entrepreneurship ecosystem in Colombia. Five remarkable startups in Colombia were presented: 1DOC3, Busqo, OhmyFi, FontuMi and Filapp.

Application that integrates the digital turns to avoid lines and waiting times, allows to track the shifts from anywhere using the cell phone.
Pilot to implement platform in Codensa service centers.

Specialized platform for customer service. All the customer service lines and Companies in a single App. The client does not spend minutes on the call.

Pilot to implement platform in the Codensa Contact Center.

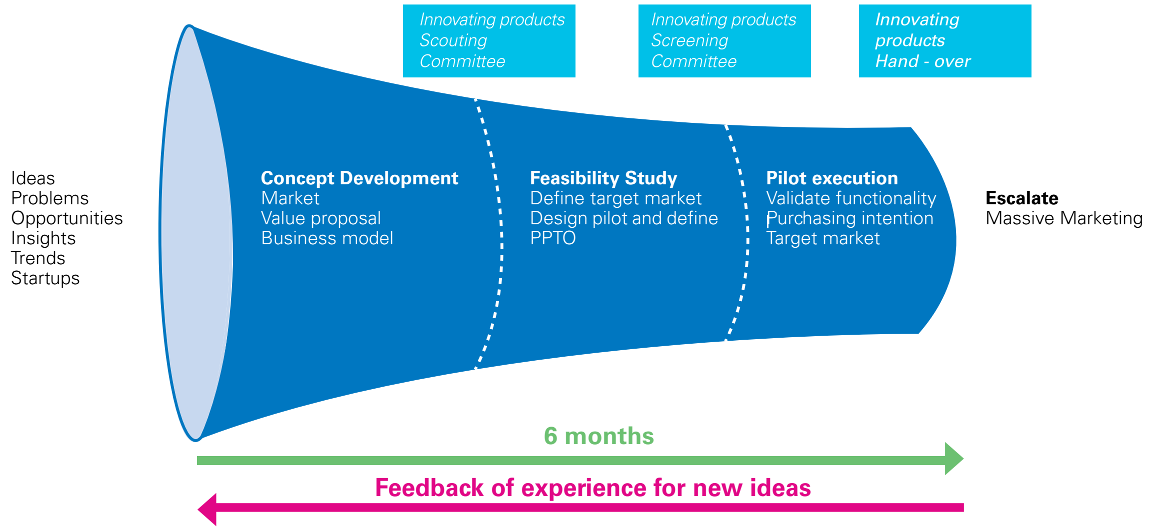
Platform to access Wifi service. Create value through digital marketing.

Pilot to implement Wifi in Bogotá luminaries and access through the OhmyFi platform

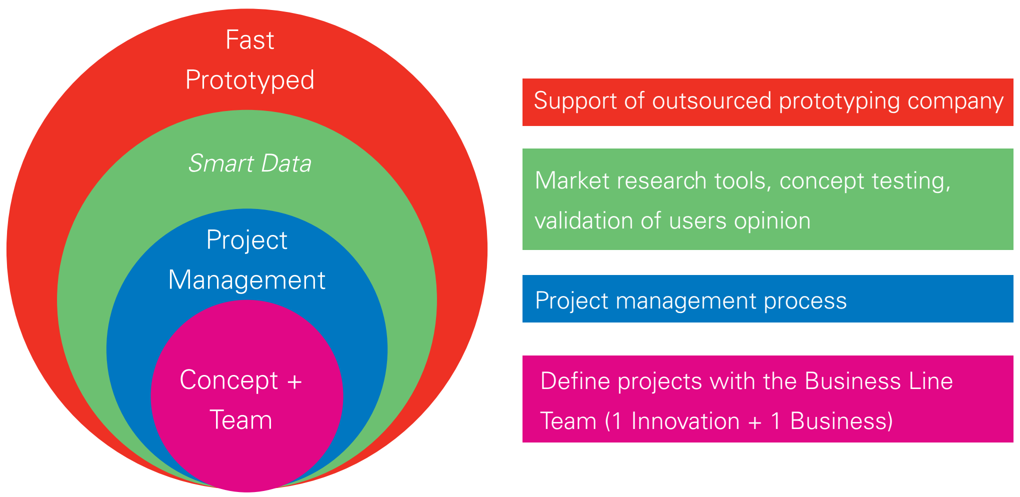
Results obtained: Pilot FillApp and Fontumi kick-off

Methodologies for innovation

Innovation process to achieve incubation in six months



Agile methodology innovation



Challenges

- Inorganic growth of four E-Solutions product lines: Support inorganic growth of the four business lines (E-Home, E-Industries, E-City, E-Mobility). Potential for EBITDA / Project generation ($ 1 billion / year).
- Solutions focused on customer needs: Innovation projects that start from a current need or problem of our clients. Direct engagement with customers, testing and prototyping of products with BETA users and customers.
- Prototyping and validation of Agile concepts (MVP): Goal: incubation of projects in six months. Generate prototypes that meet the minimum conditions to be tested with customers. Interaction and enhancement of products based on real experiences with customers.
- Leverage innovation with knowledge and external resources: Startups, companies from other industries, competitors in other regions, research groups.

codensa Grupo Enel

Infrastructure and network management

Physical data of the system

Substations	65 SSEE power 106 SSEE MT / MT 85,113 Distribution centers
Power transformers	AT: 251 units 10,424.5 MVA MT: 183 units 806.7 MVA
Distribution transformers	86,995 units 10,269 MVA
MT feeders	Urban 800 / 10,221.5 km Rural 348 / 18,460 km
MT Network	Aerial, 24,884.63 km Underground, 3,797.29 km
BT Network	Aerial, 38,407 km Underground, 2,952 km
Bogotá Luminaries	No. Luminaries, 412,471 units Power 48 MW
Poles	521,119 of BT 180,807 of MT 194,375 MT / BT 125,625 of AP
Cameras	293,667 Units

Safety

All actions are carried out under the principle of health care and occupational safety.

Health and safety at Codensa is intended for both workers and contractors, in order to promote the prevention of accidents and occupational diseases in the different activities. In 2017, it was possible to reduce the accident rate by 21%, which led to closing the year with a frequency index of 0.54. Hence, the target set for 2018 of reaching 0.66 was achieved, and Codensa ranks second in terms of safety performance within the Enel Group's distribution companies globally and is one of the leading companies in this field in the country.

The hard work has led to understand that the pillar of the safety strategy is cultural change, which has been addressed with the field monitoring of inspectors, the review and updating of procedures and innovation in safety, developing tools and new methods of work that allows operations to be performedin a safe manner.

A comprehensive preventive program for workers' health

Codensa promotes the health of all workers by managing the main occupational risks through epidemiological surveillance programs for the prevention of occupational and common origin diseases that prevail among the working population.

During 2017, the process to obtain Certification as a Healthy Organization was undertaken in order to promote the culture of health care, with actions aimed at strengthening the skills and abilities of workers so that they can adopt lifestyles that allow them to preserve their health.

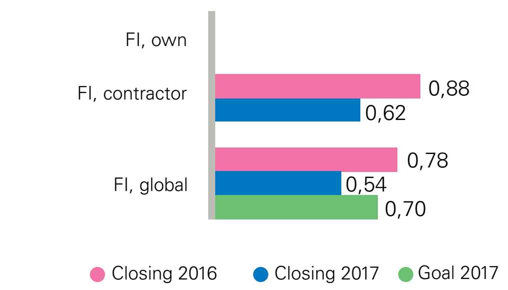
The main programs developed focused on the prevention of cardiovascular, musculoskeletal, breast cancer, prostate cancer, skin cancer and psychosocial risk.

Occupational health indicators

Indicator	2017*
Total number of occupational diseases	0
Occupational disease rate (1)	0
Absenteeism rate (2)	2011
Absenteeism rate - Men	1618
Absenteeism rate - Women	2750
Total number of days lost (3)	3389
Total number of days lost - Men	1782
Total number of days lost - Women	1607

(1) Occupational disease rate: (total occupational diseases / total days worked) X 200,000
(2) Absenteeism rate (total days lost/total days worked) X 200,000
(3) Includes days lost due to common illness.
(*) Data as of the close of November 2017

Frequency index



Occupational health and safety committee to ensure the plan follow-up and control

Codensa has a Joint Occupational Safety and Health Committee (COPASST) in accordance with current Colombian legislation, whose main function is to help monitor and advice on occupational health and safety programs. The COPASST has 100% representation of the workers and during the 2017, it held twelve meetings in different Company locations to evaluate the progress of the programs and the working conditions of its own personnel.

Strategic safety plan as a lever to ensure the physical integrity of workers and collaborators

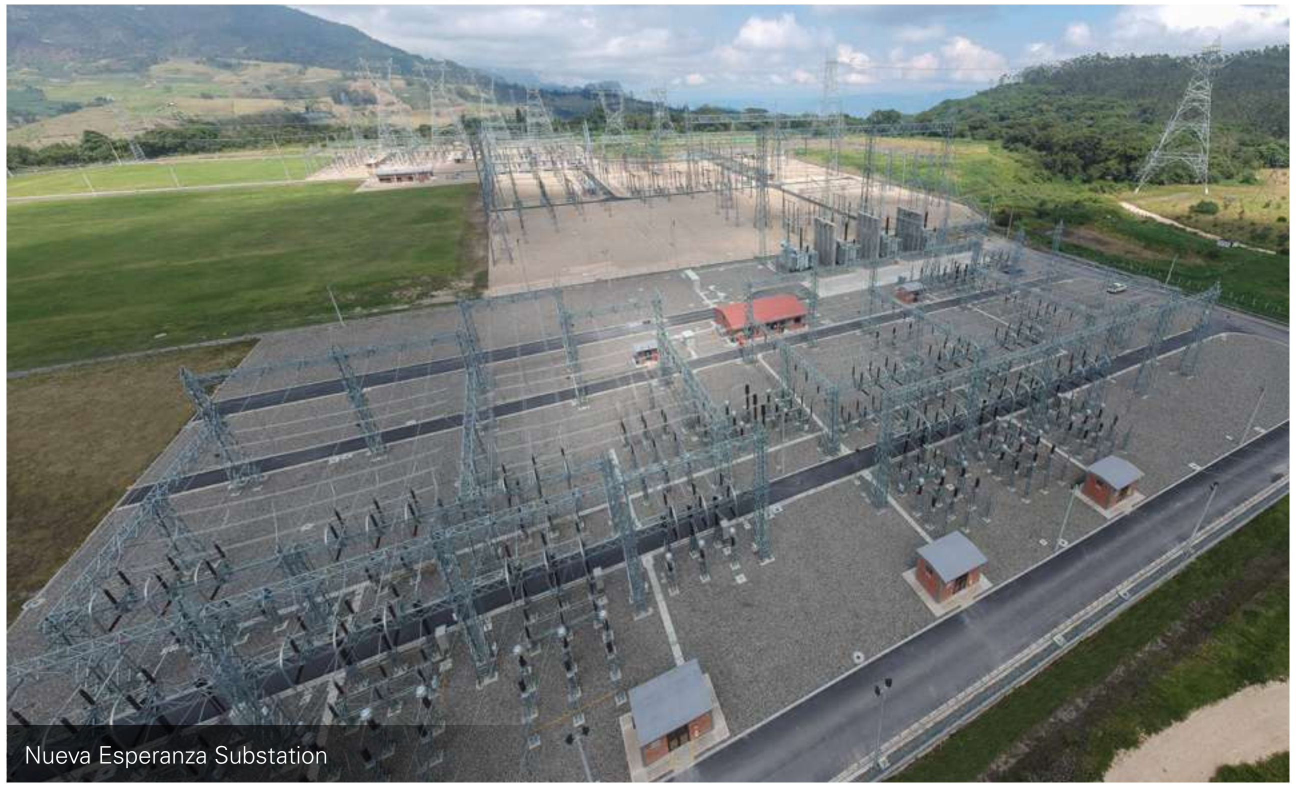
In the first quarter of 2017, the 2017-2018 Strategic Safety Plan was structured, developed on three main axes: organizational adjustments, relationship with contractors, and culture. Six critical success factors were also considered: discipline in methods and monitoring, roles and responsibilities, dilemmas between safety and productivity, environmental management, culture and contracting, and contractor management. These criteria allowed to establish the priorities for each strategic line: planning, risk management, contractual insurance, training and skills, and safety culture.

Business-wide environmental management

In 2017, the environmental management of the distribution business focused on monitoring the compensation measures established in the environmental license for the construction project of the Nueva Esperanza and Gran Sabana substation; the continuation of the project to decontaminate carcasses contaminated with PCB through the ultrasound technique and the implementation of a pilot demonstration project to decontaminate contaminated oilusing the dechlorinating technique; monitoring the execution of the PCB inventory; and environmental awareness of personnel on the management and conservation of biodiversity, among several other aspects.

Strengthening culture and commitment to quality

In order to develop the environmental culture, an awareness session was held with the electrical system and civil work construction maintenance crews on the management and conservation of wildlife and epiphytic plants. The first environmental meeting of internal environmental managers was held, the celebration of HSEQ Week, the accompaniment of contract managers in the process of warehouse materialization, the review of operational control records through the AMATIA tool and the dissemination of key aspects of the Environmental Management System through the training processes.



Nueva Esperanza Substation

81 comprehensive audits were carried out and the ISO 14001: 2004 certification was maintained without non-conformities, according to the external audit report carried out by Bureau Veritas.

Integrated Management System: follow-up visit, extension of the scope of the IMS and transition to the ISO 9001: 2015 version

In November, the external audit of Codensa's Integrated Management System was finalized, whose objective was to make the transition from the ISO 9001 quality standard version to the 2015 version, extending the scope to the Design and construction of projects in AT/MT/BT and connection of producers and follow-up visits for Health, Safety (OHSAS 18001: 2007) and Environment (ISO 14001: 2004). The audit had successful outcomes, verifying the compliance, implementation and improvement of the Company's Integrated Management System.

Demand

Attention to the growth of demand through projects that contribute to the development of the City Region

Nueva Esperanza Substation

The 500 / 115kV Nueva Esperanza Substation and the associated lines that will allow the transfer of energy from the National Transmission System (STN) to the Codensa regional system was commissioned. The substation comprises a 500 / 115kV transformer bank of 450 MVA with a back-up transformation unit of 150 MVA, 6 115 kV line bays and 31 km of 115 kV lines.

During the year 2017, in compliance with the CON 646 agreement of 2013 and all the other requirements established in the current regulation, we proceeded with the energization of the modules, transformer, bar and four lines of 115 kV corresponding to the corridors No. 1 and No. 2 in June. With this, it was declared commercially exploitable starting in July; later, through official communication, the National Dispatch Center reported that the assets declared by Codensa were in commercial operation.

The Nueva Esperanza Substation contributes to improving the levels of reliability and stability of the energy system in the center of the country, also improving the quality of the service and expanding the service capacity of the new demand.

In the area where the substation was built, one of the most important archaeological recoveries in the country was carried out, due to its extension and the information it provided about the Herrera, Early Muisca and Late Muisca cultures.

The environmental management included the identification and transfer of 3,126 epiphytic plants and the planting of 17,595 trees.

North Substation Project

This project includes the construction of an electrical substation with two 230 / 115kV transformer banks of 600 MVA, a 230 / 115kV reserve transformer unit of 100 MVA, four 115 kV line bays and approximately 40 km of 115 kV transmission lines. With its implementation, the transfer of energy from the National Interconnected System (SIN) to the Codensa Regional Transmission System will be increased, thus increasing the reliability and availability of energy in the North of the Cundinamarca Department and Bogotá with the aim of guaranteeing the service of the growing demand in the medium and long term.

During 2017, the acquisition of power equipment, detailed engineering of the substation and transmission lines were completed; in addition, the environmental licensing process continued, whose Environmental Impact Study was filed in 2015.

Gran Sabana Substation Project

To meet the requests of new demand from industrial, commercial and residential customers, and improve reliability in the northern zone of Cundinamarca, the construction of the power substation and its associated transmission lines began, the scope of which is the installation of two 115 / 34.5 / 11.4kV80 MVA transformers, five 115 kV modules and their associated medium voltage cells.

During the year, the forest exploitation and management of species in the area of direct influence was carried out; the civil works of the yard, the control facility and the outlet pipes for the medium voltage circuits were executed, and the electromechanical assembly of the structures, gantries and yard power equipment was completed.

In the field of high voltage lines, progress was made in the installation of poles and laying of conductors of two of the 115kV lines of the project.

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Pilot project- MinigridParatebueno, Cundinamarca

Additionally, in 2017 it was possible to expand the transformation capacity in the AT-MT substations with the installation of additional 107.5 MVA, normalization of 10 cell trains, standardization of essential services in 12 substations and execution of eight standardization projects in stretches of high voltage transmission lines.

Finally, to address the vegetation growth and access of new loads, new circuits have been built in the local distribution system in the different areas of operation of Codensa. The connection of these circuits decreases the number of clients per circuit, the length of the mid-voltage networks and also allows the creation of more substitutions - aspects that directly impact the improvement of the service quality. During 2017, six circuits were built in Bogotá and seven were built in Cundinamarca.

We bring energy to non-interconnected areas

In response to the challenges and while making part of solutions for the universality of the electric service in the country, progress was made in 2017 in fulfilling the mission of providing energy to more people in a safe, reliable and sustainable way to contribute to the reduction of poverty and improve human development. In this context, Codensa focused efforts to contribute to the country's electrification goals, validating the optimal electric power supply model in ZNI and during 2017, two pilot projects were undertaken: Isolated Solutions and Minigrid.

In November 2017, after the planning and construction process, 18 photovoltaic isolated solutions were installed for the benefit of the communities of the San Antonio Alto and Bajo Rural Districts of the Municipality of Puerto Salgar. These solutions are designed to meet the minimum subsistence consumption declared in the Piec 2016-2020 for rural households, which is 90kW-h / month.

The systems are composed of two 260 Wp solar panels with their respective 300Wp controller and a 500Wp pure wave inverter of 24VDC / 120VAC.

Each of these systems was complemented with the Power Box solution, designed to meet the needs of the rural population in terms of their responsibility for connection assets and internal installations.

On the other hand, the minigrid pilot began operation in December 2017 as the first Off-grid Minigrid system, which provided service to a community of 20 families located in the Buena Vista district of the Municipality of Paratebueno, Cundinamarca. This minigrid system is composed of a hybrid power plant of 20 KW with its respective medium and low voltage distribution network with more than 6 km of extension, which optimizes the use of non-conventional renewable energies, which guarantee the reliability of the Service 24 hours a day.

The renewable generation is carried out by means of a solar farm made up of 72 solar panels of 310Wp, which achieves optimization by means of a storage designed to reach a daily autonomy of 10 hours. The entire system is complemented by an 18 KW diesel plant with the purpose of having power supply 24 hours a day, 365 days a year.

This minigrid is planned for an initial duration of one year, time in which we can know its operation scheme and define the future feasibility of using this technology in other areas of the department or the country. All framed within the Cundinamarca Project at 100%, whose primary objective is to achieve electricity coverage for all families in Cundinamarca within a period of four years.

The initial intention of the pilots is to achieve that both the isolated solutions and the minigrid system can be operated and/or monitored from the Control Center of Codensa, taking advantage of the technology and experience of the Enel Group in the sector.

For Codensa, it is a source of immense satisfaction to be able to contribute to the development, prosperity and well-being of Colombia, and thus continue transforming lives and communities with energy.

Plans to mitigate non-technical losses: benchmarks in the country

In the market discipline program, the loss ratio closed at 7.84% in 2017, with an increase compared to the 2016 closing of 7.06% due to the effects of the merger with the Empresa de Energía de Cundinamarca. The energy losses reported in 2016 were 1,045 GWh compared to 1,178 GWh at the end of 2017.

The behavior of the loss index shows significant efforts of the Company to continue decreasing and the effects on the indicator product of the merger with the Energy Company of Cundinamarca for 2017.

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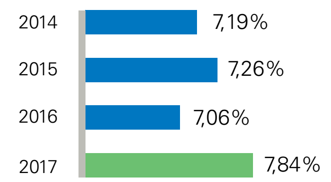
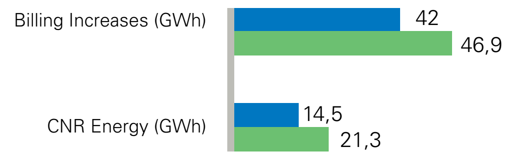
Loss rate



As a result of the energy recovery actions in 2018, a recovery of 68.1 GWh was achieved as a result of the billing and energy increases recovered in unregistered consumption.

Energy Recovery



Projects such as Metering On-Line are highlighted, which began in 2016 and ended 2017 with 1,813 large tele-measured clients, which allowed for billing increases of 2.7 GWh-year and finally the normalization of neighborhoods by accession, which resulted in the normalization of 2,505 non-client users and the recovery of 1.8 GWh-year, which are reflected in the loss index.

Improvement actions to fine-tune Cundinamarca

In the development of the project, work was carried out on the standardization of loss control processes and on-site recovery operation, generating integrated guidelines for the inspection, definition and execution of technical measures, establishing monthly resources planning, daily monitoring of compliance with the plan operation and the implementation of a coordinated management structure.

Strategic recovery programs were defined by zones, highlighting the reactivation of the invoicing plan with a productive effectiveness of 45% in the inspections generated, and an average of 320 reports per month; focal plans in markets with high recovery potential such as flora, mines and poultry niches, and the execution of special projects such as MOL and CYCLON.

The closing of the PAP Cundinamarca project (fine tuning) reached 95% compliance, with results of cross-cutting indicators such as 5.5GWh of billing increases, 3.3GWh of billed energy recovery and 21.7% of productive effectiveness in the inspections executed, in the 4000 and 6000 branches.

The opportunity in the times of connection of new customers to the distribution system implies improvements and is part of the priorities of attention

In 2017, 90% of the connections made in the year (115 thousand approx.) were attended in five days or less from the request made by customers. Of the total number of connections made, 62% correspond to requests from massive (individual) customers in Bogotá and Cundinamarca, while 38% correspond to construction companies in Bogotá.

Furthermore, different work groups must continue identifying and implementing improvements in the connection process, with three main objectives: Decrease response times by Codensa to requests from potential customers, simplify processes, and digitize the process.

During the year 2017, 44,300 new meters were connected through the connection chain, where a special process is carried out for construction and business clients, both in Bogotá and Cundinamarca:

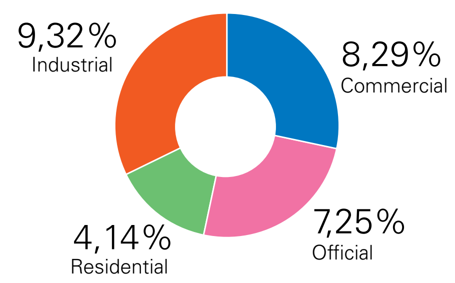
Connected clients -2017	44.300
Builders	43.437
Corporate	863

In particular, there was an increase of 61% in the number of business customers (commercial and industrial) connected vis-à-vis 2016.

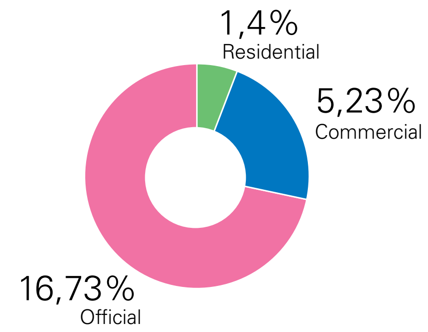
Connected clients	2016	2017
Corporate	330	863

During the year, 52 projects with 147.4MVA installed were connected to the Codensa distribution network: 30 in Bogotá and 22 in Cundinamarca, being the Sabana de Bogotá the one with highest number of projects of this nature.

Energized projects in Bogotá



Energized projects in Bogotá



Accompaniment to the District of Bogotá in the development of city projects, joint work in the first line project of the subway for Bogotá

In 2017, Metro de Bogotá SA (EMB) was approached with respect to the Bogota Metro First Line Project (PLMB), highlighting the signing of Master Agreement No. 18 between the EMB and Codensa in the first place within the framework of Law 1682 of 2013, known as the infrastructure law, which provides the working method, in order for Codensa to carry out the early transfer of high voltage networks in seven points of interference. As part of the formalization of Master Agreement No. 18, Specific Agreement No. 1 was signed for a value close to $ 2 billion for Codensa to carry out detailed engineering of the points of interference during 2018.

Several work groups met to establish the electrical connection points that the PLMB Project will have with Codensa's electrical system to obtain the energy supply needed for its operation. It was established that they will be from three substations, which Codensa intends to build from scratch in order to benefit not only the PMLB Project, but also to increase the level of service quality of the clients in the area of influence of the project. As part of the training in management of this type of project, a meeting was held with Enel Distribución Peru, who shared their experience in the construction of metro lines in Lima. The topics discussed included the transfer of high, medium, low voltage networks, underground high voltage lines, construction of connection points, contractual and commercial management.

Quality and resilience

Network management to achieve global standards in service quality and improve the resilience of the electrical system

Within the framework of the 2016-2020 Quality Plan, in 2017, operations were developed on eight fronts aimed at improving the quality of service, which allowed to work in a structural and determined manner so that customers could enjoy 11.7% reductions in average interruptions and 15.5% in the duration of interruptions. The work fronts were focused on the following projects:

> Network remote control project
> Redesign and replacement of medium voltage networks
> Redesign and replacement of low voltage networks
> Normalization of substations and high voltage networks
> Modernization of essential services in AT / MT substations
> Forest management
> Action plan to control and / or mitigate the impact of rainy and windy seasons
> Protection Management
> Modernization of communications substations

These projects positively impacted the behavior of international quality indicators SAIDI (System Average Interruption Duration Index), which reports the average amount of time per year that the supply to a customer is interrupted and the System Average Interruption Frequency Index (SAIFI), which delivers the average number of times per year that the supply to a customer is interrupted.

Quality monitoring based on internationally accepted markers

As a complement to the regulatory requirements for service continuity, the international SAIDI and SAIFI markers of AT-MT-BT are shown in the following table, directing the quality of the service to international standards and considerable enhancements.

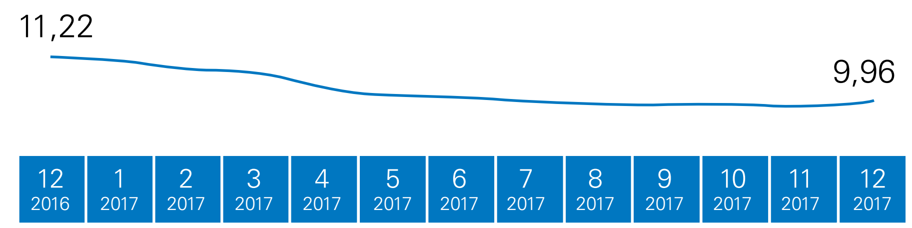
Competitiveness Indicator Closing

Indicator	Unit	Value reached in 2017	Variation with respect to 2016
TAM SAIDI Global[XX]	Minutes	820	-15,5%
TAM SAIFI Global[XY]	Times	9,96	-11,7%

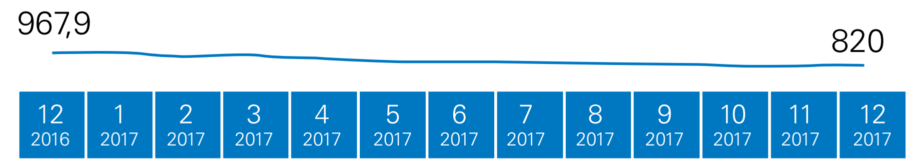
[XX] System Average Interruption Duration Index; incidents originated in medium and high voltage due to own causes, by third parties, programmed with and without notice to the client, according to calculation methodology defined by Enel Group Common Continuity Indexes.

[XY] System Average Interruption Frequency Index; incidents originated in medium and high voltage due to own causes, by third parties, programmed with and without notice to the client, according to calculation methodology defined by Enel Group Common Continuity Indexes.

TAM SAIFI AT + MT + BT (times)



TAM SAIDI AT + MT + BT (minutes)

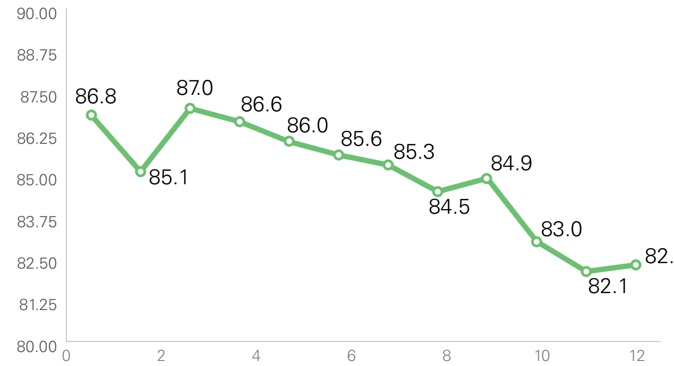


As a complement to the international indicators that allow deepening the quality analysis of energy supply, the CAIDI indicator (Customer Average Interruption Duration Index) is measured, which measures the service restoration times on average by customer who has had an incident without prior notice.

Indicator	Unit	Value reached in 2017	Variation with respect to 2016
CAIDI Diciembre 2017[XZ]	Minutos	82,33	-4,26%

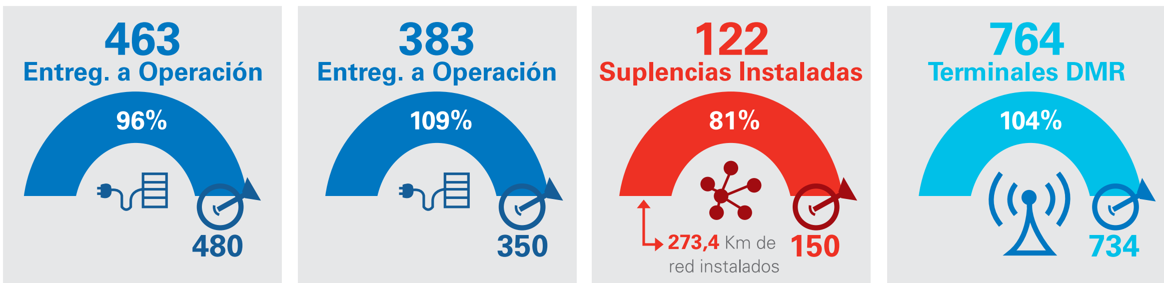
[XZ] The Costumer Average Interruption Duration index, Average time per client of the incidences originated in medium and high voltage due to own causes, by third parties, according to calculation methodology defined by Enel Group Common Continuity Indexes, applying IEEE1366 standard: Sum of all customer interruption durations / Total number of customer interruptions, or the expression: [SAIDI / SAIFI]

CAIDI 2017 (minutes)



Telecontrol and automation: technological innovation to operate the network in a more efficient way with direct benefits in service quality

During 2017, 797 telecontrol devices were installed for a cumulative installation base of 4,342 and the construction of 122 new substitutions, distributed in 867 circuits, which allow operating the distribution network in a more efficient manner in case of electrical service failures; possibility to accurately know the location where the fault occurs and reduce the number of affected customers.



Additionally, the migration of 1,262 reconnecting equipment and 142 MT-MT Substations to the SCADA STM System was completed, in addition to the delivery to the Control Center of 846 pieces of equipment for an accumulated 3,977 telecontrolled equipment in real time, which provide an agile and efficient response to failures.

Additionally, and contributing to the indicators of equipment availability and the effectiveness of telecontrolled controls, the development of the communications network continued. The installation of 764 integrated equipment with DMR terminals was achieved. During 2017, $ 99,860 million were invested, accumulating $ 254,855 million of real investment since the beginning of the project. The goal for 2018 is to continue with the installation of 63 equipment units; the delivery to the Control Center of 428 units, and the additional installation of 300 DMR terminals, requiring an additional investment of $ 10,669 million.

Management of the network maintenance to world standards

In order to satisfy customers and by coordinating maintenance planning in 2017, the company's challenges in maintaining networks with a commitment to protecting life and the environment, regulatory requirements and compliance of current regulations were consolidated, leading Codensa to indicators to become world class.

The management and definition policy of the infrastructure and network maintenance program was structured and located, which allows to standardize the preparation and management of the preventive maintenance program in the Company's infrastructure, in order to build the criticality guide for the high, medium and low voltage infrastructure. This document facilitates the classification of anomalies with a uniform and objective method, and the implementation of mathematical, statistical and reliability modeling in the selection and determination of the assets to be intervened.

Finally, the electric and forest defects or anomalies found were geospatially located to visually determine and/or through heat maps, the areas with the greatest resources needed for the execution and improvement of quality indicators.

Maintenance plan for remotely-controlled equipment

Two work fronts were implemented, focused on monitoring the unavailability of equipment and the cyclical replacement of batteries in remotely-controlled equipment. These achievements were based on the implementation of a work team for the entry, assignment, monitoring and closing of events associated with telecontrolled equipment, as well as a tool for monitoring battery life, input in the achievement of the Preventive Maintenance plans.

High voltage infrastructure

Action plans were developed that allowed to increase the reliability of the assets at this voltage level:

- Development of a maintenance standard in oils for power transformers: The policy of predictive maintenance techniques and oil treatment for power transformers was carried out through the local application, which allows to standardize the guidelines of predictive maintenance to the power transformer through the analysis of dielectric oil.
- Unification of high voltage maintenance criteria: In a joint work with the different companies of the Group, maintenance criteria for the high voltage infrastructure were unified, allowing to align the strategies according to global objectives.
- Maintenance plan for substations and high voltage lines: The 2017 maintenance plan was structured in line with the Group's maintenance policies and strategies.
- On-Line Tap Changer analysis (OLTC): The Company participated in the pilot project of predictive analysis of oil in tap changers of power transformers, which seeks to establish the most efficient changer maintenance methodologies in technical and economic terms, and seeks to preserve the useful life and operating conditions of the asset.

Current regulatory quality indicators

With the projects and programs carried out during the year 2017, a favorable result was obtained in the grouped 2-3 voltage level.

The following table shows the closing projections for the year 2017 of the global regulatory indicators. On February 15, 2018 the definitive values will be published by the control and surveillance entities in accordance with CREG resolution 097 of 2008 and other amending or supplementing ones. These results correspond to the Codensa market (includes the former market of the Empresa de Energía de Cundinamarca), taking into account resolution 199 of 2016


Circuit Maneuver in Hato Chico, Cundinamarca

(unified costs and charges for distribution and marketing for the STR and SDL resulting from the integration of the systems operated by Codensa S.A. ESP and the previous Empresa de Energía de Cundinamarca S.A. ESP).

An IAAD closure of + 1.3% is estimated in Level 1 and for Group level 2 and 3 it is estimated at -5.4%.

Closing projections- 2017

Codensa Merger Indicator	Value reached	Variation with respect to IAAD k-2 (reference)
IAAD k-1 Nivel de tensión 1 [1]	0,00279673	+1,3%
IAAD k-1 Nivel de tensión 2 y 3 agrupado [2]	0,00084857	-5,4%

[1] Annual grouped index of discontinuity, incidents originated in the Local Distribution System perceived by customers of voltage level 1, according to CREG 097 of 2008 and the amending or supplementing norms.
[2] Annual grouped index of discontinuity, incidents originated in the Local Distribution System perceived by customers of grouped voltage level 2 or 3, according to CREG 097 of 2008 and the amending or supplementing norms.

Continuous quality improvement in scenarios of increased investment and network operations

In 2017, the interventions analyzed on the network increased by 36% compared to 2016, reaching 37,000 works managed. Taking into account the implementation of new forms of job scheduling based on safety aspects, a 50% increase in voltage works was obtained, so as not to affect customers, going from 6,860 in 2016 to 11,822 in 2017.

In order to comply with current regulations and improve customer satisfaction, a new notice scheme for scheduled outages was developed and implemented through the Codensa website, which managed daily notifications and optimized the management times.

Furthermore, the work programming was implemented by blocks of schedules, allowing the decongestion of the Control Center consoles during peak hours by the crews in the field and improving compliance with scheduled outage schedules notified to the clients.

In December, the commercial operations of the network (macro-metering, energy recovery and portfolio) were incorporated into the scheduled work management process, seeking to provide increased security in the interventions of the network, thus guaranteeing that all the operations of the system have traceability in the Company's technical system.

With international design, construction and fault management standards

Neutral Management Project

The Management of the Neutral project was undertaken as part of an agreement with the Universidad Nacional de Colombia, which was aimed at verifying the technical and economic feasibility of implementing a system to change the grounding of the mid-voltage coil of the power transformers in AT / MT substations of the Codensa Distribution System, in order to reduce the single-phase short-circuit currents of the MV network, and thus allowing its automation from the sectionalizing equipment currently installed under the Enel standard in the framework of the telecontrols project.

The pilot was carried out in two substations, Tibabuyes and Victoria, to validate the effectiveness of the installation of the grounding impedances in the system neutral and to design a massive installation plan based on the results and findings.

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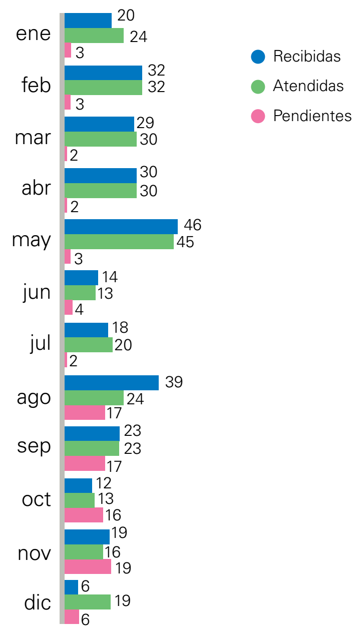
Construction standards and technical specifications

In 2017, 141 updates, issuances and deletions of documents were made according to the new products, the Company's own needs and the emerging technologies, in order to keep Codensa's standards updated on the Likinormas portal, where the rules of construction, technical specifications and other regulations of interest for the design and construction of electrical projects in the area of influence of Codensa are published.

During the year 2017, 295 requests for consultation were received, with 98% response rate. These requests are received through communication channels such as the contact form, the comments made directly on each document in Likinormas, and the internal consultations made by different areas of Codensa.

The following graph shows the number of applications received, answered and pending each month in 2017.

Requests Trend



Scanning

For a City - Smart Region

During 2017, Codensa continued to implement the Smart City project in the Ciudad Salitre area, and the project inter-institutional relationship plan was undertaken to promote the use of new technologies at the urban planning level in the city of Bogotá.

Likewise, the implementation of the Archiled solution continued to complete 8 concentrators and 208 telecontrolled and telemetered LED luminaires in Ciudad Salitre. The training stage of the Public Lighting management system was completed, as well as the installation of a concentrator, control of 20 luminaires and integration of test equipment, whose results will allow the pilot to finish in the first quarter of 2018.

With respect to the Smart Info technology, the integration tests of ten computers was carried out with the Codensa systems, which allowed to start the internal socialization campaign to install them in the homes of Company employees with smart meters.

Likewise, the implementation of the inter-institutional relationship plan began, the objective of which is to promote the concept of smart city at the district level. In this way, an eco-urbanism policy was proposed to the Bogota Mayor's Office, with the necessary technical requirements to implement smart city technologies in urban renewal plans to the Empresa de Renovación y DesarrolloUrbano de Bogotá (ERU), and to install smart meters in the pilots of the Energy Efficiency Accelerator program (BEA), whose results will allow measuring the fulfillment of the energy saving goal by sectors in Bogota.

There are plans to present in 2018 the results of the public lighting tele-management pilot to the Special Administrative Unit of Public Services, establish the technical standard of network automation, implement distributed generation solutions, storage and continue with the engagement plan.

Process of country's technological transformation based on smart measurement

During 2017, 1,996 smart meters were installed in Bogotá and some municipalities of Cundinamarca, giving continuity to the operational and social project undertaken in 2016 to bring smart metering to customers, thus reaching a total of 42,485 installed units. A set-up process was commenced with the aim of guaranteeing the correct billing of clients and delivering the benefits offered, and the change of meter was also advanced in some customers of the areas intervened in 2016, in order to improve the existing communication between the meters and the system that allows them to be managed remotely (SMMWEB), in addition to simplifying field operations for impacted areas. In this regard, the following is e highlighted:

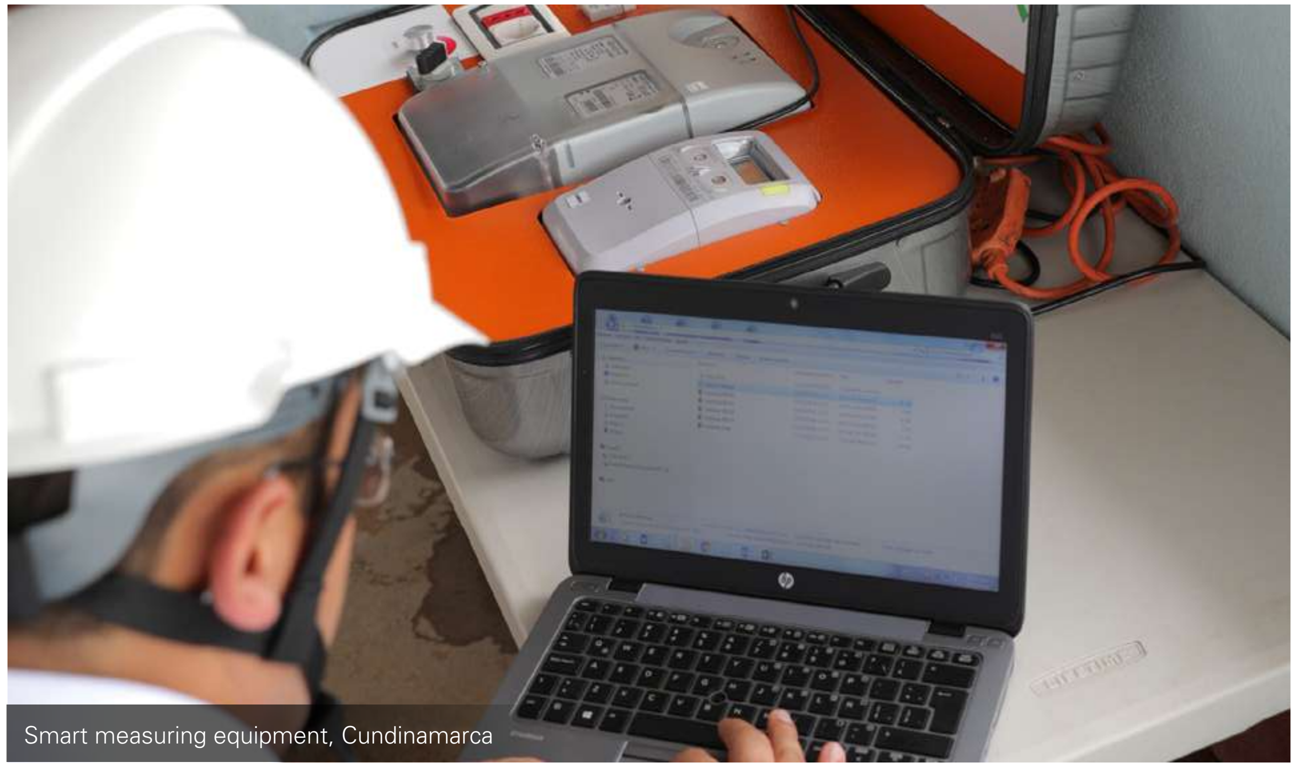
- Remote reading operations: 89.5% of the smart meters are read in a timely manner for the billing of customers' consumption.
- Enhanced information for efficient energy use: Monthly bulletin issue that details the day of largest consumption, average weekly consumption and a comparison with its neighbors. The consumer bulletin has been delivered to 37,432 customers; information that can also be consulted through the App and the Company's website.

There was participation in the SMM ePlus LATAM workshop, where Colombia was proposed as a pilot for the tests of the new version of the smart measurement management system, as a global reference in terms of the conditioning of said technology.

In the regulatory field, the draft was published for the decree "Whereby mechanisms are established to implement the Advanced Measurement Infrastructure in the public electric power service", which highlights aspects such as the remuneration of the investment through the rate, gradual implementation and responsibility of the Network Operator in the infrastructure installation, administration, operation, maintenance and replacement. The issuance of said decree will allow for massive deployment among Company's clients. At the end of 2017, the draft was submitted for comments by the Ministry of Mines and Energy.

Improvement of predictive and classification models for the detection of energy losses

The Data Mining Latam project was deployed at the Latin American level, focusing on the standardization and improvement of the predictive power of statistical models, increasing the volume of inspections with the creation of unregistered consumption records. The construction of a new data repository was achieved under the architecture



Smart measuring equipment, Cundinamarca

Maneuvers with drones in the guiding rope of Cambao, Cundinamarca

of Big Data systems and the implementation of a new predictive algorithm, which at the end of the year allowed to generate a new rating for all Codensa customers. Out of 3,000 operations on customers with a high loss rating, a 24% inspection productivity rate was achieved, an improvement of 200% with respect to models of previous years.

Cybersecurity

Continuing with the process of identifying critical cyber-actors carried out in 2016, in order to comply with the requirements of Agreement 788 of the National Operation Council, a new exercise was carried out in 2017 to assess the level of criticality of network operation cyber-assets, according to the criteria established by the Joint Cybernetic Command. The result of this exercise was shared with XM for the consolidation of information from critical cyber-assets in the sector.

Finally, and as a local initiative, in 2017 an in-depth cybersecurity analysis was developed for one of the critical cyber-assets identified, the Data Processing Center (DPC). This analysis has allowed us to know its state of maturity in terms of vulnerabilities, procedures and levels of response before possible cybersecurity attacks, which gives us the starting point to optimize and protect our own CPDs, as well as to know how to respond and recover in critical situations.

Innovation, the main axis in the execution of projects in 2017

Protection management center

Approximately 3,000 protection relays from different manufacturers will be integrated through a unified remote management platform, which will address the simultaneous and immediate consultation needs, changes in settings and constant monitoring of the communication channels to the devices. With the above, 90% reduction in the time of analysis of the event, 95% reduction in vehicle costs, transportation times, per diem and overtime (operating costs) will be achieved, as a result of the attention of a failure and decrease of remote configuration time to 45 minutes.

Use of drones in activities with greater risk for personnel and longer execution time

In order to ensure that energy reaches all customers regardless of the country's topology, six-propeller drones were used to transport a guide rope among sections between 200 and 800 meters in length, using them to reduce the time to four days compared with twenty days with the conventional method; on the other hand, a decrease in the accident rate was also achieved.

Moreover, topographic surveys, visual inspections, and cable laying were performed and, in the future, the burning of waste placed on the network will be implemented.

Effective solutions were implemented to carry out work safely, so modular staircases for bare posts and modular jack type for excavations were implemented, along with ascent and descent to Caisson type excavations. It should be noted that the contribution of these initiatives to prevent occurrence of work related accidents, has achieved an IFG reduction in 2016 from IF 3.34 to 0.66. No events are reported for this activity in 2016 and 2017.

On the other hand, we improved the development of the civil excavation by means of the Microtuning Machine (Methodology without Open Ditch), used for the construction of the duct banks of the Transformers D2 and D3, in lane crossing points without need for demolition, which resulted in drilling time savings of 0.5 months as compared to 2 months and $ 60,000 million vis-à-vis $ 120,000 million in conventional construction.

Seeking to offer continuous and reliable energy, the installation of 89 seals and joints in medium voltage cells and three transformers with cover was carried out, which has reduced equipment failures by 16%, 90% less failures in cells, 70% in transformers causedby fauna entering the equipment. Furthermore, the useful life of the equipment has increased.

Efficiencies in the operation

Tests to start the nighttime operation on live lines

In order to overcome conditions that affect the operation in Bogota, achieve greater efficiency in the interventions, and facilitate compliance with the investment and maintenance plansof the operation in Bogota, three exercises were carried out to change the infrastructure of the night live line, while these actions are approved by the Ministry of Labor. This process and the lighting scheme were accompanied by the ARL SURA, who in the month of December carried out the verification of the activities, and found compliant results in compliance with ISO 8995-2002, part 2.

The main benefits of this initiative are:

> Reduction of travel times
> 24 Hour operation
> Thermal comfort while executing works
> Implementation of new technologies
> Work on main roads without restriction by the Secretariat of Mobility

Maintenance operation, Bogotá

Actions in the framework of the Oxigenated Workforce Project

In Bogotá, 100% of the electric crews already have electrohydraulic tools to improve their ergonomic conditions, the physical effort of the personnel, and the quality of the executed works. Another of the actions carried out in 2017 for the attention of resettlement operations was the migration to the model of higher mixed-impact crews.

Finally, more than 32 people from the Seed Plan joined the operation; trainees who entered processes associated with the operation.

Contracts of commercial and technical operations, synergy that delivers important efficiencies

During 2017, the optimization was achieved close to 45% in activities with change of poles. The attention of 20% of damages of greater impact was achieved with technical equipment of programmed works, in addition to the implementation of crews specialized in underground cable pulling.

Integrated auditing as a control and monitoring mechanism to ensure quality in the operations carried out

With the purpose of guaranteeing the improvement of processes, through Integrated Management Systems control and follow-up strategies, both of Codensa and its supporting companies, as of December 31, 2017, 75,716 inspections were carried out on works during and in the expost of their execution, 77% out of which reported no findings. In addition, 20,496 luminous spots were turned off.

Client connections are managed with flexibility

More than 58 thousand customer connections made in Bogotá were made under the standardization of customer service during night shifts for direct installations and measurement groups (eg shopping centers), the implementation of flexible crews for the attention of builders' installations and large clients, and the definition of criteria for inter-contract support for the attention of builder facilities.

In Cundinamarca, improvements were implemented in the client connection chain

Procedures were unified to act under a Company model, which will generate efficiencies thanks to the centralization of the requests, mitigating waste in the field due to requests that can be addressed from the desktop and standardizing the response model to make it more understandable to the rural client. This is accompanied by operational actions such as modifying the form containing commercial information to eliminate pre-visits and validations associated with the installation of the meter, in addition to the sealing of cabinets and measuring cells to avoid manipulation of customers on the approved work to ensure the final connection.

On the other hand, the implementation of combined operations for the connection of the service was made, starting with the marking of physical points (formalization of BT networks built by third parties) with commercial crews, which ensures the installation of the meter in parallel. With these improvements, the capitalization of knowledge, optimization of resources and integral solutions for the client is achieved, thus improving their experience.

Operationally, improvements are still being implemented in all the processes served

POT Execution

Incorporation of shift work and work teams similar to those used by IDU in the execution of civil works.

Civil Work

Pilot test with poly-concrete covers for CS 276 and CS 280 cameras, developed with the same material to replace the covers in sandwich panels for basement substations.

Mitigation of water ingress to substations with a high failure rate, in which the seal of ducts, fissure waterproofing and fixation were implemented; installation of electric submersible pumps and installation of rubber seals in sandwich sheet panels.

Portfolio recovery improvements (Optimize project)

An interdisciplinary group was formed with the aim of integrating the value chain of the suspension, cutting and reconnection process, with its optimization to develop the Optimize project and progress was made in three main areas:

Collection: A web service was implemented through which 35% of the payments made by the customers are reported; the report of total payments was improved by 5.7%, with approximately 16% remaining to improve by 2018 and the impact on the operation due to invoices with payments already made was improved by 16%.

Operation Programming: Programming delivery times were improved, reaching 90% delivery before 6:00 am, as well as the quality of programming, achieving a portfolio recovery 142.6% higher than that obtained in 2016.

Operational execution: Greater effectiveness was achieved in superior electric cutting by 13% and reduction of non-executed operations by 2%.

Implementation of the Cundinamarca Project at 100%

In May, the first joint measurement facility for the Cundinamarca project was carried out at 100%, using the Power Box device, which concentrates the basic internal facilities as a specific solution for homes built with lightweight materials (wood, bahareque and recycled). The beneficiaries are users of limited resources in the most distant areas of Cundinamarca.

For the connection of the service to the users subject to the project and with fewer resources, preferential financing rates and terms were established. With these measures, Codensa manages to connect better and easier with its customers.

Implementation of the E-Order in Cundinamarca

For the operations of suspension, cutting and reconnection in the 22 municipalities that are part of the Bogota savanna, a new contract was put into operation, which incorporates the E-order tool that ensures the level of indicators and improves the execution times.

Cundinamarca Project at 100%

Operation maneuvers, Cundinamarca

Implementation was also undertaken in the commercial areas in Cundinamarca (CAM and Micol East and West Zone of Cundinamarca); connectivity tests were carried out and 130 ready-to-operate machines are ready at present; 100% enabled contracts and a system configured to start the implementation in 2018.

Crew monitoring centers

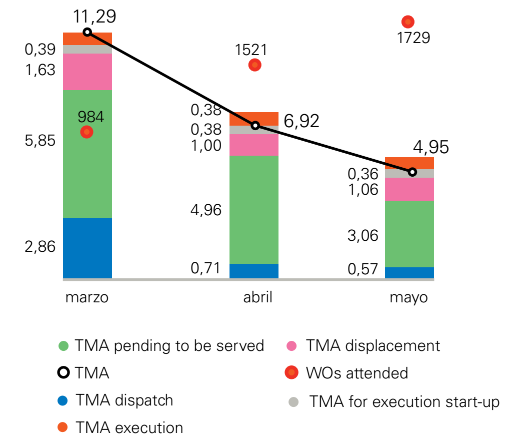
In 2017 the implementation of three Monitoring Centers in the Cundinamarca area was achieved, for the monitoring of the operational resource and the optimal allocation of operations to the available mobiles units, and to take timely decisions. These facilities provide services of:

- Online location of crews
- Control in the schedules of operation of the crews
- Control and monitoring of the programming of MT-B incidents
- Measurement of crew productivity and efficiency
- Identification and report of stand-by times

Improved average time of low voltage attention with the implementation of the auto dispatch

The auto dispatch was implemented in the BT control center, improving the average dispatch time by 80%.

Traceability of average turnaround time in BT



Representative decrease in the number of low-voltage incidences

During the last years, the north zone of Cundinamarca reported clients without service that lasted months without attention, leading to the Zero clients without service plan, which carried out the following activities:

- Identification of the Pareto province and critical areas of attention
- Identification of the available resource by Sub-Zones and material necessary for Pareto care
- Sizing of the necessary resource for the attention of low voltage incidents and normal operation
- Resource transfer between zones
- Design and optimization of the scheme, establishing routes for and turnaround cycles
- Work execution field supervision

The plan has a second phase, which consists of the stabilization and intensification of the controls, which are being carried out daily; at the end of 2017, the incident turnaround does not exceed seven days since the user reports the service outage.

Other improvements

- Improvement in the flow of the application process and dispatch of materials to the crews, eliminating downtime, attending in the shortest time the faults with the greatest impact.
- Optimizes the scope of work performed in the field, and decreases the average cost.
- It improves the control and quality of the information in the reports sent by the contractor, when incidents are escalated to a more severe level.
- Redistribution of the sub-zones of the attention of the supporting companies, decreasing the transfers back and forth for the repair of failures.

Quality and environment in the operation

In Cundinamarca, the WOK A3 project was developed with the aim of implementing the best practices identified in the operation, and thus unifying and standardizing processes.

Its execution contemplated four stages (survey, mapping, documentation, dissemination), under which twelve (12) operational instructions were prepared in alignment with policy 26 and the defined process taxonomy.

We also worked on the structuring of environmental guidelines in accordance with the current legal regulations and the standards of Codensa; the parameters of monitoring and evaluation of the environmental management carried out by the collaborating companies were indicated, ensuring control of the environmental aspects and impacts associated with the operations executed by its collaborators.

Billing plan for energy recovery

In order to take advantage of the monthly routes followed by the billers, a project called the Billing Plan was launched, which consists of carrying out visual inspections and consumption analyzes, aimed at detecting anomalies in the measurement equipment guiding theft inspections. The report is made both in the billing platforms and in the Theft Reporting App for immediate attention of the most relevant cases. The project showed an effectiveness of 45% in the reported cases, with an average of 320 monthly inspections executed with this type of origin.

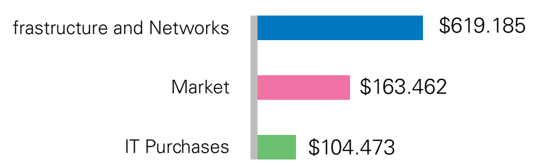
Purchase and Provisioning Management

The provisioning function falls within the scope of the supply chain. Its objective is the acquisition of materials, works and services, through the appropriate and timely selection of suppliers and contracting, in order to ensure the provision of services and the supply of goods in accordance with the needs of the Organization. It includes the activities that begin when the Company needs a material, work and / or service, until the legal relationship is formalized by signing a contract, or signing a purchase order on the occasion of the acceptance of a commercial offer.

Main Indicators

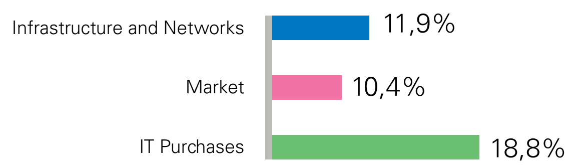
During 2017, awards of $ 887,120 million were made between infrastructure and networks, goods and marketing services and purchases associated with technology and information technology.

Award volume by area



With these purchases, savings of 12.5% were achieved, thanks to negotiations (win-win) with suppliers, obtaining better market prices for the Company. The savings achieved are distributed by purchase portfolios as indicated below:

Savings management



Main achievements in 2017

- The Procurement Transformation project was undertaken with the aim of creating value for the business units and improving the experience of the stakeholders, expanding the competencies of the buyers, using friendly technologies, improving the integration and communication with the clients to define solutions that address the needs of the business and involving suppliers from the moment the need arises, listening to their proposals and developing together an innovative approach.
- The supplier qualification model was initiated through the rating system, which includes the concept of sustainability (human rights, environment and safety) as a pillar in all evaluations. At the end of 2017, a total of 103 suppliers were qualified in 16 different strategic services.
- The Suppliers Event "Together we can build solutions that generate shared value• was carried out, which explained why Codensa is an option for suppliers, as it offers solid structures and processes that allow it to offer its allies projects that promote business growth.
- A new purchasing area was created according to the organizational structure changes made by the Enel Group, which comprises the availability of a business unit called Enel X, whose main field of action will focus on the development of 4 large markets: E-Industries, E-City, E-Home and E-Mobility.
- A new contracting model was implemented for the vehicle rental service assigned to the Company's management staff, with improvements in response times (from 4 months to 20 days on average), reduction in the number of tenders (of 2 or 3 tenders to only one), and sustainable prices consistent with the market.
- There was continuity in the implementation of the corporate Portal One, which allows greater autonomy and simplicity in the availability of suppliers for Enel Group purchasing processes. The main objective is to have the largest number of suppliers to participate in procurement processes for goods and services for the Company.
- The 2ONE purchasing portal was stabilized, which allows the standardization of all existing purchasing procedures in a single common process, supported by a single system, which offers greater transparency, efficiency and control.
- The Vendor Rating evaluation methodology was developed in a systemic manner, which allows evaluating the performance of the provision of services and supply of materials in the Company in accordance with the parameters established by the business. In works and services, the categories of quality, punctuality, safety and compliance with labor legal aspects are evaluated. For distribution, the supply of materials is evaluated under the corporate model, with the punctuality and quality categories.

Procurement Management

Works and service contracting

The following were some relevant processes contracted during 2017:

- Provision of services associated with tree management, focused on preventive maintenance and corrective maintenance on power networks for Bogotá and Cundinamarca, for a value of $ 70,365 million and a period of three years.
- Service of commercial operations for the reading of meters, on-site billing and delivery of invoices and other documents for Bogotá and and the savanna (South Zone North Zone) for Codensa for $ 65,055 million and a period of two years + an optional year.
- Construction services for civil works necessary for the underground installation of MT-BT and Public Lighting (POT) networks, for a value of $ 40,372 million and a period of two years + one Optional year.
- Logistic services of storage and transport of distribution materials for Codensa (Bogota, Sabana and Cundinamarca), for a value of $ 37,153 million and a period of three years.

Purchases of materials and equipment

According to the Enel Group's strategy of making purchases in volume, tenders for materials and electrical equipment were carried out, consolidating the needs of the electricity distributors where Enel has a presence. In the case of Colombia, the amount awarded herein represents 63% of the total purchases of materials and equipment from Colombia.

Enel X Purchases, services and staff

Some relevant processes contracted during the year 2017 included:

- Invoice printing service for $ 16,490 million and three-year period.
- Civil works services for the conditioning and remodeling in all the headquarters of the company for $ 18,852 million in a three-year period.

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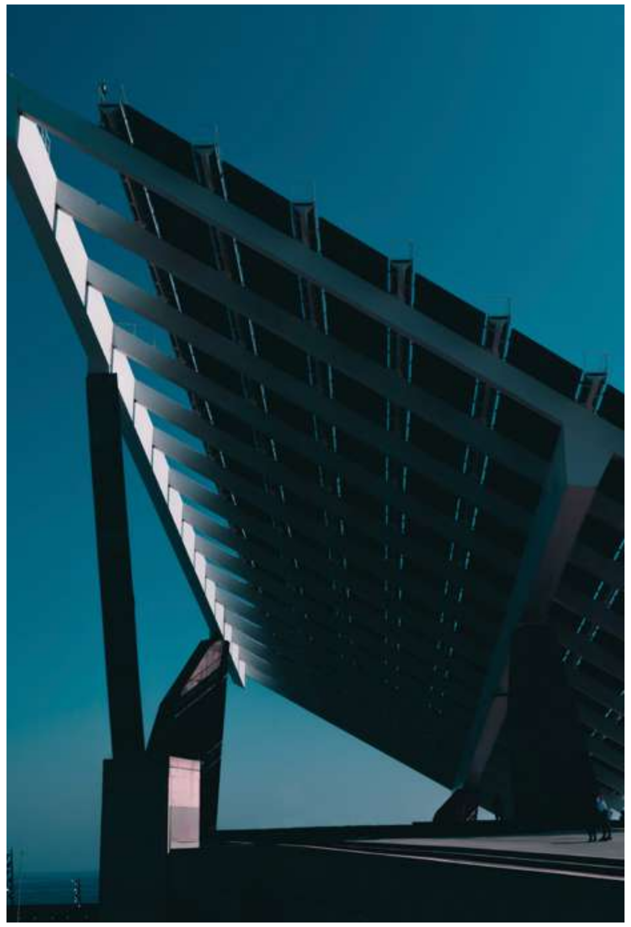
Purchases of information systems and technologies

Some relevant processes contracted during the year 2017 included:

- The Blue Coat infrastructure proxies renewal project for Codensa contemplated the supply of equipment, licenses, support, maintenance and services on the Blue Coat infrastructure, allowing to change obsolete and non-supported Internet access to a more modern platform. This supply and commissioning for a period of twelve months involved an allocation of $ 568 million with savings of $ 226 million corresponding to 28.43%.
- From Colombia, the regional tender for Brazil, Argentina, Chile, Peru and Colombia is leading the process of implementation and maintenance of the street master solution for standardization, validation and geo-coding of addresses, exact address survey, phonetic street dictionary and enrichment of databases for the commercial system, 24-month contracting, representing in Latam $ 863 million, with savings of 5%.



Meeting with Suppliers

Supplier management

The Company has continued the objective of having qualified, experienced and high performing suppliers, that is why during the year 2017 it has developed the following activities mainly:

Qualification

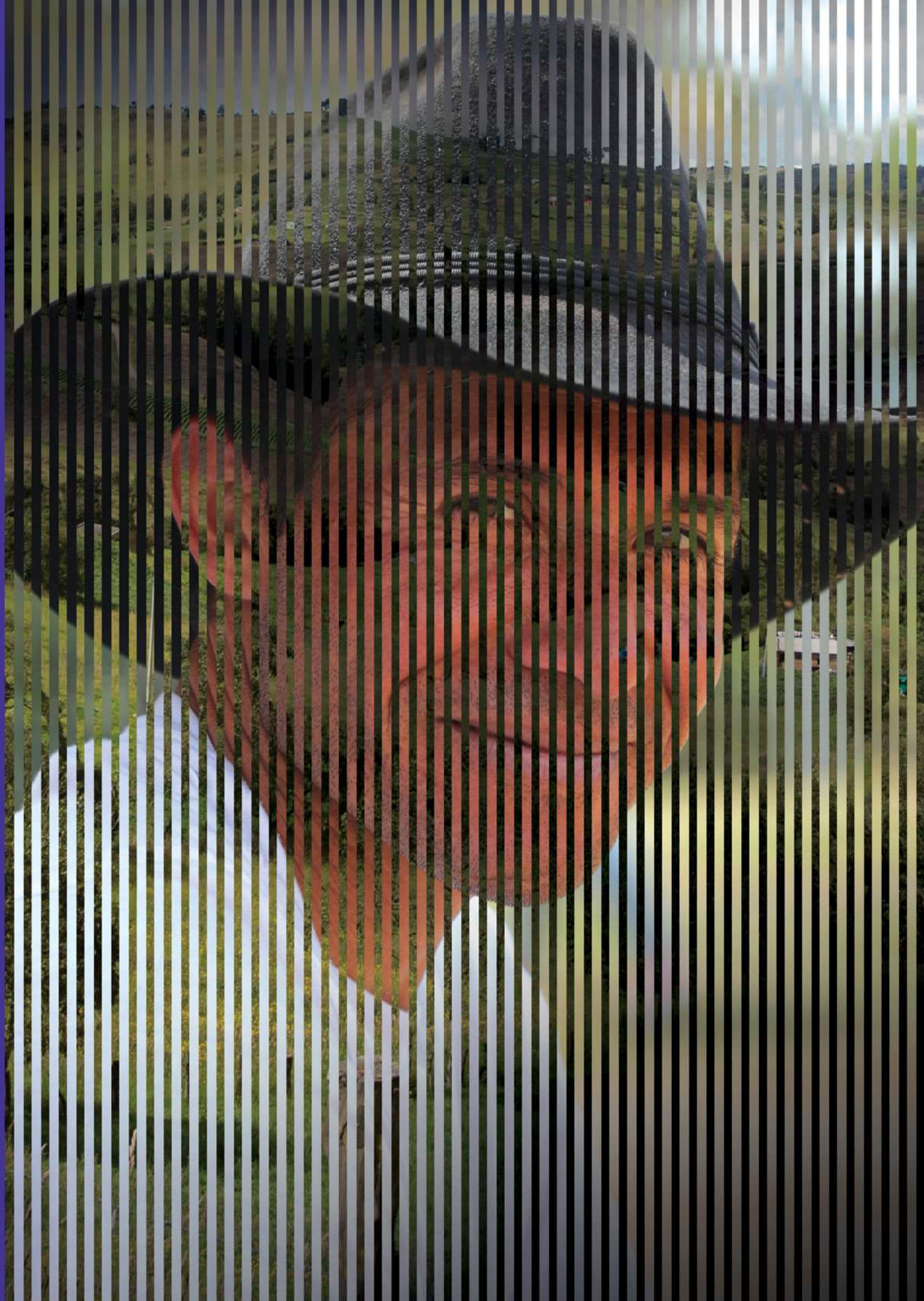
- The implementation of the pre-qualification system of companies for the activities associated with technical operations and civil works in medium voltage continued. This system takes into account the billing level of suppliers at the Company level and in the specific activities associated with the operation, the degree of concentration of activities and the level of dependency towards Codensa, allowing to maintain a better control over the contracting risk.
- Updates were made to the technical qualification requirements and the incorporation of new activities to the qualification system.
- Meetings were held with the most important suppliers to communicate their different lines of business and service portfolio, report on Codensa's qualification process updates and the future needs of the different businesses.

Foreign Trade

In 2017, 147 import processes were processed, amounting 22.8 million dollars.

03

This is how we project ourselves towards the environment



Sustainability Management

For the companies of the Enel Group in Colombia, the integration of sustainability in the corporate strategy and in the operational decisions of the business, guides the change to a new era of energy, where the world is connected and has the opportunity to participate and face major challenges. That is why environmental, social and economic sustainability is at the forefront of the business culture, which permanently generates and promotes the creation of value inside and outside the Company.

Contribution to the SDGs

The Enel Group is committed to supporting the Global Sustainable Development Goals (SDGs), with special attention to four of them: access to electricity, climate change, socio-economic development and education; offering new energy products and services to promote the social and economic development of the communities, creating shared value in the medium and long term for all its stakeholders and establishing the following global goals:

- **Access to electricity:** 3 million beneficiaries in Africa, Asia and Latam in 2020.
- **Education:** 800,000 beneficiaries in 2020 This goal was modified in 2017 as more than 500,000 beneficiaries were reached worldwide this year.
- **Economic and social development:** 3 million beneficiaries in 2020 This goal was modified in 2016 as more than 1.500.000 beneficiaries were achieved worldwide this year.
- **Climate Change:** Neutral Carbon in 2050.

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Contribution of the SDGs in Colombia in 2017 and data reached by the Group in 2017

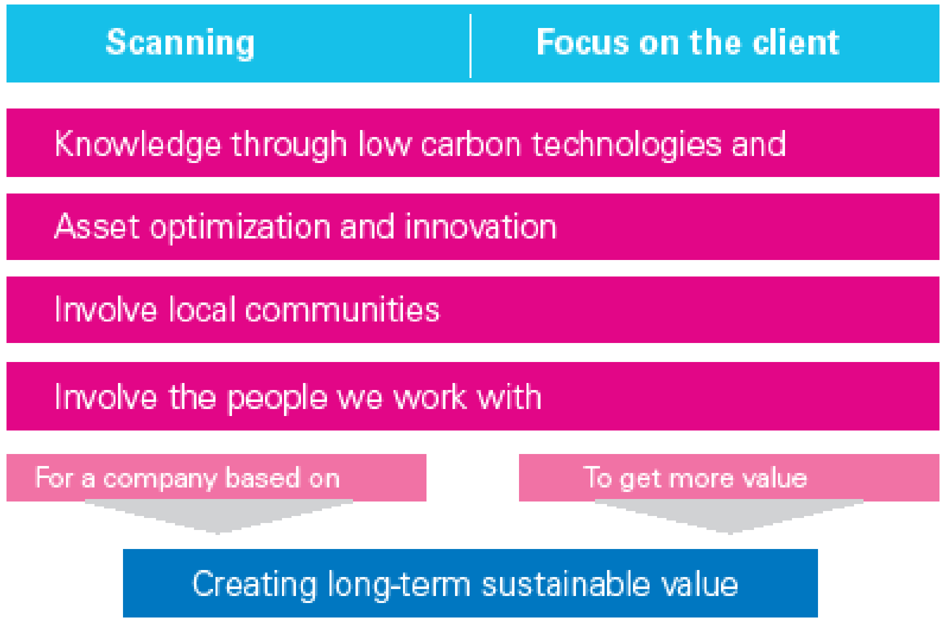
	Colombia 2017*	Grupo Enel 2017**
4 EDUCACIÓN DE CALIDAD	64.800	500.000
7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	85.338	1’700.000
8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO	4.220	1’500.000

* Closing Data at September 2017
** Figures from the Enel Group presented in the Capital Markets Day Delivery: a sustainable strategy.

Guidelines for sustainability

Es ilt is important to mention that in December 2017 the Companies approved the Organizational Procedure no. 478 Creation of Shared Value (CVC) Colombia, which contains the guidelines for the application of the vision of shared value creation in the relations with the stakeholders, thus responding to the strategic needs of the business through the development of focused projects to the creation of shared value in the medium and long term.

The Enel Group established the new guidelines framework for the 2018-2020 Sustainability Plan, based on future trends in social, environmental, economic and corporate governance, as well as the most important issues obtained from the materiality analyzes of its companies in the world and the challenges for the energy sector and the sustainability of the Organization.



Sustainable strategy with the stakeholders

In response to the needs of the communities, Codensa focused its initiatives and sustainability projects in accordance with the SDGs that the Enel Group has committed to support: i) Economic and social development of the communities, ii) Education, iii) Access to electricity. The most relevant results will be presented below.

Line of economic and social development of the communities

Coffee production chain

Processes of socio-business strengthening were carried out with 201 coffee growers in Cundinamarca, specifically the municipalities of Viotá, El Colegio, Gachalá and Gachetá, through the installation of mini-mills, where they developed drying activities, quality improvement and grain marketing. This will make the production processes and the commercialization of the product more efficient.

Together for the Boards

89 Community Action Boards of the municipalities of Ubalá, Gachalá, Gama, Sibaté, San Antonio de Tequendama and El Colegio participated in the training process in peace building, gender equality, transformation of socio-environmental conflicts, regional development visions, strategic planning, risk management and recovery of cultural traditions.

With the inclusion of young people in the process, the strengthening of youth groups in municipal advocacy processes was achieved.

Development Program for Peace of the Central Magdalena (PDP)

In order to contribute to a Nation in peace through a comprehensive commitment to sustainable human development for all citizens, in 2017 a peacebuilding process was developed with 110 leaders from western Cundinamarca, led by local institutions and the community organizations of the municipalities of La Palma, Caparrapí, Yacopí, Guaduas and Puerto Salgar.


Coffee production chain crop

Educating with Energy

Red Prodepaz

The alliance with the Red Prodepaz continued, which seeks to create a process of public advocacy in the territories where the development and peace programs are executed, through the construction of citizen agendas that allow the analysis and generation of proposals that affect short-term national policies and the implementation of peace agreements. The Red Prodepaz is present in most of the selected departments to implement socio-economic development actions in the post-conflict phase in Colombia.

Line support to education

Training for Work

200 vulnerable young people from the province of Sabana Centro in Cundinamarca were fully supported to complete their basic education and job training cycle, through technical baccalaureate training and technical education in areas of significant labor demand in the area.

Educating with Energy

Within the framework of the Educating with Energy project, in partnership with the Organization of Ibero-American States for Education, Science and Culture (OEI), the educational process of 10th and 11th graders from seven district public institutions was strengthened around the development of socio-emotional skills and vocational and professional guidance processes. In 2017, 2,200 young people, 160 teachers and 315 families benefited from this process. Likewise, the production and publication of technical and methodological documents that allow capitalizing the knowledge and experience of the project's four years of life were carried out.

Connect with Education

The implementation of this strategy continued, in order to contribute to improving the quality of primary education by training teachers in new pedagogical tools. In 2017, 149 teachers from educational institutions in the municipalities of QuebradaNegra, Nocaima and La Peña in the department of Cundinamarca benefited from this program. This led to reaching more than 1,500 elementary school students.

World of Energy

In 2017, 63,313 children had the opportunity to learn about the electricity generation, distribution and commercialization processes, through fun educational activities at the Divercitypark.

Construction and endowment of InstituciónEducativaDepartamental El Tequendama

The alliance with the municipality of El Colegio, Cundinamarca continues in order to support the construction of the infrastructure of the mega-school El Tequendama, which is part of the national educational infrastructure plan that is being promoted by the Ministry of National Education. 1,200 students (boys, girls and adolescents from rural and urban areas of the municipality) will have modern and decent facilities to receive their classes.

Access line to electricity

Seed Plan

150 young people from Villeta and Sibaté - Cundinamarca and Bogotá D.C. will be trained between 2017 and 2018 as technicians in the assembly and maintenance of overhead power distribution networks, carrying out their internships in Codensa supporting companies. The Seed Plan program promotes education and the opportunity to generate income for these young people, interested in the electricity sector.

Cundinamarca at 100%

We highlight the rural energization project as a contribution to the electricity access line: Cundinamarca at 100%, which benefited a total of 1,010 families in the department in 2017; the details of this project are presented in the section: Infrastructure and Network Management.

New sustainability projects

For the Gran Sabana and Compartir Substations, nine tools for creating shared value were developed, which allowed knowing and contributing to the identification of initiatives that contribute to the sustainability of the projects. Two innovation workshops were held to create initiatives with the participation of the communities in the area of influence and the project team. As a result, nine shared value initiatives were obtained related to: biodiversity, solid waste management, relationship with communities, energy efficiency and development to local communities. These initiatives will be evaluated for their implementation.

Seed Plan Graduation


Volunteering

20 meetings were held with key stakeholders as part of the process. Two agreements were designed and managed with the corresponding mayor's offices with a value close to $ 142 million, one of which was signed in Soacha with the participation of CAR for $ 78,598,866. This agreement aims to carry out reforestation and embellishment of green areas near the area of influence of the Codensa Compartir Substation project and will benefit around 7,150 people, including adults and children currently living in the area.

Other sustainability initiatives

Volunteering

Through corporate volunteering that takes place in working time spaces, it was possible to contribute to different causes and projects of non-profit organizations, as well as to the embellishment of educational environments in public institutions. The activities carried out during the year 2017 in the different volunteering modalities linked 550 employees of the Company, benefiting 982 children, young people, elder population and people with disabilities attended in foundations and children and young people from seven educational institutions in Cundinamarca.

Sustainable mobility

The sustainable mobility plan is implemented, which promotes among employees the use of means of transport that contribute to caring for the environment and improving mobility in the city, such as the car or taxi-pooling, bicycles and walks. This initiative led in a period of one month the participation of 130 officials, who traveled 7,111 kilometers by bicycle, 544 km walking and who mobilized 90 people in 37 shared trips.

2016 Sustainability Report

The Sustainability Report number 13 of the Company was published, thus completing more than a decade of transparent and accountable exercises with its stakeholders. The report was prepared under the parameters of the GRI Guide 4: Exhaustive Option of the Global Reporting Initiative (GRI) and the specific sectorial supplement for the electricity sector.

The document was verified by the auditing firm Ernst & Young Audit SAS. The report, achieved the Advanced GC in the Communication on the Progress of the Global Compact, in compliance with the ten principles to which the Company has adhered since 2004.

Bosque Renace (Codensa-Emgesa Natural Reserve)

The forest was born as a sustainability initiative for the conservation and protection of 690 hectares of high Andean forest. It is located in the municipality of Soacha, and contributes with the recovery and connectivity of the ecosystems located in the middle and lower basins of the Bogotá River. Since 2012, close to 35,000 trees have been planted in compensation for the activities of the Companies.

Regulatory management, institutional engagement and environment

Regulatory environment: new tariff period

The most relevant regulatory developments for Codensa's activity are the guidelines for the remuneration of the distribution activity, contained in resolution CREG 019 of 2017, which seeks to ensure the timely expansion and adaptation of the assets and, in that sense, incorporates incentives for replacement and investment plans, thus improving the quality of service and controlling energy losses.

Regulatory management

During 2017, regulatory management focused mainly on two issues of crucial importance:

- The discussion between the regulator and the agents about the future remuneration methodology of the distribution activity continued, which focused attention on the regulatory environment for the group of network operators in the country.
- The discussion on the policy that the country requires for the development of massive solutions of smart measurement that allows to materialize benefits in matters of time measurement, pricing, energy efficiency and energy balance, among others.

Regulatory proposal for a new methodology for the remuneration of the electric power distribution activity

For the discussion of the proposals published by the CREG, expressed through resolutions 024 and 176 of 2016 and 019 of 2017, Codensa presented its comments and proposals regarding low-voltage compensation, constructive units, incentives, energy losses, better service quality benchmarks; all of the above looking for policies that allow safeguarding the financial sufficiency of the network operators. The tariff review will be a key challenge for 2018 when the completion of this process and the approval of new regulated positions in the activity are expected.

Discussion of the state policy framework on smart metering

In 2017, the Ministry of Mines and Energy, as indicated in Law 1715 of 2014, and Decree 1073 of 2015, published a draft decree for comments on the mechanisms to implement the advanced measurement infrastructure in the electric power utility. The proposal of the ministry is transcendental for the evolution of the sector and reflects the structural aspects of policy that have been proposed by Codensa, including the assignment of responsibilities to the network operator, a transition scheme for the adoption of this technology and the implementation in 95% of the national demand.

Institutional Engagement

Progress was made in the consolidation of its institutional relations processes, with the purpose of achieving the strategic positioning of the companies among the different institutional audiences, and contributing to the construction of reputational value through the proper management of public affairs, in accordance with guidelines on transparency and the fight against corruption.

In this context, 2017 represented the starting point for the implementation of the institutional relations policy and its procedures, as well as the socialization of the processes associated with the information system, the methodology for the identification and prioritization of the stakeholders and the construction of the corporate position in relation to each topic of the institutional agenda.

Hence, through the management of institutional relations, the construction of reputational value and the articulation of the action with respect to external audiences of an institutional nature, the following facts stand out:

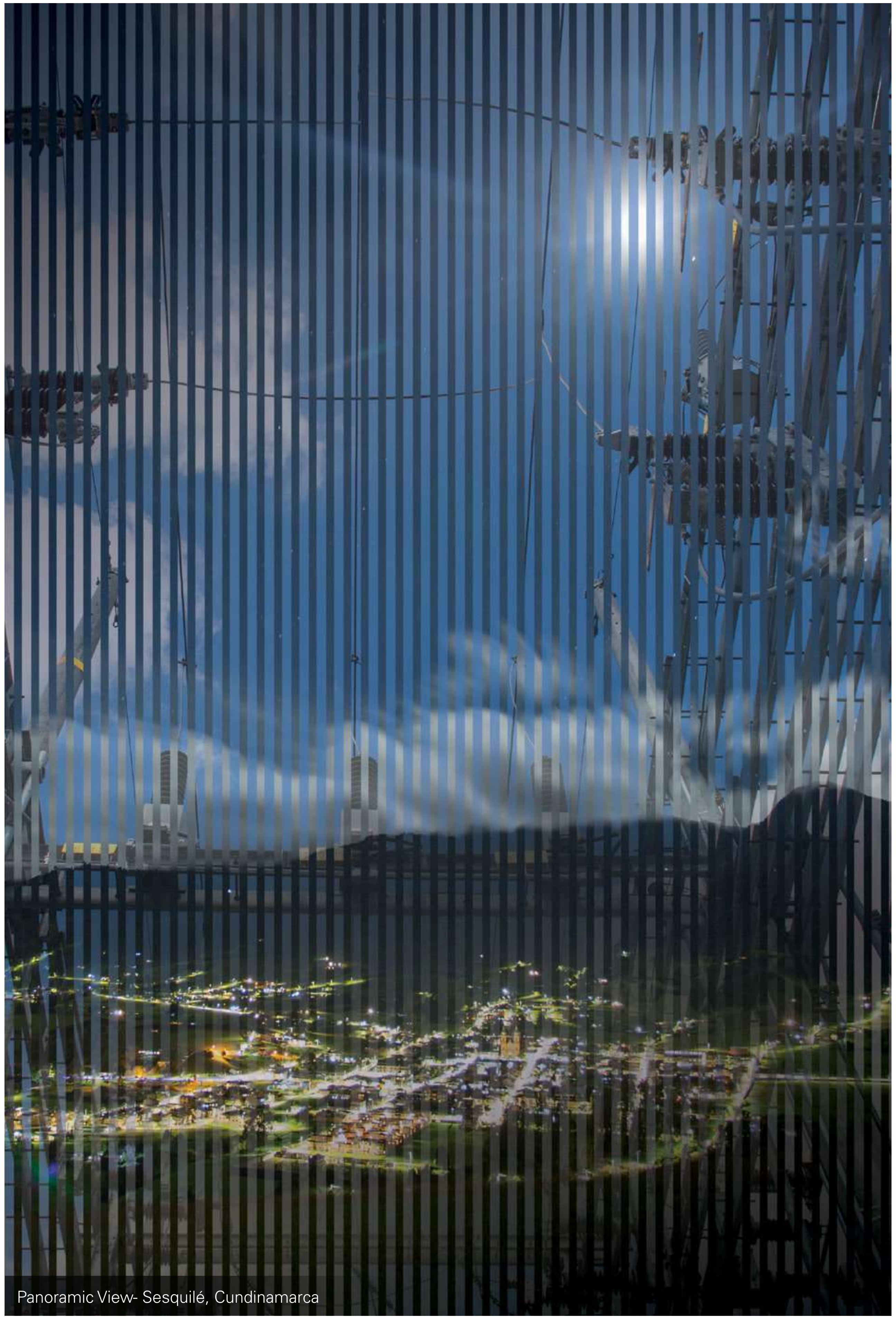
- Implementation and development of best practices in matters of transparency and corporate governance within the framework of the dynamics of the Institutional Relationship of the Company, giving priority to the compliance with ethical and legal requirements.
- In legislative matters, the creation and consolidation of the legislative management process in trade unions; the analysis and follow-up of 40 legislative initiatives having an impact on the development of Codensa's activities; and the trade union and direct management with respect to the processing of ten legislative initiatives.
- Management within the framework of the ordinary revision process of the Territorial Planning Plan of Bogotá and the promotion of the smart city model.
- Organizational unit and coordination for the management of the relationship with the Government of Cundinamarca, with emphasis on electrification agreements, concessions and works issues.

Environmental regulation

During 2017 the management of environmental regulation was focused on the regulation by environmental authorities of issues related to: environmental licensing, conservation incentives, environmental benefits associated with energy efficiency, delimitation of moorlands, air quality and climate change, with issuance of the following administrative acts:

- For the development of projects, works or licensed activities, regulatory modifications were introduced related to the regulation of the 1% forced investment through Decrees 2099 and 075, which amended the liquidation base and the general lines of the investment plan.
- Resolution 1670 related to the terms of reference for the preparation of the Environmental Impact Assessment (EIA), required for the process of environmental licensing of solar energy projects.
- Resolution 1519, by means of which the terms of reference for the preparation of the Environmental Impact Assessment (EIA), of the construction and operation projects of hydroelectric power generating plants are adopted.
- Resolution 1910 that establishes the terms of reference for the preparation of the Environmental Diagnosis of Alternatives (DAA) in projects for the use of biomass for power generation.
- Creation of the Single Registry of Ecosystems and Environmental Areas in which conservation schemes can be implemented and which regulated those that can be applied in the 1% investment lines, as well as in compensation schemes and other conservation initiatives.
- Resolution 470 that creates the Forest of Peace Program as a model of sustainable management of the territories that seek to integrate the conservation of biodiversity with productive projects for the benefit of the organized communities.
- Decree 870 and Resolution 1051 related to payment schemes for environmental services and habitat banks, respectively.
- Resolution 2000 associated with the issuance of PROURE, which updated the procedure to access the tax benefits.
- Resolution 2254, by means of which the ambient air quality standard is adopted, establishing the maximum permissible levels of pollutants from 2018 and 2030.

In relation to climate change, the government regulated the carbon tax exemption defined in the tax reform through carbon neutrality certification. Furthermore, the Climate Change Policy and the third Communication on Greenhouse Gases (GHG) mitigation were published.



Panoramic View- Sesquilé, Cundinamarca

Communication management

Media Relations

The media play an important role in the public opinion; hence, for Codensa it has always been a priority to keep them informed in a timely and efficient manner about its innovative and sustainable management in order to provide better service and attention to its customers.

Innovating in the form of communication with journalists who cover their source remained a priority during this year. In 2017, the first Virtual Press Conference was held, seeking to approach the media by avoiding travel and the Codensa Press Group was created on WhatsApp to establish a direct communication channel with journalists and respond to their requests in an agile and dynamic manner. Likewise, an internal news alert system was created, seeking to ensure that the largest number of leaders of the Organization are informed in a timely manner about the most relevant news in the country and the sector.

Another innovation of the year was the creation of the digital News News with Energy, distributed through Facebook and WhatsApp, whereby the main news of the Company are transmitted in a short, precise briefs.

Four press conferences were held throughout the year, in addition to the virtual one, where journalists not only accessed information, but also experienced first-hand the benefits that Codensa brings to the community. Such is the case of the launch of the alliance with the Ministry of Information Technology and Communications (MinTic), the launch of the first electric bus that travels through the streets of Bogotá, the alliance with Car B to offer the service of shared electric cars and the follow-up to the first 100 days of the Nueva Esperanza substation. These press conferences were held in the months of May, June, September and October, respectively.

With the merger between the Empresa de Energía de Cundinamarca (EEC) and Codensa, the management of the media relations area expanded its coverage to regional media in this area, seeking to keep the community informed about the improvements and changes derived from the merger for the provision of service and customer care.

Cascade Meeting 2017

Digital

The digital content strategy was intended in 2017 to show the management of Codensa, as a company of the Enel Group in Colombia, communicating its projects and initiatives. To this end, aligned with the business strategy, Enel's involvement in the Giro d'Italia was used on its benefit, which mean associating the Company with the Group, which which is the official sponsor of the Maglia Rosa.

Additionally, new formats, microvideos, gifts and digital articles were implemented, which allowed deepening in a more thorough and dynamic way the topics of interest to the community. A total of 32 digital articles were developed, which were framed in the communication axes of the social network strategy and published on the Company's website distributed as follows in the History section: 8 contents on innovation, 6 on customer service, 14 on projects and corporate initiatives and the distribution business and 4 on sustainability projects.

Throughout the year, over 1,661 publications were generated on social media channels, with more than 22 million views throughout the year. This allowed the community to interact with the brand through 93,619 likes and comments, and to share the content more than 11,000 times.

Furthermore, this year we continued with the virtualization campaign "Communicating now is easier", aimed at promoting the use of the Company's virtual channels, and achieving a Mobile application download rate of 54,835 - 136% more than the figure reported for the previous year. This represents a significant increase in transactions by users through the web channel and social networks. As for the strategy to strengthen and increase the indicators of time of permanence and visits on the website, the implementation of new sections such as the Modernization of public lighting, Nueva Esperanza, Cundinamarca Investment Plan, among others is highlighted.

Management of brand identity and advertising

Brand strategy, events and sponsorships

With the aim of continuing to position Codensa as a benchmark in the sector in terms of distribution and commercialization of energy and PSVA's, participation and support were promoted in relevant and high visibility external scenarios to share experiences, good practices and achievements of projects that convey its leadership in innovation, electric mobility, sustainability and other services.

The messages were aimed at evidencing that Codensa is a company that creates energy solutions that are committed to the challenges of today and tomorrow to positively change the lives of people, through the development of their communities, businesses and cities. The communication actions sought to reflect a more human and open company to people and the implementation of new technology in favor of quality and efficiency in the energy supply.

Between sponsorships and presentations at events of public projection of the sector, the Company was present in nearly 60 events, among which we may highlight:

Sponsorships:

- World Business Forum Bogotá (WOBI)
- VII International fair of the electric sector (FISE)
- XIX Congress ANDESCO, Public Utilities, ICT and TV
- XM Forum 2017 - The future of electric power in Colombia
- I International Electric Mobility Meeting WEC
- XIV Conference of distribution ASOCODIS - Acts of public projection:
- I Congress of sustainability
- One Young World Bogotá
- Colombia Generates 2017, ANDI
- Sustainability Summit Week
- Colombia: the triple energy transition WEC

WOBI Participation

More than one hundred events were developed for internal and external audiences that generate value for the Company and allow to keep stakeholders informed, aligned and motivated with the strategies, plans, projects and challenges that the Company continually faces, always looking into the future.

This year we celebrated the 20 years of Codensa's presence in Colombia, for which an institutional event was held in order to celebrate the achievements made during this time.

The events focused on generating more experiential spaces in each activation, with a greater and better brand presence that will generate recall. In line with that goal, this year a virtual character was developed who received the name of Elena, who through state-of-the-art technology, manages to communicate and interact with people in real time to position messages, lead contests and manage all interaction with the stakeholders and support the objective of showing a closer and more avant-garde company.

For the second year in a row, the program led by Enel Play Energy was developed; this year, the program achieved its consolidation in Colombia with the participation of 18 schools in Bogotá and Cundinamarca. With this initiative, children are encouraged to think about the future of energy in an innovative way through projects that are developed in partnership with educational institutions and their teachers. This year the participation of 80% of the schools that reached the closing contest activity was achieved, where participants impacted by the depth of their research work, the creativity of their ideas and the quality of the presentations of their projects.

During 2017, the process of monitoring brand reputation with the Reputation Institute began. With this initiative, indicators are measured, which allow the creation of plans that contribute to the construction and protection of the reputation, analyze risks and obtain competitive advantages over the management of the brand.

Advertising

In 2017, 27 advertising campaigns were developed, 816 tactical pieces such as flyers, inserts, spots and radio spots, and there was an advertising investment in traditional media in excess of $ 3,000 million.

Within the media mix, the presence in spaces such as outdoor advertising and national TV was strengthened. Radio remained the most used means for campaign dissemination, allowing better indicators in terms of cost - scope - frequency. Regional and local television continued to be a supplementary medium for the client communication strategy.

The largest advertising shareof the Company, with 47% of the total media investment in 2017, was evidenced with commercial campaigns coming from the value-added products and services line (PSVA's), which were not just exhibited in specific campaigns for the different products (insurance, LED lighting, appliance repairs, among others) during the year, but also to position the "umbrella" concept of that portfolio, which was on the air on different seasons throughout the year.

This umbrella concept was developed in order to look for a graphic and communicational consistency that would allow conveying an integral brand, close to the clients.

Likewise, 20% of the total advertising investment of the previous year focused on the efforts that the Company made to previously report the effects on the energy supply resulting from the execution of works aimed at improving the quality of service provision in both Cundinamarca and Bogotá.

On the other hand, in regards to the total 2017 investment in mass media, 21% covered institutional campaigns, where the advertising campaign to commemorate the 20th anniversary of Codensa stands out, which, under the slogan "20 years transforming lives with energy", sought to reflect how, through two decades of history and thanks to the promotion and motivation of its clients, it has worked to bring technology, progress and opportunities in the areas where it operates.

The execution of the "Flying Days"campaign alsocontinued, which consolidated its purpose to inform and raise awareness among the citizens of Bogotá and the savanna of the importance of flying kites in safe places away from cables and light poles, to avoid risks and failures in the neighborhoods, affecting the provision of the service. Historically, this campaign has shown satisfactory results in the improvement of the operational indicators of the business.

20 years anniversary celebration

Innovation workshop

Finally, for the B2B business segment, activities and tactical pieces were developed that allowed for the support of relationship strategies with customers in Bogotá and at the national level, as well as the presence of the brand in strategic scenarios for business objectives.

Internal communication

The efforts were aimed at making the materialization of the values of the Open Power strategic concept visible in the projects and initiatives developed by the Enel Group companies in the country.

Throughout the year, using the five internal communication channels, the staff was informed about the main news of Codensa and the Enel Group in the world, positioning the strategic projects of the energy distribution and commercialization business. In total, 217 electronic bulletins were issued with an average of 700 news items.

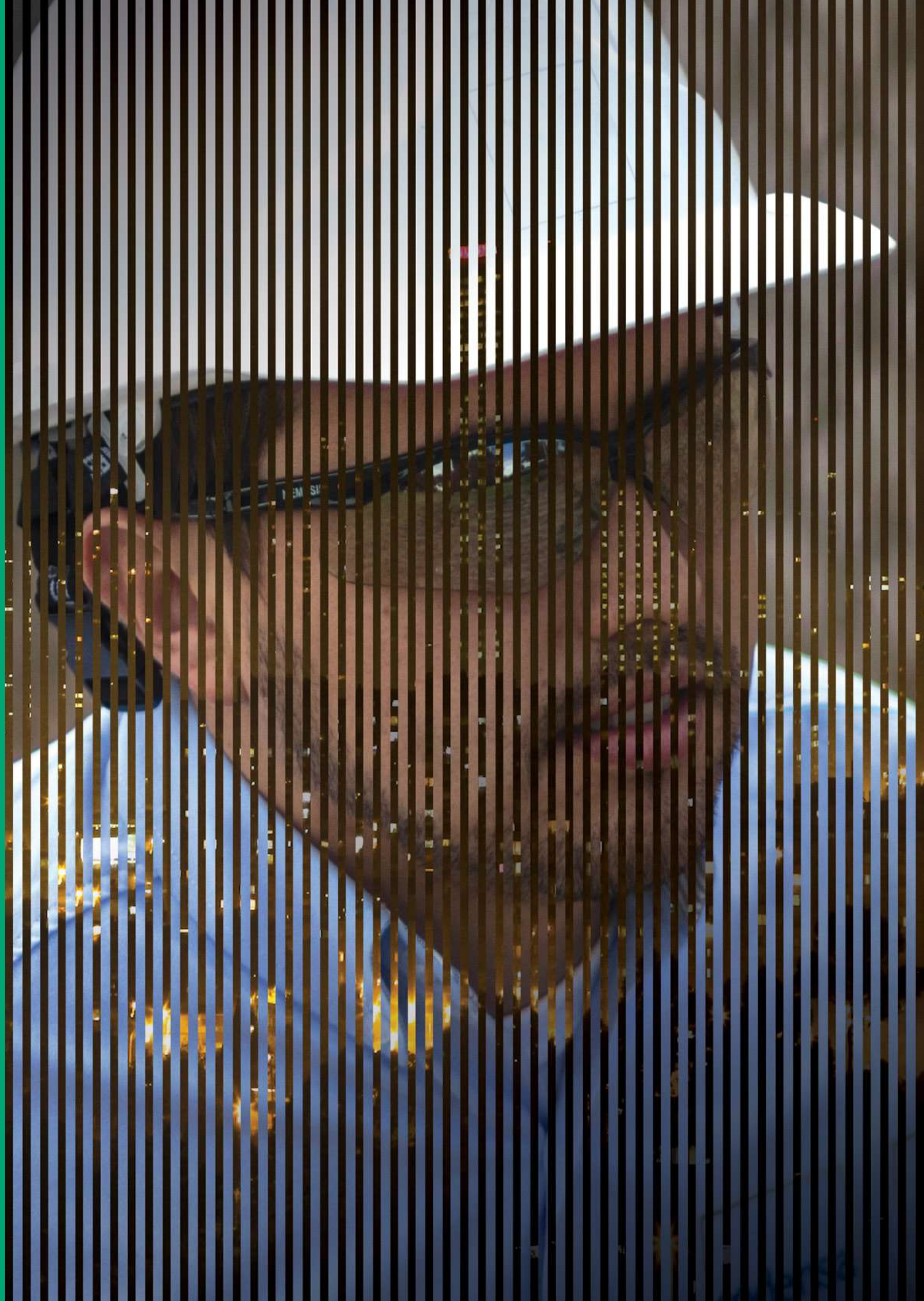
A relevant milestone was the launch of the new intranet, a modern, functional, friendly channel that can be personalized by each worker, according to the new times. This launch was accompanied by a dissemination and training plan to advertise the new functionalities of the tool to workers.

In commemoration of the 20 years of Codensa in the country, actions were taken with workers who highlighted the Company's milestones through a special news, trivia, photo galleries and intervention in corporate headquarters. These actions highlighted the achievements made during these years and strengthened the sense of belonging and pride towards companies.




04

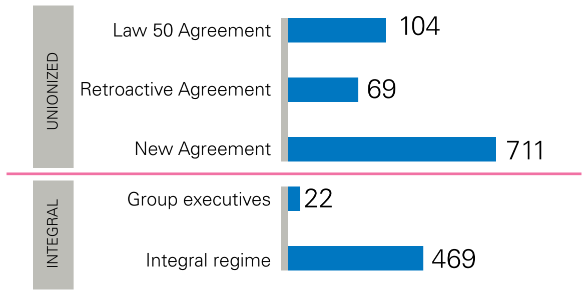
An internal management that leverages results



Personnel management

Planning, organization and compensation process

The total of Codensa direct workers at the end of 2017 was 1,375, 3% higher at the close of the immediately previous year, among which 89.9% have anstandard term contract. The classification according to the type of collective group is detailed below:



Additionally, at the end of 2017, Codensa had a total of 44 apprentices (regulated by the Sena Quota) and 48 university interns (agreements with universities).

Compensation

In accordance with the Company's compensation policy and seeking to improve salary competitiveness, internal equity and staff retention, 359 salary levels were made to direct personnel, distributed in: 299 for the agreed personnel and 60 for the non-agreement staff (integral regime), managers, middle management and professionals.

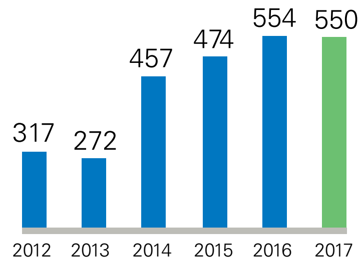
Organizational structure

The implementation of the organizational model of the Enel Group called Matrix at the Colombian level continued. The main changes in the different organizational levels at the country level were the creation of the E-Solutions Colombia business line and the opening of the Legal Affairs Unit, Generation Energy Management & Staff in: Legal Affairs Renewable Energy, Energy Management & Staff and Legal Affairs Thermal Generation.

Selection Process

An average of 99% effectiveness was achieved in the selection processes at December 2017, remaining the same as in 2016.

Codensa Selection Process



Revenue history

Codensa	Type of Contract		
	Direct	Students/ Apprentices	Temporary
2012	96	162	59
2013	72	109	91
2014	102	166	189
2015	156	184	134
2016	145	207	202
2017	140	184	226

Internal competitions

The priority in internal competitions is to provide growth and development opportunities for Group employees, covering 23% of vacancies internally.

History of internal competitions

Codensa	Vacancies Covered	
	Internal level	External Level
2012	17	79
2013	56	72
2014	63	39
2015	34	122
2016	34	111
2017	19	121

codensa
Grupo Enel

65 people were promoted directly to positions of greater responsibility and,likewise, 19 promotions of personnel were carried out through internal competitions. Furthermore, the feedback process was personalized to 100% of the internal candidates in order to communicate the strengths and aspects to improve of each of the candidates.

Employer brand

In 2017, we worked on digitizing the selection process through the Taleo and Magneto tools, which optimize the selection and recruitment processes.

There was also presence in the universities covering business areas: Universidad Nacional de Colombia, EscuelaColombiana de Ingeniería Julio Garavito, Universidad de Los Andes and Universidad EAN, where new brand communication and personal brand workshops were conducted. Nearly 700 students participated in the last semesters of Industrial Engineering, Electrical Engineering, Civil Engineering, Electronic Engineering, Systems Engineering, Environmental Engineering, Business Administration, Psychology, Accounting, and Law, achieving the objective employer brand positioning, loyalty to universities and long-term assurance of student recruitment for subsequent semesters.

Training and development processes

Development

In 2017, different trainingsessions, events and programs were carried out, all aimed at managing the talent of the workers, as well as providing the necessary tools and knowledge to develop the skills of a leader.

Hence, the aim is to strengthen the work climate and manage the talent of the workers, focusing the actions mainly on methodologies and workshops for development, talent management and recognition. Next, each of the activities is presented in detail:

Leadership Faculty

The Corporate University includes an exclusive school for the leaders of the Enel Group in Colombia. This year, specialized leadership programs were selected to strengthen team management skills.

Course	Participantes
Workshop: managing my team	30 leaders
Situational leadership workshop	58 leaders
Workshop on 13 principles of leadership	19 leaders
Management skills program	11 leaders with high potential
Workshop: performance appraisal	134 workers

Evaluation of 13 leadership principles

The Evaluation of 13 leadership principles is a survey that seeks to know the level of applicability of the 13 principles by the Enel leaders in Colombia. The survey reached an 88% participation of the population. The principles with the best qualifications were: daily greeting, support and dissemination of the decisions of the Company, I fulfill my commitments. The principles with the lowest qualifications were: I build an annual work climate plan together with my team, I build and follow up the Individual Development Plan of each worker, I promote the use of virtual tools. The process includes a self-evaluation, an evaluation carried out by the direct report and another by the collaborators.

Digitization of the leader's guide

Starting in 2018, leaders will have virtual access to the leader's guide. Through this guide, leaders will have first-hand information available about the 13 principles of leadership and practical advice to improve.

Female leadership workshop

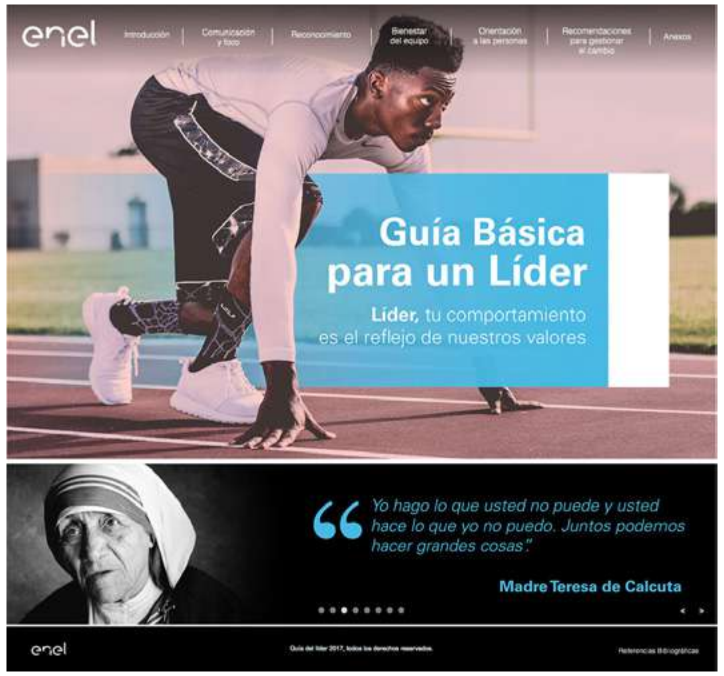
A women's leadership workshop was held in which 19 women participated, performing management roles, leadership or expert professionals. The workshop was divided into four modules and sought to give women tools in their development and promotion within the Organization, with contents such as: the value of equity and the benefits for organizations with women in leadership positions, deconstruction of stereotypes, internal and external barriers.

Climate and safety survey

During 2017, the results obtained in the 2016 survey were disseminated and improvement action plans were defined on points where low scores were obtained. A total of 68 actions were defined, aimed at strengthening issues such as: knowledge in work safety, leadership skills, improvement in physical conditions, work overload and cohesion or team integration. The action plan was executed in its entirety.

"Five options" workshop for outstanding productivity

As part of the climate action plan, the five options workshop was held for outstanding productivity, which aimed to generate a balance between the different roles that people have within the Organization, learn to work on what




PHI Leaders Workshop

is most important and not about the urgent, and to use technology to be more productive. 106 people attended, including leaders and professionals.

Coaching

This methodology seeks for workers to strengthen the behaviors defined by the Enel Group, allowing them to establish the best goals, objectively assess the resources they have and take action using their strengths as a lever to improve their aspects to develop. In 2017, 14 coaching processes were carried out with Codensa workers, equivalent to 182 hours of development processes.

Mentoring

This methodology seeks to ensure that through a mentor or guide, new leaders strengthen leadership and team management skills. Eight processes were carried out throughout 2017 and 209 hours were executed.

Community of leaders

A community was created in the Yammer corporate social network with the aim of establishing a communication channel with the leaders of the Company. Weekly exclusive and current contents of WOBI, Articles of getAbstract, TED Talks among other relevant information were published.

Outdoor

Different Outdoor activities were carried out, in which, through outdoor exercises, in an environment outside the office, the aim was to encourage teamwork, Open Power values and behavior, leadership and social commitment. In 2017, six workshops were held with the participation of 241 workers.

Performance Appraisal

The evaluation model implemented in 2016 was followed, which is oriented towards development, involving the evaluation of the ten behaviors defined by Enel.

It also has a new scale due to the introduction of the Expand quadrant.

Reorient 1 to 1,99	Support 2 a 2,99	Develop 3 to 3,49	Expand 3,5 to 3,99	Value 4 to 5
Rarely acts according to the behaviors established	Partially acts according to the behaviors established	Puts into practice the behaviors established, achieving the expected results	Effectively puts into practice the behaviors established, sometimes exceeding expectations.	Acts effectively according to the behaviors established, exceeding expectations and motivating others to do the same. New challenges inside and outside your unit

The process was carried out through the Oracle platform with the participation of all the Company workers.
A workshop was also held for all the Group's employees, which aimed to disseminate this behavior assessment model. The training sessions were held in the three main offices of the Company and in total 134 workers were registered and participated.

Performance objectives

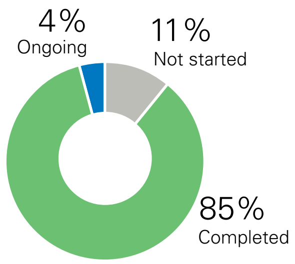
Integral workers were deployed with the objectives defined by the holding for managers, taking into account the management scope of each worker. According to the above, 100% of the workers have defined objectives in Oracle.

For conventional workers, objectives were agreed through the Performance Management tool, where the worker included the objectives and then the boss approved them. 91% of Codensa conventional workers agreed on objectives.

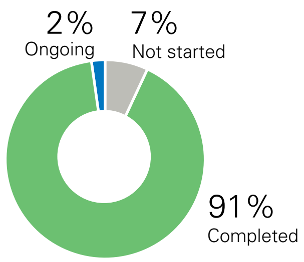
Feedback

Feedback is the process whereby leaders give and receive feedback with each of the people in their work team, for which the Oracle tool was used. 85% of the workers included their comments, perception and opinion of the information provided by the boss in the feedback. 91% of the leaders included comments on the feedback received.

Worker feedback



Boss feedback



getAbstract

Given the success of the management update platform with the community of leaders, access was given to all workers so they can update their knowledge with the getAbstract tool. 82% of leaders use the tool frequently. With respect to workers, 554 of them make regular use of the tool. According to the testimonies collected, people use it to keep up to date on issues of leadership, management, business knowledge and in some cases technical knowledge.

Leader to coach workshop

The workshop sought to develop a new form of leadership through the coaching methodology, so that managers could become leaders with greater effectiveness and impact in their work teams and could build a more efficient communication that minimizes conflicts, optimizes times and facilitates effective conversations and quality.
The workshop lasted approximately 16 hours and was attended by 32 managers. Topics related to the strengthening of Open Power values, diversity and inclusion, innovation, humanism, among others, were discussed.

2018 Challenges

- Continue working for the formation of leaders.
- Provide tools to leaders to respond to challenges of digital transformation.
- Re-launch the program of internal tutors.
- Identify the development needs of leaders adjusted to current priorities

Training

Seed Plan

In 2017, four new Seed Plan courses were opened, two in Bogotá, one in Villeta, and one in Sibaté. 75 students participated in the lecture stage, in addition to the 32 students who are in the productive stage, doing their internships in the different contractor companies.

Taking into account that this program underway since 2014, the First Exhibition of Graduates of the Seed Plan of Bogotá was held. Their objective was to update them and for contractor companies to recruit according to the vacancies for this level.

At present, 50 graduates work in contractor companies. It is expected by 2018, the crew established is comprised of women.

Professionalization program

The professionalization program of Codensa was designed to contribute to the higher education of workers through academic benefits provided to cover university expenses and facilitate access to undergraduate studies by adding value to the business and professional growth for each of the beneficiaries.

The Company has an agreement with the Universidad Politécnico Gran Colombiano for the Industrial Engineering degree, in which the beneficiaries first enter the technology course in Logistics and after having the title as technologists, they continue with the professional career. In 2017, a worker in the Distribution area was the first graduate beneficiary.

For the year 2017, 24 workers completed the Technology course in Logistics and 13 workers attended Industrial Engineering, for a total of 37 beneficiaries.

In 2017, academic programs were reviewed with other universities, in order to expand the offer to workers and meet the needs of the business.

Seed Plan Students

Application requirements to the professionalization program

One year seniority → Not having a disciplinary history → Evaluation in the SGR → Standard contracts (indefinite term) → Not failing any subjects and an average grade of 3.7

Loans and sponsorships

Sponsorships and educational loans are directed to all levels of the Organization with professional qualifications and development potential. This benefit applies to higher education specialized / postgraduate studies, MBA, masters, top management programs and specialized technical certifications taught by universities or national or international entities duly constituted and recognized as educational entities.

During 2017, the benefit of loans and sponsorships was granted to 47 professional workers in 34 national and 13 international universities, in order to contribute to the development of the workers and their professional and personal growth.

Sponsorship and Loan Process

Request	Information Validation	Type of Benefit	Approve	Documentation	Tuition	Payment
Fill the training application form	Verify if the employee meets the requirements	Determine the kind of benefit, if it is aloan and sponsorship or just a loan	Communications is issued and sent via e-mail	The permanence clause and the promissory note are signed	The minimum average of 3.8 is validated	Conformance is processed in case of sponsorship and PDP in case of loan.

Diploma courses on contracts and short courses

In order to contribute to the performance, learning, efficient work and updating of the workers, two Diploma courses oo Contract Management were developed, which addressed issues of great importance such as: audit, labor regulations, contractual legal risks, budget management among others. There was the participation of internal teachers, for a total of 13 modules, with the participation of 44 workers.

Likewise, five short refresher courses in Contract Management were given in support of the diploma course, attended by 90 workers in total.

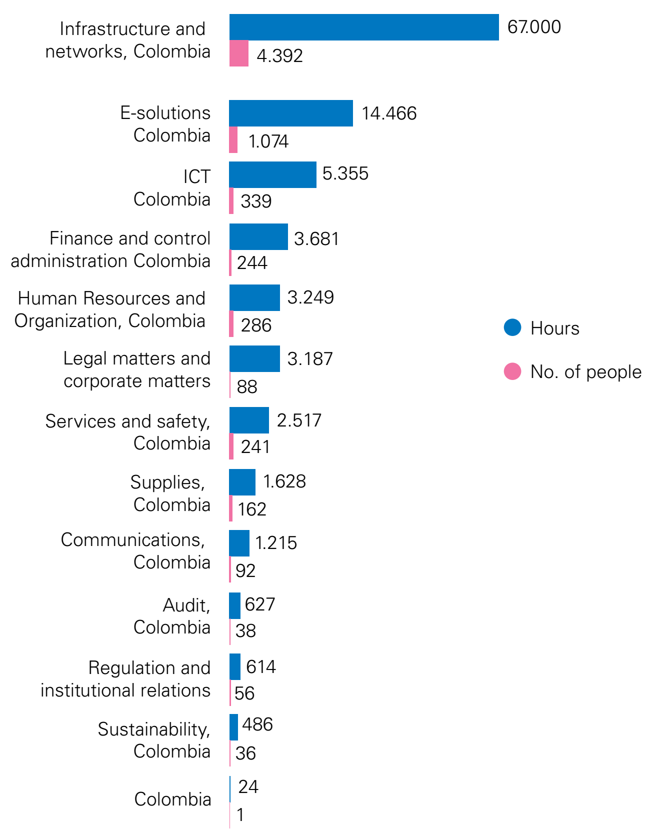
Soft skills and technical training

A total of 104,190 hours were executed, with the participation of 1,462 workers and a total of 316 different trainings during the year, with an average grade of 4.5, and a budget for training of approximately 695 million.

The training sessions established in the Individual Development Plan were executed, which seek to close the gap in some soft and technical skills of the workers, in order to contribute to the labor and personal development, according to their needs.

Below are the hours of training and participation for each Management and the average grade for each month:

No. hours and participants by Management



Change management office

In 2017, the change management office was created, with the purpose of leveraging the Company's strategic projects, seeking to mobilize culture and accompany the transformation processes, generating different activities that allow the adaptation of workers in the different projects to implement.

The projects that have been developed in the change management office are:

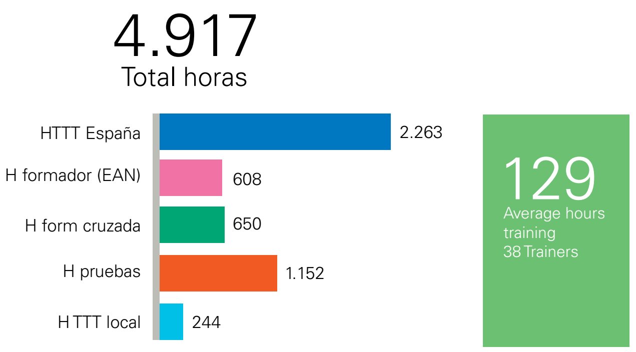
Change management center

Definition of the set of actions required to facilitate the success of the project → Prioritization of change actions → Preparation of the action plan

Project E4E

46 trainers were appointed and trained in methodologies and teaching techniques, to convey knowledge to end users in a more efficient way. The trainers attended the Train the Trainers that took place in Spain with the aim of 38 internal teachers being trained in the 27 new modules and replicating these trainings with the final users of the E4E project. On the other hand, crossed training was carried out with the aim of acquiring knowledge in other systems and reviewing the subjects already learned in Spain, and this group has been involved in the systems testing.

Trainer Training hours



Among the Change Mobilizers of the project, two workers were named as People that leave a mark or People who renew, and their main function is to communicate the doubts and perceptions of the people facing them. The agents of change workshop was developed, to train all the mobilizers in their new role, who also had six follow-up sessions during the year.

In addition, 24 change management workshops were held for all the final users of the project.

Checking Business Project

The Checking Business project aims to achieve the strategic, tactical and operational alignment of the E-Solutions processes, and implement the Business Check-in management model

For 2017, a change management workshop was held for personnel that is directly related to its implementation. In addition, training was carried out on the use and application of the products that make up the Spotfire Platform, with the aim of ensuring efficient performance in the use of this tool.

RHO project online

RHO Online is a new tool that will allow workers to manage procedures and human resources processes in a more agile, efficient and accessible way. Its implementation began in December with the Time Management portal.

The objectives of change and the strategies of the "being", knowing and doing that facilitate their implementation and appropriation were defined. By 2018, the training of the different populations will continue, framed in the strategic challenge of digital transformation and change management.

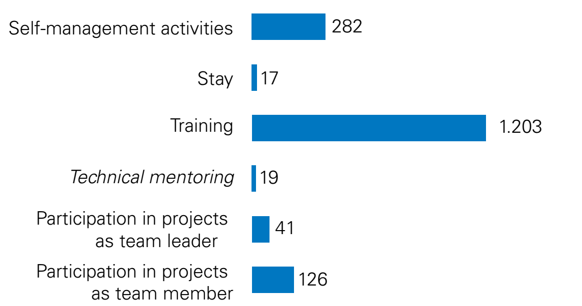
Training program for happiness

In 2017, the Company created the happiness program, with 25 workshops carried out to establish culture agreements and happiness environment by teams. There was an approximate attendance of 30 workers per workshop.

Individual Development Plan (PDI)

The PDI includes activities aimed at strengthening: technical skills, soft skills, prevention in occupational health and safety, languages, special projects, management systems, organizational culture and innovation as a factor of competitiveness, business knowledge, among others. They contemplate self-management actions, internships in other areas, technical mentoring, participation in projects, and training. Below is the number of actions developed in each category.

Number of shares per Codensa category



Languages

45 workers participated in the English language training, with a total of 5,447 hours. For Italian language training, 5,954 hours were taught.

2018 Training challenges

- Construction of the Change Management methodology for the Company's strategic projects.
- Training in agile methodologies, user experience and tools for making decisions based on data.
- Implement the new training management model for all countries. This model will be accompanied by a new platform for training management.
- Venture into the operation with 100% female crews trained in the Seed Plan.
- Educational update of the members of the knowledge community and redesign of course contents, which will guarantee the know-how of each line of business.

Quality of life process

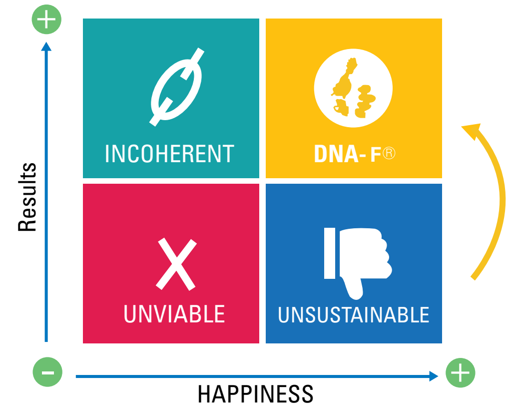
In 2017, Codensa continued to strengthen itself as a more humane company, open to people, their families and technology. Under the umbrella of the Family-Responsible Company certification (EFR) and the labor equity certification (Equipares-silver seal), the focus was on impacting and caring for the welfare of individuals and their families.

Projects

Organizational happiness project "For your happiness, all our energy"

Codensa decided to place its bets on a project to manage happiness among workers and their families. This initiative emerged as a complement to the entire strategy of People Care, understanding that everything that is done for the well-being of workers results in positive effects for all.

When working on organizational happiness, we seek to establish lines of action towards a coherent work environment in which satisfaction and well-being are reflected in the results.



Project Stages

- Interviews with managers: Knowing the environment and the vision of the leaders as opposed to working in organizational happiness.
- Happiness survey: Know the perception of employees about their happiness at work. With an 84% participation, indicators and the happiness index of each team were identified.
- Workshops on the construction of agreements by teams: 25 workshops were held to give a meaning to happiness and establish the current moment of people and equipment in respect therewith.
- Workshops to follow up on commitments.
- Awareness: leadership with respect to happiness.

The objective is to define agreements and plans to review the Company's practices and create spaces for self-knowledge and reflection. It seeks to manage the following elements of the DNA of happiness:

- > **Consistency:** Avoid opposition between what is said, thought, felt and done. Organizationally, it is fundamental in the language and in the creation of healthy relationships.
- > **Gratitude:** Happiness is not in having everything but in thanking everything. It is an individual decision and it ensures that whatever is in place today, can gain value.
- > **Service:** Ability to deliver the talents to others. Serving is about giving.
- > **Compassion:** Ability to walk in the shoes of the other, it is about understanding and feeling what another human being feels without judging.
- > **Resilience:** Ability to face adversity and become stronger.

Diversity: Seal of Gold- Labor Equity - Equipares

In 2017, the Company continued to work towards gender equality in each of the 8 dimensions of the equity seal:

- > Recruiting and selection
- > Promotion and development
- > Training
- > Salaries
- > Settlement
- > Labor and sexual harassment
- > Work environment and health
- > Non-sexist communication

An internal audit was conducted with the United Nations Development Program (UNDP) and the Ministry of Labor, to evaluate the application of the new Gold Seal regulation. A satisfactory result of 86.4 points out of 100 was achieved.

According to the ranking of the most equitable companies in Colombia organized by AEQUALES and CESA, Codensa was ranked 10th.

Programs

Reconciliation, understood as the degree of freedom for organizations and the people who work therein, allows to improve results, to develop in people better lives, as well as to grow in maturity, commitment and responsibility.

In 2017, 35 conciliation measures were managed, classified into three types: labor flexibility, activities and benefits.

96.2% of Codensa employees used at least one measure of flexibility during 2017.

Below we detail the conciliation measures managed:

A day of work with mom and dad

Type of Measure	No. Measure	Annual Flexibility	Utilization measures
Labor flexibility	1	Balance day	3484
	2	Flexible hours	503
	3	Flexible Remote Work	245
	4	Work at home for extraordinary situations	100
	5	Birthday of the worker	356
	6	Graduation Day	51
	7	Volunteer Day and Balance	90
	8	Compressed day in Christmas	109
	9	Additional Non-Paid Maternity Leave	1
	10	Gradual postnatal return mothers	15
	11	Postnatal, fathers	1
	12	First school day	47
	13	Halloween with the children	275
	14	Assistance to sick relative	190
Activities: Worker and family	15	Women's DayCelebration	450
	16	School and sports activities: swimming, tennis, athletics, bowling, karts and beach volleyball & basketball, volleyball & soccer 6 lightning	1350
	17	Good living: Ecological Walk and Wellness Day	839
	18	Activities for singles: Only for me	84
	19	Creole afternoons in central off.	150
	20	End of year party	1291
	21	Lunch and Christmas dinners at power stations and control center	26
	22	Cultural Programs: Art Route	400
	23	Mother's and father's day celebration "Educating Conference for Happiness"	250
	24	Recreational vacations for children	251
	25	Junior Energy Explorers	50
	26	A day of work with mom and dad	15
	27	Children's party	750
	28	Christmas Show	630
Benefits	29	Excellence Scholarship	11
	30	Life insurance	1471
	31	Prepaid medicine	632
	32	Complementary health plan	374
	33	Psychological counseling	13
	34	Birthday gift	1471
	35	Attention at special times: Birth, death and prolonged leave period	26

Here are some of the innovative activities of 2017:

Celebration of Women's Day

Conference by Diana Uribe, one of the best historians in the country, about the role that women have played in the cultural revolution of recent times.

Celebration of mothers and father's day

Educating for Happiness Conference, led by Andrés Ramírez, expert in organizational happiness, who delivered tools to educate happier children.

A day of work with mom and dad

The pilot, which was held in Bogotá and Cartagena, generated very positive reactions among workers. Through fun, playful and experiential activities, the development of psychomotor, social and affective skills in children during the visit to the Company and their parents' jobs was encouraged. This event seeks

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Junior Explorers

It is an event that brings together the children of workers between the ages of 13 and 17 who wish to know about the Company's business through a direct exploration of the Company's facilities. In 2017, we took 50 workers with their children to the Central BetaniaQuimbo where they had the opportunity to visit the plants, the operations center and receive the direct knowledge of the specialists in the hydroelectric power generation business.

Children's party: Application for the selection of the gift

In 2017, the workers had the opportunity to select the Christmas gift together with their families, through an application that allowed them to choose several options and online the gift that best suits their needs and tastes.

E-bike to work program

In 2017 the program continued to be a different transport option that contributes to the care of the environment and mobility in the city.

Some figures of the program during 2017 are the following:

Results of the E-bike to work program, Colombia 2017

Loans	Occupancy rate	Savings ($)	CO^2 savings
6.019	72% average	165.097.000	18.048 Kg

In 2017, an option was launched for workers to access a loan for the purchase of electric bicycles. 45 employees were benefited and an outlay of approximately 96 million was made.

Parental Program: Being a Mom and Being a Dad

In 2017, the program to create spaces to support the Company's workers in their process of becoming mothers and fathers was launched. Its objective is to encourage the balance between their new role, their professional and work life, as well as to know their motivations and projections to create or identify support networks during this moment of life. The beneficiaries of the program were 31 moms and 1 dad.

Children's party

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2018 Challenges

- Second phase implementation of organizational happiness project
- Project benefits on demand
- External audit to obtain the Gold Seal Equipares (labor equity)
- Family-Responsible Company Recertification (EFR)
- Redesign of recognition program for workers

Labor relations process

Conflict of Interests

The Conflict of Interest Policy was updated, in order to respond to the reality of the business.

Likewise, an online reporting system was implemented to automate the process and manage databases in real time and securely.

Hence, the Company participated in working groups with the District Oversight Division, and socialized the process of creation and disclosure of the Conflict of Interest Policy. This invitation was due to the work of Codensa in matters of prevention and risk management of corruption and other crimes.

Center for Social and Labor Studies (CESLA)

The Company participated as a founding company in the launching of the Center for Social and Labor Studies (CESLA). Therefore, it participates in the editorial board of CESLA, which allows it to be an active part in the whole process to generate discussions and to make decisions that in the future will have high social impact throughout the country.

CESLA will be dedicated to the analysis of the relationship between entrepreneurs and employers, in order to offer scientific evidence that influences the transformation of public labor policies in favor of the promotion of employment and social development in the country.

Policy for the treatment of labor / or sexual harassment complaints

The issuance and dissemination of Policy 283 regarding the Treatment of Complaints of Labor and / or Sexual Harassment was carried out, which includes the concepts of harassment, its modalities, and reference is made to the behaviors that constitute harassment situations and those that are not. Likewise, the action protocol was included should a worker be involved in any of the harassment modalities.

In accordance with the foregoing, the Requirements Presentation form was issued to the Labor Coexistence Committee, which will activate the Labor Coexistence Committees established by the Company in compliance with Colombian regulations for the treatment of Labor and / or Sexual Harassment complaints In addition, a space was created on the intranet where workers can easily find it, and use of the online complaint forms.

Furthermore, the development of a virtual course was undertaken, intended to provide a more agile, effective and dynamic training to all workers on this subject.

Human resources administration process

Loans

The Company, in 2017, provided financial resources for loans, for a total amount of $ 18,522,182,334, which were granted to 471 Codensa employees, in the following credit lines.

Loan Line	Loans deposited	Gran total
Housing loan for unionized staff	75	8.134.643/874
Integral housing loan	32	5.470.226.890
Training loan	48	484.927.973
Vehicle loan	79	2.888.668.663
Higher education loan	73	662.267.277
Free-investment loan	98	456.367.355
Odontology loan	9	37.490.302
Calamity loan	3	21.000.000
Guaranteed university loan	9	270.000.000
Bicycle loan	45	96.590.000
Total	**471**	**18.522.182.334**

Employee portfolio management

The portfolio for loans of active and retired personnel of the Company as of December 31, 2017 amounted to $ 51,521,307,031.

TM Project Launching

A new corporate computer system was introduced to register new developments related to absenteeism and quality of life benefits. Time Management is a tool that offers the ability to: identify the time allocated to work activities, allow the worker and the manager to have access to information in an appropriate manner, in addition to managing time efficiently.

Internal audit management

In 2017, the internal audit management was mainly aimed at strengthening and updating corporate governance, compliance and risk assurance practices and methodologies in the Company. Thus, the internal control system was strengthened, with the aim of improving quality, transparency, service, competence and leadership in the sector and in the country.

Among the main actions developed in 2017, the following stand out:

Corporate behavior

As part of the Enel Global Compliance Program compliance model, different activities were carried out to strengthen the commitment of workers to transparency and the fight against corruption. These included updates and issuance of relevant documents (institutional relationship, donations, privileged information management, among others); the planning and revision of the matrix of the criminal risk prevention model continued (matrix updating, control testing and monitoring of criminal risks present in the Company's processes), and the external and internal dissemination and training activities continued (workshops, forums, among others).

The Internal Compliance Committee of Codensa is actively working, and its responsibility is to monitor the implementation and adaptation of the compliance programs framed in tools,

The training program was developed in accordance with the schedule; 28 training sessions were provided to more than 880 people, among which the following stand out: Ethical Week #HacerLasCosasBien, where internal and external information activities were carried out on the model of compliance and ethical culture of the Company, as well as the Ethics and Compliance Meeting, which included the participation of external guests such as the Secretary of Transparency of the Presidency of the Republic Dr. Gabriel Cifuentes, representatives of the Global Compact, UNODC and various executives of the Enel Group at an international level.

An ethics and compliance module was carried out in the Diploma of Contract Management, with the participation of those officials who assume the role of Managers or contract coordinators. This module was aimed at guiding those who assume this role in the identification of risks of crimes and unethical conduct, and disclosing and reinforcing the principles and values that should prevail in the contractual relationship with the third party.

Likewise, other training sessions were carried out with the aim of socializing the policies and principles of prevention of criminal risks, compliance and prevention of corruption in processes such as government contracting, institutional relations, competition in the electricity sector, contracting and management of consulting and minor purchases.

The Suppliers Forum was held: Together we can build solutions that generate shared value, with the participation of different areas of the Company and potential suppliers of Codensa, with the aim of approaching and socializing the methodology, values and ethical commitment that should prevail in the contractual relationship with companies of the Enel Group.

Furthermore, the internal communication campaign #YoLoHagoBienremained in force during 2017, with more than 70 pieces of communication disclosed to more than 2000 people, through different interactions in internal media such as interactive mails, space intervention, personal deliverables and symbolic commitment actions to raise awareness as to doing things well in the works conducted by employees. The commitment to fight corruption and prevent unethical situations on social networks such as Facebook, Twitter and LinkedIn was also promoted.

Updates and disclosures of policies for risk prevention were made, highlighting the Conflict of Interest Policy that was updated and for which the official launch of the application was made for the reporting of this type of situations, being pioneers in technological tools for the improvement of internal processes.

On the other hand, the communication channels that have been set up as mechanisms for consultation or denunciation (ethical channel, emails, calls, among others) were monitored and managed, in order to protect whistleblowers from reprisals or discriminatory conduct, ensuring the confidentiality of their identity and carrying out an adequate analysis and closure of the facts denounced.

As a relevant milestone to highlight, as a result of the second measurement of Active Anticorruption Companies (EAA), the Secretariat of Transparency of the Presidency recognized Codensa for having compliance programs that meet the standards established by the initiative, which aims to raise the capacity of the private sector to prevent acts of corruption, leading Codensa to be included the EAA list. The company submitted voluntarily to the evaluation in ten key categories, including the evaluation of corruption risks, internal control and accounting records, the review and monitoring of the compliance program, and prevention policies and procedures in areas of risk, such as political contributions, sponsorships, gifts, representation expenses and conflicts of interest, among the most remarkable.

In 2017, Codensa continued its active participation in the commitment of collective action for ethics and transparency in the electricity sector, which seeks to promote healthy competition, confidence and sustainability of companies and the sector, considering best practices and guidelines of transparency, anti-corruption and regulatory compliance. In this collective action, we worked on raising awareness and closing gaps in the sector and the Company against the principles of international transparency and the map of corruption risks in the electricity sector.

Finally, Codensa is a party and promoter with its stakeholders of the initiative Towards Integrity, led by the United Nations Office on Drugs and Crime (UNODC), as a collective action that aimed at the public-private dialogue and exchange of knowledge, in order to strengthen the development and implementation of measures for the prevention, repression and prosecution of corruption, in relation to the United Nations Convention against Corruption

The challenges for the future include continuing with the updating and implementation of best practices, obtaining international certifications of the actions carried out and consolidating themselves as benchmarks in the country in matters of corporate governance, compliance, ethics, transparency and the fight against corruption.

Recognition to Anticorruption Active Companies (EAA)

Nueva Esperanza Substation

Audit and risk assurance function

Throughout 2017, work continued on an audit management aligned with the best practices, using the information system that supports the audit and compliance function as a tool.

The annual audit plan that included the completion of 10 audits was satisfactorily completed, with the review of the control architecture, compliance with internal procedures and external legislation, as well as the management of the new connections process, the management of fraud control in commercial processes, the invoicing process of PSVA's, the management of delegated purchases, the management of minor expenses and representation, among others.

Likewise, the progress and compliance of the action plans as a result of previous audits was monitored, in order to solve weaknesses and improve the company's internal processes.

Legal management

In 2017, strategies were developed for the early detection of risks and legal opportunities for risk prevention and the correct direction and adequate advice for decision making.

In this sense, the lawyers of the Legal Management attended a diploma course on the General Code of the Process with the aim of deepening and learning the main novelties introduced in the areas of greater transcendence and importance for Codensa. Likewise, the Colombian team that won the Legal Game of the Enel Group, participated in the renowned Negotiation Program, leg by the Harvard University.

The main milestones of the year 2017 are described below:

Business management

Support was provided to the negotiation processes of the lease contracts for the exclusive public lighting infrastructure and billing and joint collection of the public lighting tax with the Municipalities where Codensa is present. Negotiations were held with the District Capital of Bogotá to review the economic aspects of the public lighting agreement currently in force.

The methodology for the negotiation of the easements required for the establishment of transmission lines and other contracts associated with the construction of the Nueva Esperanza project was defined.

The negotiation process was undertaken for the signing of the Framework Agreement with the company Metro de Bogotá SA whose object is "to establish the technical, legal and economic terms and conditions, under which the studies and designs will be executed, the costs and works will be determined. of construction, necessary to carry out the identification, transfer, protection and / or relocation of networks owned by Codensa that are affected or are in areas of interference on the occasion of the execution of the first line of the Bogota Metro."

Analysis and follow-up of normative initiatives of impact in the business lines of the Company were carried out, among which the formulation of the District Territorial Ordering Plan, regulations on public lighting, and distributed generation stand out. Likewise, business models were structured in terms of efficient use of energy, self-generation and distributed generation.

The implementation of the data protection policy was undertaken, together with the Information Security Division, as well as the development of the Company's confidential information protection policy.

Lawsuits

A strategy was created to avoid establishing several police complaints for urban infringement of the builders who, with their projects, approached the networks owned by the Company, trespassing the security zone and generating hazards for the community. In exchange, the presentation of "tutela" actions was raised seeking the protection of the fundamental right to personal safety, engaging the local mayor's offices in the process thereof. This allows the process to be more expeditious to stop construction on time.

Through different judicial decisions, the recovery of land or strips of land belonging to easements has been achieved, obtaining access to private properties for the development of important projects for the Company.

It was possible to subscribe a transaction with the Public Utility Companies of the Municipality of Puerto Salgar, managing to update the consumption of electric energy supplied by the Company from 2011 to date, in an approximate amount of $ 3 billion, and the Public Utility Company waived its claims in a contractual action against Codensa, which amounted to more than $ 1 billion, in a process that ended before the Administrative Tribunal of Cundinamarca.

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The management of the defense in labor issues was framed in the attention of "tutelas" and ordinary processes, obtaining a high percentage of favorable rulings: "Tutela" actions with 49.73% favorable rulings. Total of ordinary processes: 50 with 66% favorable rulings.

Work related lawsuits as action for the protection of their fundamental rights have a special characteristic regarding access to justice administration, inasmuch as by virtue of work stability codes, people seek to base their claims on said codes to thus avoid the ordinary litigation (expensive). Hence, the Company's defense strategy has been geared towards emphasizing the inapplicability of the various codes invoked by the claimants, as there is a "natural judge" who should handle such matters. We have, likewise, concentrated our defense on highlighting the inapplicability of the review of solidary responsibility that is requested on grounds of constitutionality. In ordinary processes we have achieved rulings that largely respond to issues with the pensioner population of both the former EEC and Codensa, joint liability (management contractors), conventional pension among others. This is why this first year gains relevance, as it has integrated the labor processes of the EEC with those of Codensa, given the different standpoints related to the policies and the labor strategy of the Companies.

Environmental law

The environmental license of the project Construction of the 115 kV Share Lines, Share Substation and Connection Modules was managed, which has been developed since 2015. The pronouncement of the Autonomous Corporation of Cundinamarca (CAR) in this regard has been managed therein. At present, there is a favorable technical concept of the environmental authority for the granting of the environmental license.

Procedures were carried out corresponding to the environmental license for the 230/115 kV North Substation project, 115 kV transmission lines and connection modules; a process that has been specially accompanied, since it is necessary to previously exhaust the procedure of subtraction of the reserve forest of the upper Bogotá river basin, currently underway.

Usme Substation, Bogotá

Systems and telecommunications management

In 2017, the Company began an active digital transformation process in the different business lines. This year, great advances were made in the effective implementation of processes through projects framed in three pillars: clients, assets and people.

Clients

The main objective is to turn Codensa into a digital leader in the energy sector with a differential value offering focused on the customer, improving its experience, creating value to build loyalty, developing and incorporating new capabilities that represent a differential competitive advantage in the relationship with the client.

In this strategic pillar, the following projects were developed:

Business and analytics intlelligence project

The Business and Analytics Intelligence project started in 2016 continued, which seeks to evolve the traditional operational control reports towards more complete value scopes, as well as to enhance the use of the data to generate predictions in the timely decision making, in order to enhance the increase in profits and cost reduction.

On the Business Intelligence (BI) front, the implementation of the control panel construction project and key performance indicators (KPIs) was carried out for the billing, collection and work of Phase I of the partners reconciliation project. Progress was made in the design and construction of portfolio boards and portfolio KPIs.

On Business Analytics (BA) front, analytical models were developed to support the prevention personal injury insurance client leakages and for the prospecting of sales of products such as home insurance and account separation (electrical works), among others.

SalesForce Project

In 2017, progress was made in the implementation of:

- Sale of value-added products and services (PSVA's), considering the pre-sale, sale and after-sales processes.
- Emergency care, with the participation of more than 300 agents operating the tool for emergency care and public lighting.
- Improvements in the integration of CRM with the Call Center's computerized telephone service.
- Submittal of invoices in digital format in order to reduce the issuance of paper invoices and improve efficiency when sending invoices to customers.
- Care, functional and technical analysis and construction of the customer service process (B2C) on the CRM

Costumer Journey Project

Through this project, we seek to implement a new model of digital relationship with the client in the following lines of interaction:

- **No power:** Provision of information to the customer about scheduled service outages or incidents through text messages, the App or the commercial portal.
- **I'm interested in your offer:** Development of digital campaigns for the sale of value-added products and services.
- **Information about my invoice:** Taking advantage of the digital channels implemented, information is sent to the client when it is not possible to read their meter to provide such information. It reports the dates of issuance and payment of invoices, and the payment thereof is encouraged through digital campaigns to which the client registers to receive the invoice by digital means: mail, web or the App.
- **I have to pay my bill:** Through this Journey, alerts are generated through digital channels to reming clients of the due date of the invoice, court notifications, pre-judicial and judicial actions.

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Cleaning service collection billing project

The functionalities that allow managing the business model of the joint billing of the cleaning service for Bogotá customers and municipalities in the coverage area were implemented in the Company's commercial system. The operation began with a pilot of 2,105 customers from Facatativá and it is expected that by January 2018, 38,000 customers will be reached.

Assets

The Company seeks efficient management of the assets installed in its networks through the use of digital technology for remote connection and management, thus automating business processes and improving the operational performance of assets.

In the strategic pillar, the following projects were developed:

E4E – *Evolution for Energy*

Progress was made with the development of this project, which seeks to technologically converge towards a global model for the management of the processes and assets of the Group's companies; a project that incorporates the best global practices and integrates the entire life cycle of the assets of Codensa.

Big Data (losses)

With the development of this project, the convergence of modeling and predictive analysis of the maintenance and control of losses in a single platform is sought for the storage and processing of large volumes of information, changing the paradigm of current work to new analytical methodologies according to the business vision.

Participants in the E4E Evolution for Energy project

Smart Metering Project

Smart metering is established as a technological infrastructure that contributes to the development of the country and optimizes the operation and functioning of Codensa's electricity network. The management, configuration and preparation of the current systems has been developed for their integration with the smart meters and the development of the new functionalities that allow the operation of these metering equipment to carry out the remote and automatic shutdown and reconnection of the service, as well as the reading of the consumptions.

Force Beat

It corresponds to the mobility and work management project in the field of Codensa, covering the processes of New connections, Normalization, Inspections, Cutting and reconnection and in 2018, the incorporation of the Emergency Care and Maintenance processes.

5 Gold Rules (5RO)

The objective of this project is to increase the compliance guarantee of the five Golden Rules in the network voltage works and reduce the accident rate and, therefore, the mortality of the personnel working therein. This application guides the user in the creation of the work zone through a series of steps imposing a sequence of operations limited by functional and temporary restrictions, documenting each of the rules with a geolocated photographic record with temporary marks.

Integral Center of Metering Management

The Integral Center of Metering Management project combines the two current telemetry systems, to converge to common and more recent technologies, based on the automatic reading software (AMR / AMI):

- The Center for Metering Management of clients, borders and tolls.
- The Center for Monitoring Losses and Detection of Energy Thefts Mantis. (MOLMeteringOn Line).

With this new system, it will be possible to control over a period of two years, more than 18,000 telemetry points for Codensa.

Storia

With the issuance of Resolution CREG-038 of 2014, the need arose to implement a system that is in charge of the management of the resumes of the commercial border measurement systems under the responsibility of the Company, incorporating the current capture process of field data of the Initial Verification Minutes, and the metering equipment Inspection Minutes forms.

In this system, it is possible to host 100% of the technical specifications of the meters of the users of Bogotá and Cundinamarca, thus having more than three million records and a consultation tool that allows to meet the needs and internal validations, as well as of the regulatory bodies.

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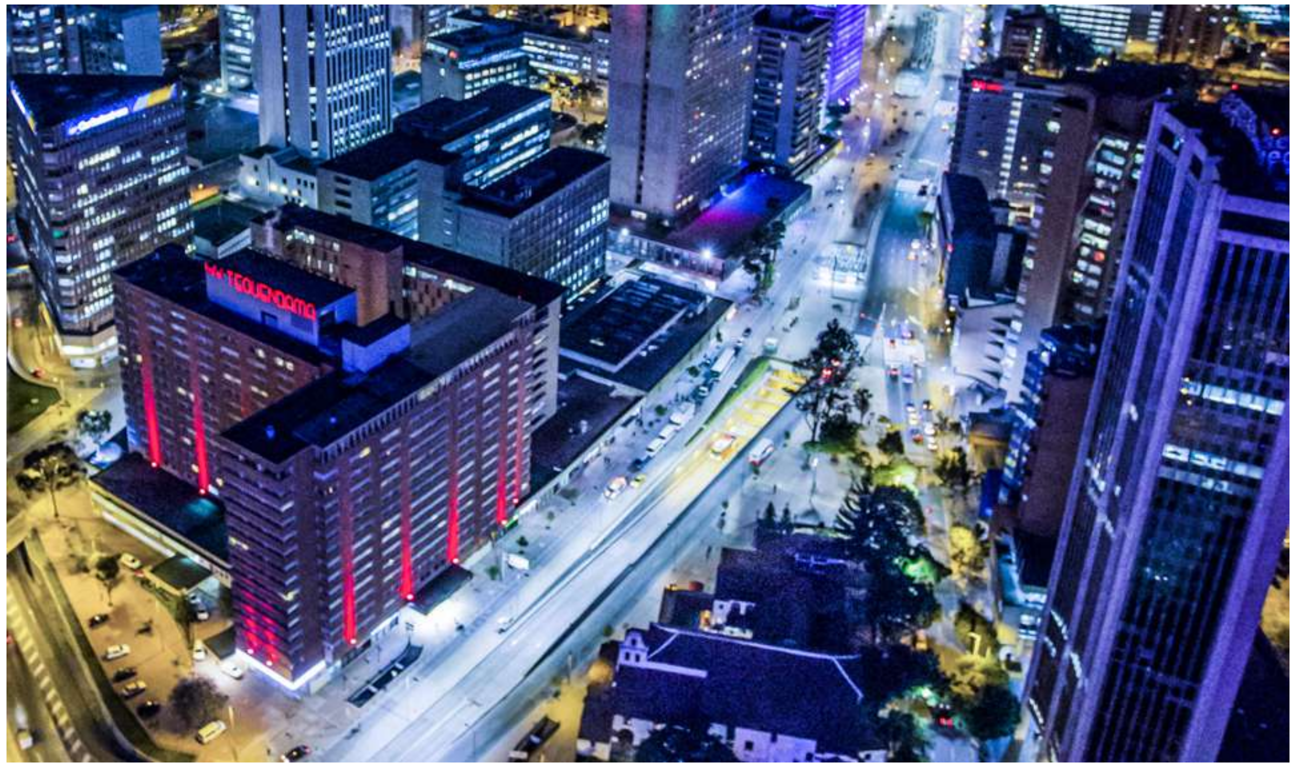

Raptor

Within the framework of the Open Mind project, there is evidence of the need to compile the reports of the operational units of Cundinamarca for critical cases of customers with service outages and damage to the electrical infrastructure, as well as the registry of the reports of the theft of energy to strengthen the loss control plan managed by this unit.

As a result of this need, an application for mobile devices is redesigned and implemented, which generates an automatic alert to the mail of the persons in charge of the process, who can validate the information, internally manage the process and close the actions carried out in the Cundinamarca sector.

Commercial Gis (Router)

The system was conceived with the creation of a pilot carried out in 2008 during which the technological viability of implementing a GIS (Geographic Information System) solution that would support business processes.

The application consists of assisting billing route analysts, allowing them to review, correct and maintain these routes; its scope is to locate all the clients that Codensa ESP has to assign them a billing route that allows the assurance of the readout and the distribution of the invoice, while maintaining these assigned routes.

Forest One

It is a system that allows to plan, control, inventory and centralize all the necessary information for planning the maintenance and management of the vegetation located around the networks and electrical infrastructure of Codensa. This system allows to increase the operational efficiency of this process with reports that will contribute with the correct planning of pruning and felling of the Company, as well as through modules for the management of regulatory reports and management of compensations for this type of activity.

Upgrading of own telecommunications network

The communication network of Codensa, called MetroLAN supports the data traffic required for the teleprotection of the substations, the telecontrol of the network equipment, the video surveillance, the corporate network for access to the company's information systems and the communications with commercial offices. In 2017, the following actions were carried out on the MetroLAN network:

Bandwidth expansion: Additional telecommunications equipment units were installed, thus incorporating greater bandwidths and functionalities. Additionally, the reconfiguration of the network was performed to a new architecture with sub-rings, which allows to increase availability in case of fiber cuts.

- **High availability:** The deployment of seven new fiber optic lines was carried out, aimed at expanding fiber strands for critical teleprotection services and replace lines that had a high degree of obsolescence.
- **Commercial headquarters:** Eight last mile fiber optic links were implemented in the home network to expand the bandwidth of commercial offices.
- **Digital Mobile Radio (DMR):** The coverage extension of the own network of digital radio was completed, by increasing the capacity of this telecommunications network. This new telecommunications infrastructure allowed for the replacement of data terminals that use the cellular data network that was experiencing problems.
- **Corporate telephony renewal :** Within the digitization strategy, the migration of the telephony service to IP telephony technology of the Guaca and Paraíso power plants was completed.

Renewal of output proxies to Internet

The project to renew the Internet access infrastructure was deployed. This platform allows for navigation in a safe and controlled manner.

People and internal processes

Through digital transformation, the aim is to industrialize internal processes, adopt a service-oriented logic of work, making automatic work-flows, to thus improve quality, transparency and control with a consequent increase in productivity.

On this pillar, the following projects were performed:

Operating model

A new governance model of the Operation Service for applications was implemented, adopting existing global processes related to incidents, requirements and changes. It was also possible to adjust the infrastructure capacity of the applications and the maintenance of the databases of critical applications.

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Cybersecurity

The Company acquired new technologies to face new challenges in the digital era, not only relative to data protection but also moving into the logic of information management. In this same token, the change of the anti-spam and mail anti-virus was completed; a solution was implemented to protect applications published on the Internet, and the Enel CERT (cyber-incident response team) was implemented.

Facility Management Project (General Services)

This project was developed as part of the strategy of regional technological renewal defined by the Enel Group. The Administrative Services Attention Center (CASA), was mobilized to the One Click Corporate Global technology platform, which is the new and modern technological tool that the Corporation has defined globally for internal customer services.

Institutional Engagement System

It allows to manage relations with government institutions, communities and diverse stakeholders of the Companies in Colombia and to enhance the institutional agenda by managing a repository of dynamic and traceable information with all the advantages of digitization, allowing users/employees to update the information of the defined topics to share relevant and valuable facts in managing relations with the stakeholders in terms of progress, positions, context, commitments, contacts, among other relevant data, from any device and anywhere.

Time Management

This project, implemented for the management of the working time of all Company employees, will secure the execution of homogeneous processes for the simplification, automation and digitization of activities related to the presence of employees, contributing improvements for productivity and personnel cost management.

GLAD (*Global Active Directory*)

100% of the company's employee accounts were migrated to a single Enelint global directory, which allows for the authentication of people to access the corporate network. This single domain will simplify the creation of new of global services, allowing for digitization of the company and greater security; furthermore, in case of transfer of country, colleagues may continue to authenticate with their access code and use all applications regardless of their location. The new domain is part of the large digital transformations that the Group has defined as one of the pillars of its strategy.

Management of administrative and safety services

During the year 2017, management focused on the implementation of technological tools and review of processes focused on process continuous improvement. Additionally, it guaranteed the standards of labor safety, quality and environmental management.

Health and Safety

> A result of zero work related accidents among own employees and contractor personnel was achieved for the second consecutive year, thus confirming commitment with the health and life of the people.

Internal Customer Service

> The Administrative Services Channel CASA was upgraded with the new corporate tool- Service Now - and the back office service operation migration was consolidated with a new service operator.

> The operation of 100% of the service portfolio was unified: Security, General Services and Facilities, Real Estate Management and Contractors Control, with 25 Services, 69 Process Flows, and 32 collaborators companies that provide services to 1,376 direct collaborators. During the year 2017, 29,834 applications were attended with a service level of 89%.

Continuous Improvement

> The continuous improvement project of the corrective maintenance service was implemented with the Six Sigma methodology, optimizing service attention timeliness y from 85.7% to 89% and the analysis of the physical security and risk management processes was carried out, identifying the countermeasures required to improve the quality of the service.

> Significant progress was made in the standardization of general services, property management and contractor control documents.

Technological Map

> The solutions foreseen in the technological map for 2017 were implemented, with Service Now (management of requests from internal clients), Archibus (preventive, corrective maintenance, equipment inventory, space management and transfers), Isolution (Risk Management and Information Security).

> Progress was made in the definition, development and testing of the applications that will be in production in the first semester of the year 2018: Gestor.com (contract management), C Cure (Security operations in the new Command Center for access control, intrusion and surveillance), and Databases for Risk Management and Fraud Prevention.

Zero Paper Project

> The Zero Paper Project in the Company was led, with 90 initiatives proposed by the employees; 72 of them approved and enrolled in different types of projects such as: digitization and virtual media, technological devices and/or ecological and environmental awareness campaigns. The reduction in the use of paper was 30% as compared to 2016.

Security

In order to minimize risks and protect people and strategic assets in the Company, the following activities were focused on fulfilling the following pillars:

Management of critical incidents

> The Critical Incident Management Policy was updated, which establishes decision, communication and action flows relative to incidents that may compromise the integrity of the people, the public services and business continuity, the environment, the protection of assets, the image and reputation of the companies, to thus minimize the impact on the stakeholders, securing the rapid restoration of Codensa's operating conditions.

> The socialization was performed with the areas and those responsible for the management of operational incidents, with whom at the end of the year a crisis simulation exercise was carried out. The work plan for 2018 includes the updating of protocols and operational plans to enable preparation, education, training, coordinated communication and relations with stakeholders.

Electronic security integration system

> An electronic security integration system was selected and acquired to centralize the Security operations in the new Command Center, which will allow for monitoring, management and control of the Access Control, Intrusion (Alarms) and Video Surveillance sub-systems. In line with this integration tool, the acquisition of a new access control system and new recording and management systems for the video surveillance system for the Company's facilities was completed.

> The new technological tools will result in modular growth of the existing systems, ensuring the facilities and the people and corporate assets at large, facilitating the expansion of coverage to new locations.

> The consolidation of the new Security Command Center will allow centralized monitoring and management of security events, facilitating timely response to incidents, and risk management.

Real Estate Management

Real estate transactions for AT / MT substations

> Within the Quality Plan, the requirement for lands needed to build AT MT substations throughout the department of Cundinamarca increased to eleven. During 2017, sales promises were signed for two of them, and negotiations are underway for the remaining nine.

> Unproductive real estate assets worth $ 1,153 million were sold.

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Civil works

- The Modernization project of the Customer Service Centers in Cundinamarca was structured. The diagnosis was made of the sites that previously belonged to the Energy Company of Cundinamarca, to be able to take them to the standard of the Customer Service Centers of Codensa.
- The Operational Headquarters and CSC Chía were designed, which seek to consolidate as a central point for the operation in Cundinamarca. This venue includes typology and distribution that prioritize teamwork, offer versatile spaces and optimize the area, at the same time incorporating ergonomics and environmental efficiency criteria.
- The new Kennedy Customer Service Center was delivered, which offers better service to customers in Bogotá and Cundinamarca, adapting comfortable, ergonomic and inclusive spaces that incorporate LEED concepts.
- Progress was made in the evaluation of the Central and South Operational Headquarters project, which will support and decentralize the operation of Infrastructure and Networks Management in Bogotá.
- Progress was made in the Modernization works of the Data Center (Data Processing Center), which seeks to improve the infrastructure that will allow for effective monitoring of the operation.

General Services, Works and Maintenance

- The single-line diagrams in distribution boards and load balance were raised in all the phases of the Technical Building circuits, to improve the energy levels and the management of faults.
- In order to optimize energy savings, all the lighting in the Calle 93 building was replaced by LED technology, which allows improving the lighting levels in each of the areas, increasing the useful life of the luminaries and saving on electricity consumption.
- Remodeling and reconditioning works were carried out in the Calle 93 and Torre 93 corporate buildings, which included changing the floor, lighting, ceiling, carpentry, changing kitchenettes, work stations, headquarters, common areas and improving collaborative spaces as a result of the new Corporate Organizational Structure.
- Massive transfers of people were made in all the operating and administrative headquarters, which resulted in space optimization.
- The deteriorated enclosures were built and repaired in the Salitre, Chía, La Fagua and Bosanova substations, with the purpose of guaranteeing the safety and structural stability of the enclosures in the properties.
- Maintenance was carried out in the headquarters of La Vega, Mesitas de El Colegio, Villeta, Pacho, Fontibón, Cerro Suba and the substations, where waterproofing, painting, electrical installations, lighting, tile changing, wall patching, and other in order to maintain the comfort and proper condition of the Company's facilities.
- The electronic notification service was implemented through a tool that ensures the delivery and shows the chronology of the delivery made as well as the respective supports. This service is provided to those customers who authorize sending correspondence to their emails and is mainly being carried out to respond to Petitions, Complaints and Claims.

Contractor Monitoring

With the purpose of mitigating the legal-work related risks derived from the contracting of services, ensuring compliance with contractual obligations and in turn strengthen relationships with contractor companies, the following actions were taken:

Labor control

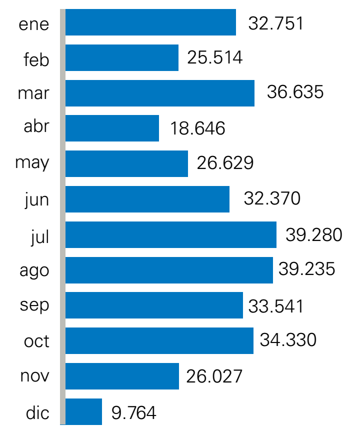
- 34 labor inspections were carried out on the main contracts to validate compliance with legal labor aspects. In view of the findings, the contractors adopted corrective actions and at the end of the year 84% of them are already implemented.
- For the most relevant contracts, ten thorough audits were performed to verify fulfillment of the service contracted in the areas of legal-labor obligations, HSEQ, information security and other contractual requirements. Faced with the findings, action plans and follow-up were established in order to minimize the associated risks.
- It participated in 30 materialization, validating compliance with legal work related obligations of the new contracts.
- The Vendor Rating performance evaluations were carried out quarterly for more than 100 contracts with respect to compliance with labor legal obligations, which seeks that these companies have continuous improvement in the provision of their services.

Bosanova and Mesitas Training centers

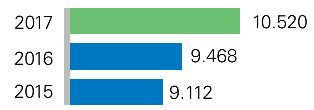
These spaces are designed for the training and training of direct workers, collaborating companies and external training programs.

It is aimed at guiding the development of technical-operational activities and knowledge of electric power businesses, which contribute to maintaining high standards in companies such as protection of life, care for the environment, quality of processes, optimization of resources, among others.

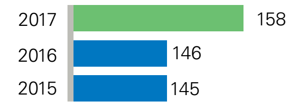
Training Man Hours (hhf)



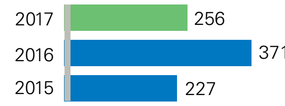
Contractor workers



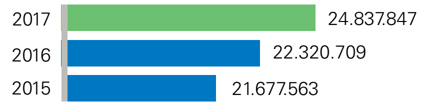
Number of contractor companies



Service Contracts



HHT's Accumulated over the year

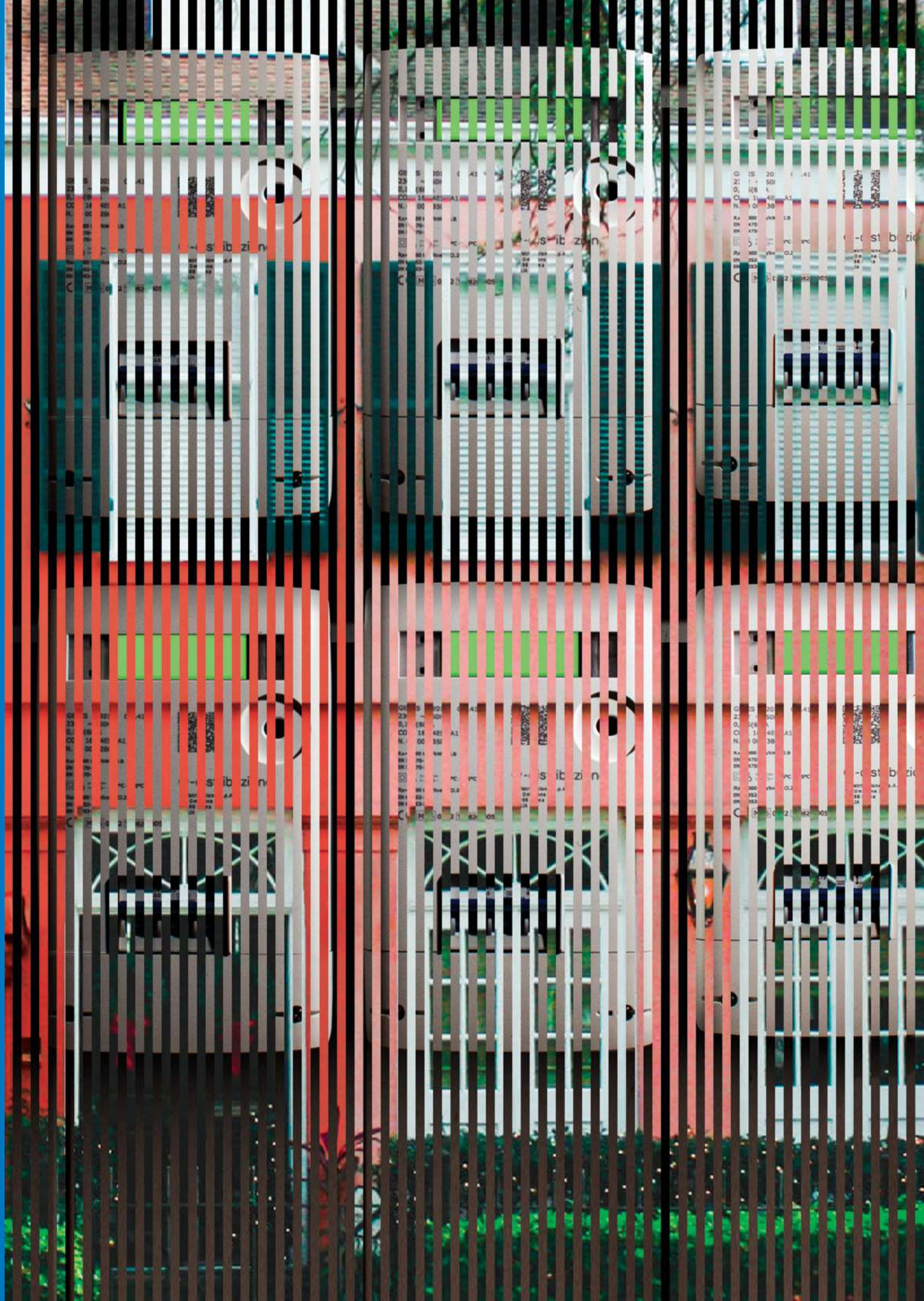


Challenges

- Strengthening the service culture among the work team and collaborating companies.
- Start up of the new Data Processing Center (DPC)
- Prepare a plan for the digitization of documents in the Company.
- Start up the new Security Command Center, which will integrate the systems and the security control.
- Implement a system for management of major civil works and completion of Gestor.com for cross-cutting management of contracts.
- Structure a real estate operation that enables the integration of administrative offices in a single, exclusive corporate building.
- Continue with the modernization of customer service centers in Bogotá and Cundinamarca.
- Expand and remodel the Operational Headquarters of the Infrastructure and Networks Business Line.
- Socialize and implement the Critical Incident Management policy throughout the Company.
- Advance in the conversion of vehicle fleets for internal use to electric vehicles.

05

Financial results



Financial management

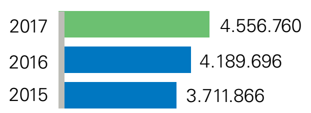
The most relevant figures and indicators are presented below:

	2016	2017	Variación
Operational income	4.189.696	4.556.760	8,76%
Operational costs and expenses	2.401.954	2.576.743	7,28%
Contribution margin	1.787.742	1.980.016	10,76%
Administration expenses	378.263	428.123	13,18%
EBITDA	1.409.479	1.551.893.	10,10%
Profit before taxes	953.468	1.051.498	10,28%
Income tax provision	410.588	428.013	4,24%
Net profit	542.880	623.486	14,85%

During 2017, operating income reached $ 4,556,760 million, reflecting a growth of 8.76% as compared to the close of 2016. This increase was mainly due to: i) the incorporation of the market served by the Energy Company of Cundinamarca (EEC), absorbed by Codensa in October 2016, ii) an increase in the remuneration component over the distribution given to the incorporation of new high-tension remunerated assets, together with the indexation of the producer price index, iii) a lower value of the generation component, due to lower market prices registered during the year, compared to the same period of 2016, due to the impact generated the previous year for the El Niño weather phenomenon.

The favorable behavior of the tariff compensated the modest growth of energy demand in the area of influence of Codensa (+ 0.94%, compared to the demand of 2016), explained mainly by the changes in the consumption habits originated from the energy saving campaign promoted by the National Government in the first months of 2016 and the economic slowdown.

Operational revenues



Amounts in million pesos

The cost of sales amounted to $ 2,576,743 million, an increase of 7.28% over the previous year, mainly as a result of growth in the volume of energy purchases (4.27%) due to the incorporation of the Cundinamarca market. This factor was partially offset by the lower spot prices observed during 2017.

In turn, administrative expenses amounted to $ 428,123 million, an increase of 13.18% compared to the previous year, mainly as a result of an increase in the number of staff due to the employment of EEC workers and an increase in the number of operations due to the integration of the market that was previously served by the EEC, which also represents a higher operating cost derived from the high dispersion of its customers.

Thus, the Company generated an EBITDA of Ch $ 1,551,893 million in 2017, representing a growth of 10.10% compared to the result of 2016 and an EBITDA margin on operating income of 34.06%.

Net financial expense amounted to $164,660 million, which represented an increase of 4.08% compared to the $158,210 million registered a year ago, explained by an increase in the average balance of debt in 2017 compared to 2016, for financing the Company's material investment plan. This effectwas partially offset by a lower level of CPI registered in 2017, to which 35% of Codensa's current debt at the end of the year was indexed.

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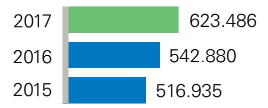
During 2017, financing took place for $ 730,000 million, corresponding to two issues of local bonds in the months of March and June. The first placement was made in two series at a fixed rate with terms of 2 and 5 years for a total of $ 430,000 million. The second placement was made in a single series at a fixed rate for a term of 7 years for a total of $ 200,000 million and credits with local banks for $100,000 million. The resources of these operations were used to refinance maturities of financial obligations and Capex. Likewise, during the year, debt amortization payments were made for $ 531,283 million.

The net profit of Codensa for the year 2017 amounted to $ 623,486 million, 14.85% higher than the previous year, as a result of the favorable behavior of the EBITDA, and a decrease in the effective tax rate, which positively influenced the final results compared to the previous year. This result represented a net margin of 13.68% over revenues in the period.

Net profit



Amounts in million pesos

As of December 31, 2017, the Company's total assets totaled $ 6,184,186 million, of which net property, plant and equipment accounted for 76.26% of the amount of $ 4,716,326 million, and cash and temporary investments amounted to $ 528,071 million, equivalent to 8.5% of total assets.

Compared to the close at December 31, 2016, total assets grew by 7.84%, mainly due to an increase in plant and equipment property, resulting from the consolidation of the investment plan executed by the Company.

Assets	2016	2017	Variation
Current assets	1.237.995	1.202.607	-2,86%
Non-Current assets	4.496.404	4.981.579	10,79%
Total assets	**5.734.399**	**6.184.186**	**7,84%**

Amounts in million pesos

Total liabilities as of December 31, 2017 totaled $ 3,535,367 million, an increase of 10.89% compared to the balance of 2016, mostly explained by an increase in financial indebtedness, and the extension of term for payment of obligations with third parties.

Liabilities and equity	2016	2017	Variation
Current liabilities	1.691.463	1.669.201	-1,32%
Non-Current liabilities	1.496.759	1.866.166	24,68%
Total equity	2.546.178	2.648.819	4,03%
Total liabilities and equity	**5.734.399**	**6.184.186**	**7,84%**

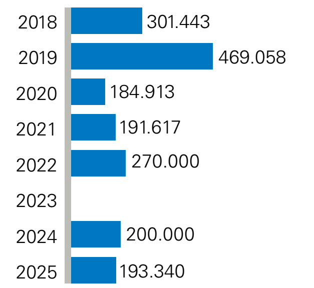
Amounts in million pesos

At the end of 2017, the balance of the financial debt, including interest payable, amounted to $ 1,837,076 million, that is, an increase of 13.25% compared to the same cut off date in the previous year, which was $ 1,622,133.

The Company maintained its policy of minimizing the exposure of the income statement to changes in the exchange rate, so at December 31, 2017, 100% of its debt was concentrated in pesos, 75% in bonds in the local market, and 25% with banks. Additionally, 35% of the interest on the debt was indexed to the CPI, 5% to DTF, and 60% were at a fixed rate. On the other hand, at the end of 2017, 86% of the financial debt was long term (with remaining maturities of over one year).

The following is the profile of maturities scheduled for the cutoff date at December 31, 2017:

Maturity profile



Amounts in million pesos

In turn, Codensa's equity as of December 31, 2017, amounted to $ 2,648,819 million, which represented an increase of 4.03% as compared to the previous year. This variation is mainly explained by an increase in the profit for the year and the constitution of the reserve for accumulated depreciation.

Dividends

On March 28, 2017, the General Shareholders' Meeting in its ordinary session approved the distribution of profits for the period January to December 2016, net of the Accelerated Depreciation Reserve (Article 130 of the Tax Statute), for a total amount of $526.471 million. In 2017, Codensa paid a total of $549,069 million in dividends to its shareholders corresponding to the last installment of the dividends decreed against the net income of 2015 and the first two installments of the dividends on the net profit of 2016.

Current Ratings

On July 19, 2017, Fitch Ratings Colombia confirmed Codensa's long-term national rating in AAA (col) and maintained its stable outlook. The rating agency also ratified in AAA (col) the rating of all Company issues of current bonds, as well as its Program of Issuance and Placement of Ordinary Bonds.

According to the report of the rating agency, Codensa's rating reflects the low profile of business risk, derived from the regulated characteristic of its revenues and its limited exposure to demand risk. Furthermore, it shows the strong credit profile, characterized by a robust generation of operating cash flow, low leverage and strong liquidity indicators.

Likewise, Fitch Ratings Colombia highlights the strategic importance of Codensa for the Enel Group. The rating also considers Codensa's moderate exposure to regulatory risk.

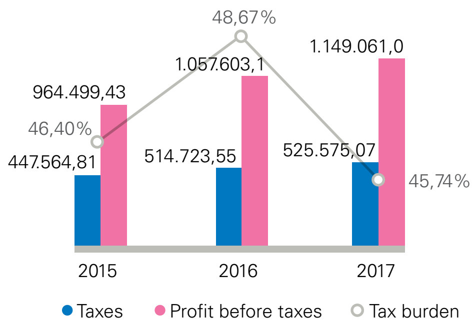
Investor Relations Recognition (IR)

In 2017, Codensa received the Investor Relations IR recognition for the fifth consecutive year (granted) by the Colombian Stock Exchange (BVC), for voluntarily raising its management models for disclosure of information and investor relations beyond the requirements set out by local regulations, and for making available to investors quarterly and annual information in English and Spanish on its website.

Tax management

It is worth highlighting the favorable rulings in relation with the application for the return of the contribution of the years 2012 and 2014 to the Superintendency of Residential Public Services, worth $ 2,571 and $ 679 million, respectively.

The tax burden of Emgesa, including all national and local taxes, for the last 3 years, is as follows:



Internal Control

Those responsible for controls and the Company's executives carried out the biannual assessment and certification process of the Internal Control model in compliance with the United States Sarbanes Oxley (SOX) Act of 2002 and Italian Law 262 of 2005, considering their responsibility to establish, maintaining and assessing the internal control system effectiveness.

In response to the internal monitoring responsibility for the internal control model, Deloitte &Touche executed this process without identifying any material issues, thus concluding that the Internal Control Model for Financial Information is efficient. Additionally, the company EY, as statutory auditor and external auditor, reviewed the relevant processes and controls of the Company without identifying any material design or operational deficiencies regarding the internal control model on financial information.

For improvement on matters identified in the semi-annual self-evaluation process or in the audit, action plans were designed, which had been executed and finalized at the year close.

Access Policy

In 2017, the access to the relevant information systems under the internal control scheme of financial information was certified, in accordance with the internal control policies of the Company.

Entry into force of new IFRS standards

As of January 1, 2018, the following new rules integrated into the accounting framework accepted in Colombia will enter into force:

- IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and measurement IFRS 9 includes three relevant aspects for the accounting of financial instruments: classification and measurement, hedge accounting and impairment.
- IFRS 15, Revenues from Ordinary Activities Derived from Contracts with Customers, which replaces IAS 11, Construction Contracts, IAS 18, Revenues from Ordinary Activities, and IFRIC

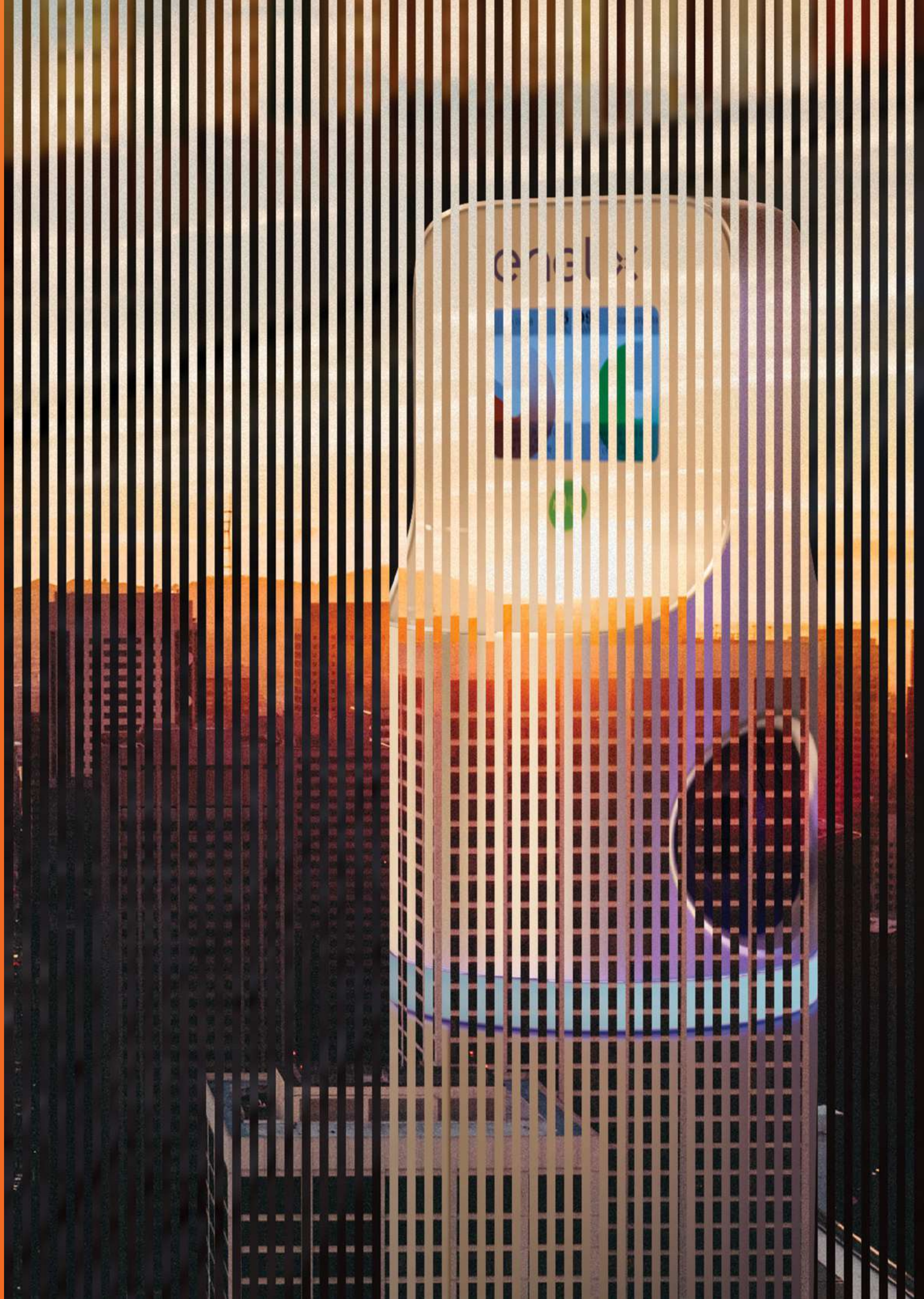
For the implementation of these standards, the company started a corporate project since early 2017 to determine the possible impacts of the entry into force of the aforementioned standards.

Faced with the current recognition of both financial instruments and revenues from ordinary contracts with customers, the company does not expect a significant impact on the current financial situation.

The effects of the transition, if any, will be reflected in the initial accumulated earnings for the 2018 period.

06

Financial Statements



Separate Financial Statements

Codensa S.A. E.S.P.

For the years ending on December 31 of 2017 and 2016,
with the Statutory Auditor's Report

Report From The Statutory Auditor

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

Report on the Financial Statements

I have audited the Codensa S.A. E.S.P. attached separate financial statements including the financial situation as of December 31, 2017, and the respective income statement, the comprehensive statement, the equity changes statement, and the cash flow statement for years ending on such dates, together with the summary of significant accounting policies and other explanatory notes.

Administration Responsibilities Regarding the Financial Statements

The administration is responsible for preparing and properly submitting the financial statements, according to the Colombian IFRS, and for designing, implementing, and keeping relevant internal controls for preparation and proper submittal of the financial statements, with no material errors either from fraud or mistakes, and for selecting and applying adequate accounting policies and making reasonable accounting estimates according to the circumstances.

Auditor Responsibility

My responsibility is providing an opinion on the financial statements, based on my audit. I have performed my audit according to international audit norms accepted in Colombia. These norms require me to meet ethical requirements and to plan and perform my audit in order to obtain reasonable assurances as to the financial statements being free of material errors.

An audit includes developing procedures in order to obtain audit evidence supporting the financial statements' figures and disclosures. The selected procedures depend on the auditor and include evaluating the risk of material errors contained in the financial statements. During this audit, the auditor considers relevant internal controls for preparation and submittal of the financial statements, in order to design appropriate audit procedures according to the circumstances. Also, it includes an evaluation of accounting policies and of significant estimates made by the Administration, as well as for submitting the financial statements as a whole.

I believe the audit evidence provides a reasonable basis for my opinion.

Opinion

In my opinion, the attached separate financial statements, taken from the accounting books, reasonably present in all significant aspects the Company financial situation as of December 31, 2017, the results of its operations, and its cash flows for the year ending on such date, according to the Colombian IFRS.

Other Issues

The financial statements as of December 31, 2016, prepared according to the Colombian IRS, which are part of the comparative information of the attached financial statements, were prepared by another statutory auditor appointed by Ernst & Young Audit S.A.S., regarding which he expressed his opinion with no remarks on February 24 of 2017.

Other Legal and Regulatory Requirements

Based on the scope of my audit, I am not aware of any situation suggesting noncompliance with the following Company obligations: 1) keeping the meeting minutes, the shareholders book, and the accounting books according to legal norms and the accounting technique; 2) performing the operations according to the Shareholders Assembly and the Board of Directors' regulations and decisions, also according to norms related to integral social security; and 3) keeping correspondence and account vouchers. Additionally, the attached financial statements and the accounting information included in the management report prepared by the Company administration - which includes the administration's confirmation of the free circulation of invoices endorsed by the vendors or suppliers - are in agreement. The report, prepared according to article 1.2.1.2 of Decree 2420 of 2015, was issued separately on February 15 of 2018.

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

Bogotá, Colombia,
February 15, 2018

Codensa S.A. E.S.P.
Separate Financial Statements
(in thousand pesos)

	Note	As of December 31 of 2017	As of December 31 of 2016
Assets			
Current assets:			
Cash and cash equivalents	4	$ 548,070,988	$ 619,647,372
Other financial assets	5	20,020,044	4,729
Other nonfinancial assets	6	5,871,175	5,997,900
Commercial accounts and other accounts receivable, net	7	518,146,366	517,537,433
Accounts receivable from related companies	9	16,624,900	13,620,148
Inventories, net	10	93,794,805	81,187,893
Total current assets		**1,202,528,278**	**1,237,995,475**
Noncurrent assets:			
Other financial assets	5	27,660	43,101
Other nonfinancial assets	6	14,035,258	12,318,795
Commercial accounts and other accounts receivable, net	7	93,089,428	70,085,462
Investments in subsidiaries, joint deals, and associates	8	2,276	2,370
Intangible assets other than goodwill, net	11	158,176,554	118,955,312
Properties, plant, and equipment, net	12	4,716,326,295	4,280,943,213
Assets from deferred taxes	13	-	14,055,340
Total noncurrent assets		**4,981,657,471**	**4,496,403,593**
Total assets		**6,184,185,749**	**5,734,399,068**
Liabilities and equity			
Current liabilities:			
Other financial liabilities	14	334,820,847	454,403,098
Commercial accounts and other accounts receivable	15	1,030,149,051	885,903,343
Accounts receivable from related companies	9	123,544,915	138,792,891
Provisions	16	8,473,708	27,057,664
Taxes payable	18	91,384,638	94,684,519
Employee benefits provisions	17	72,112,889	80,820,798
Other nonfinancial liabilities	19	8,716,178	9,800,513
Total current liabilities		**1,669,202,226**	**1,691,462,826**
Noncurrent liabilities:			
Other financial liabilities	14	1,502,255,612	1,167,729,581
Provisions	16	50,056,695	26,828,095
Deferred taxes liabilities, net	13	19,649,837	-
Employee benefits provisions	17	261,120,766	272,323,501
Other nonfinancial liabilities	19	33,081,908	29,877,512
Total noncurrent liabilities		**$ 1,866,164,818**	**$ 1,496,758,689**
Total liabilities		**$ 3,535,367,044**	**$ 3,188,221,515**

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Codensa S.A. E.S.P.
Separate Financial Statements (Continuation)
(in thousand pesos)

	Note	As of December 31 of 2017	As of December 31 of 2016
Equity			
Issued capital	20	$ 13,487,545	$ 13,487,545
Issuance premiums		190,553,196	190,553,196
Other reserves	20	236,340,012	197,441,861
Other comprehensive income		(58,196,019)	(63,822,077)
Year profits		623,485,951	542,879,556
Absorbed companies' year profits		-	8,976,342
Profits withheld		123,965,716	137,478,826
Losses withheld		(37,859,236)	(37,859,236)
Profits withheld on account of the transition to the IFRS		31,681,781	31,681,781
Profits withheld on account of the conversion to IFRS		1,789,210,510	1,789,210,510
Equity changes from the business combination		(263,850,751)	(263,850,751)
Accumulated gains		2,266,633,971	2,208,517,028
Total equity		**2,648,818,705**	**2,546,177,553**
Total liabilities and equity		**$ 6,184,185,749**	**$ 5,734,399,068**

See the attached notes.

The undersigned Legal Representative and Accountant certifiy 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 February 15 of 2018 report)

Codensa S.A. E.S.P.
Financial Statements, by Nature - Separate
(in thousand pesos, except for per-share profits)

	Note	Year ending on December 31 2017	Year ending on December 31 2016
Revenues from ordinary activities	21	$ 4,535,091,978	$ 4,150,152,829
Other EBITDA revenues	22	21,516,127	39,543,094
Total revenues from ordinary activities and other EBITDA revenues		**4,556,608,105**	**4,189,695,923**
Supplies and services	23	**(2,577,173,222)**	**(2,401,953,990)**
Contribution margin		**1,979,434,883**	**1,787,741,933**
Work for fixed assets		54,562,582	36,471,315
Personnel expenses	24	(183,501,743)	(161,132,541)
Other EBITDA fixed expenses	25	(300,419,446)	(253,601,377)
Gross EBITDA income		**1,550,076,276**	**1,409,479,330**
Depreciation and amortization	26	(313,504,221)	(264,056,382)
Impairment losses (reversals)	26	(9,174,751)	(6,075,377)
EBITDA income		**1,227,397,304**	**1,139,347,571**
Financial income		30,425,572	29,030,066
Financial expenses		(193,185,738)	(186,337,032)
Exchange differences		(1,899,740)	(903,072)
Financial income	**27**	**(164,659,906)**	**(158,210,038)**
Other income from investments	28	69	(16,834,293)
Income from the sale and disposal of assets	29	(11,238,857)	(10,835,474)
Income before taxes		**1,051,498,610**	**953,467,766**
Expense from taxes on gains	30	(428,012,659)	(410,588,210)
Year profits		**$ 623,485,951**	**$ 542,879,556**
Per basic and diluted share profits			
Per basic share and diluted profits in continuing operations (*)	31	$ 4,578,41	$ 3,980,52
Weighted average number of ordinary outstanding shares		**134,875,450**	**134,875,450**

(*) In Colombian pesos

See the attached notes.

The undersigned Legal Representative an Accountant certify that we have previously verified representations contained in the 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 February 15, 2018 report)

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Codensa S.A. E.S.P.
Comprehensive Financial Statements - Separate
(in thousand pesos)

	Note	Year ending on December 31 2017	Year ending on December 31 2016
Year profits		**$ 623,485,951**	**$ 542,879,556**
Components of other comprehensive income not reclassified to the period income, before taxes			
Profit/loss of new measurements of defined benefit plans		9,058,500	(34,284,141)
Losses in new measurements of financial instruments measured at fair value with changes in the ORI		(15,441)	18,080
Losses from cash flow hedges		-	29,247
Other comprehensive income not reclassified to the period income, before taxes		**9,043,059**	**(34,236,814)**
Components of other comprehensive income reclassified to the period income, before taxes			
Profit/losses from cash flow hedges		15,314	64,570
Other comprehensive income reclassified to the year income, before taxes		15,314	64,570
Taxes on gains related to components of other comprehensive income not reclassified to the period income			
Tax effect of new measurements of defined benefit plans		(3,426,791)	10,646,567
Tax effect of cash flow hedges		-	(11,699)
Total gain taxes related to components of other comprehensive income not reclassified to the period income		(3,426,791)	10,634,868
Taxes on gains related to components of other comprehensive income reclassified to the period income			
Tax effect of cash flow hedges	13	(5,524)	(25,828)
Total taxes on gains related to components of other comprehensive income reclassified to the period income		**(5,524)**	**(25,828)**
Total other comprehensive income	32	**5,626,058**	**(23,563,204)**
Total comprehensive income		**$ 629,112,009**	**$ 519,316,352**

See the attached notes.

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

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Codensa S.A. E.S.P.
Statement of Changes in Equity - Separate

(in thousand pesos)

	Issued capital	Issuance Premium	Reserves: Legal reserve	Reserves: Occasional reserves	Reserves: Total reserves	Other comprehensive result: Cash flow hedges	Other comprehensive result: Profits and losses in new measurements of financial instruments	Other comprehensive result: Profits and losses for defined benefit plans	Accumulated profits	Total equity
Initial equity as of 31-12-2016	**13,209,327**	**13,333,540**	**6,604,664**	**127,958,144**	**134,562,808**	**(53,453)**	**(10,039)**	**(28,875,352)**	**2,191,101,876**	**2,323,268,707**
Changes in equity										
Comprehensive income										
Year profits	-	-	-	-	-	-	-	-	542,879,556	542,879,556
Other comprehensive income (Note 32)	-	-	-	-	-	56,290	18,080	(23,637,574)	-	(23,563,204)
Comprehensive income	-	-	-	-	-	**56,290**	**18,080**	**(23,637,574)**	**542,879,556**	**519,316,352**
Declared dividends	-	-	-	-	-	-	-	-	(473,905,380)	(473,905,380)
Increases (decreases) due to business combination (see Notes 1.5.1 and 1.5.6)	166,838	105,365,631	19,849,817	-	19,849,817	-	-	(11,320,029)	(8,529,788)	105,532,469
Increases for other contributions from shareholders	111,380	71,854,025	-	-	-	-	-	-	-	71,965,405
Increases/decreases due to other changes, equity	-	-	-	43,029,236	43,029,236	-	-	-	(43,029,236)	-
Total increase/decrease in equity	**278,218**	**177,219,656**	**19,849,817**	**43,029,236**	**62,879,053**	**56,290**	**18,080**	**(34,957,603)**	**17,415,152**	222,908,846
Final equity as of 31-12-2016	**$ 13,487,545**	**$190,553,196**	**$ 26,454,481**	**$ 170,987,380**	**$ 197,441,861**	**$ 2,837**	**$ 8,041**	**$ (63,832,955)**	**$ 2,208,517,028**	$ 2,546,177,553
Changes in equity	-	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-	-	-	-	-
Year profits	-	-	-	-	-	-	-	-	623,485,951	623,485,951
Other comprehensive income (Note 32)	-	-	-	-	-	9,790	(15,441)	5,631,709	-	5,626,058
Comprehensive income	**-**	**-**	**-**	**-**	**-**	**9,790**	**(15,441)**	**5,631,709**	**623,485,951**	629,112,009
Declared dividends	-	-	-	-	-	-	-	-	(526,470,857)	(526,470,857)
Increases/decreases due to business combination (see notes 1.5.1 and 1.5.6)	-	-	-	-	-	-	-	-	-	-
Increases for other contributions by the shareholders	-	-	-	-	-	-	-	-	-	-
Increases decreas/decreases other changes, equity	-	-	-	38,898,151	38,898,151	-	-	-	(38,898,151)	-
Total equity increase/decrease	**-**	**-**	**-**	**38,898,151**	**38,898,151**	**9,790**	**(15,441)**	**5,631,709**	**58,116,943**	**102,641,152**
Final equity as of 31-12-2017	**$ 13,487,545**	**$190,553,196**	**$ 26,454,481**	**$ 209,885,531**	**$ 236,340,012**	**$ 12,627**	**$ (7,400)**	**$ (58,201,246)**	**$ 2,266,633,971**	**$ 2,648,818,705**

See the attached notes.

The undersigned Legal Representative an Accountant certify that we have previously verified representations contained in the 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

Angela María Guerrero Olmos
Revisor Fiscal
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Appointed by Ernst & Young Audit S.A.S. TR–530
(See my February 15, 2008 report)

Codensa S.A. E.S.P.
Cash Flow Statement, Direct Method – Separate

(in thousand pesos)

	Year ending on December 31 2017	Year ending on December 31 2016
Cash flow from (used in) operational activities:		
Types of collections from operational activities:		
Collections from the sale of goods and provision of services	$ 4,459,778,207	$ 3,868,586,348
Collections from royalties, fees, commissions, and other income from ordinary activities	110,598,534	134,681,600
Collections from premiums and benefits, annuities, and other benefits from subscribed policies	-	2,551,000
Other collections from operational activities	1,841,605,935	1,735,528,093
Types of cash payments from operational activities:		
Payments to suppliers for goods and services	(2,825,877,909)	(2,566,959,346)
Payments to and on account of employees	(161,325,243)	(153,728,344)
Payments of royalties, fees, commissions, and other income from ordinary activities	(3,567,878)	(6,412,376)
Other payments for operational activities	(1,799,745,506)	(1,499,949,051)
Income taxes refunded/paid	(400,390,282)	(370,561,692)
Other cash inflows/outflows	(73,394,351)	(69,293,616)
Net cash flows from operational activities	**1,147,681,507**	**1,074,442,616**
Cash flows from (used in) investment activities:		
Cash flows from absorbed companies in the business combination	-	27,638,878
Other collections for the tale of equity or debt instruments of other companies	7,500,000	47,200,000
Other payment to acquire equity or debt instruments of other companies	(27,500,000)	(47,200,000)
Loans to related companies	(46,808,489)	-
Purchases of properties, plant and equipment	(734,714,575)	(681,008,817)
Payments from future contracts, term agreements, option agreements, and financial barter agreements	(310,588)	(34,735)
Collections from future contracts, term agreements, option agreements, and financial barter agreements	-	-
Collections from related companies	46,808,489	-
Dividends received	-	1,129,958
Interests received	12,777,040	12,021,947
Net cash flows used in investment activities	**(742,248,123)**	**(640,252,769)**
Cash flows from (used in) financing activities:		
Amounts received from share issuances	-	71,965,405
Amounts received from long term loans	630,000,000	452,000,000
Amounts received from short term loans	100,000,000	-
Loans to related companies	-	55,000,000
Dividends paid	(550,181,269)	(435,048,975)
Interests paid	(122,056,627)	(147,032,371)
Payments of bank loans	(139,782,607)	(9,945,652)
Payments of bond loans	(391,500,000)	(145,000,000)
Payments of liabilities from financial leases	(3,489,265)	(2,750,562)
Payment of loans to related companies	-	(55,000,000)
Other cash inflows/outflows	-	(1,203,627)
Net cash flows used in financing activities	**(477,009,768)**	**(217,015,782)**
Net cash and cash equivalents increase/decrease	**(71,576,384)**	**217,174,065**
Start of year cash and cash equivalents	619,647,372	402,473,307
End of year cash and cash equivalents	**$ 548,070,988**	**$ 619,647,372**

See the attached notes.

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

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Índice

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

1. General Information

1.1. Economic Entity

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

The Company was established with public deed No. 4610 of Notary 36 of Bogotá on October 23 of 1997 and registered before the Chamber of Commerce on the same day with No. 607668, with contributions from the Grupo de Energía de Bogotá S.A. E.S.P. distribution and trading asset contributions with 51.32% of the shares, and cash contributions from the remaining investors with 48.48% of the shares.

The Company is of a Colombian origin and is headquartered in Carrera 13A No. 93-66, Bogotá D.C.

Codensa S.A. E.S.P. is an affiliate of Enel Américas S.A., with a majority control by Enel S.P.A. (hereinafter Enel).

The Bogotá Chamber of Commerce includes a record of the corporate group situation by the parent Company Enel SpA with respect to Codensa, currently being updated, no changes existing regarding the parent company information.

The corporate purpose of the Company is distribution and trading of electric power and execution of all activities similar, related, supplementary, and related to electric power trading and distribution; execution of work, designs, and consultancy in electrical engineering, and trading of products in benefit of its clients. The Company may additionally perform other activities related to the provision of public utility services in general, manage and operate other public utility companies, execute special management agreements with other public utility companies, and sell or provide goods or services to other economic agents inside and outside the country, as related to public utilities.

Upon performing its corporate object, the Company provides financing services for goods and services to its clients, including the "Crédito Fácil Codensa" facility, subscriptions, and insurance, some of which were transferred to Banco Colpatria Red Multibanca Colpatria S.A. on November 27 of 2009.

1.2 Corporate Collaboration Agreements

As part of the loan portfolio sale process of the Crédito Fácil Codensa deal and the transfer of its ongoing business, a corporate collaboration agreement was executed with Banco Colpatria Red Multibanca Colpatria S.A., whose main purpose is regulating the terms and conditions among the parties for the promotion, administration, invoicing, and collection of financial services exclusive to the Codensa users of the Crédito Fácil Codensa facility and in general management of the ongoing Crédito Fácil Codensa deal, for 10 years plus 4 years required for its cancellation. The remuneration basis is directly associated to current interests, late interest charges, and handling charges. The agreement contains certain indemnification clauses, mainly associated to regulatory changes applicable to the transferred deal, including economic sanctions as indicated in the agreement.

1.3 Correspondent Bank

As an integral part of the Company corporate object, it may participate with financial entities in its condition of correspondent bank in benefit of its clients. According to Decree 2233 of 2006 from the Ministry of Finances and Public Credit, operations carried out through correspondent banks can only and exclusively be made through electronic terminals connected to the technological platforms of the respective credit establishments. Such terminals must meet minimum requirements established by the Colombian Financial Superintendence. The Company is currently updating the electronic mechanism.

1.4 Contract with Mapfre Seguros

A contract was executed with Mapfre Colombia Vida Seguros on July 2010, providing access to the market channel for the Company's electric power clients, in order to allow Mapfre to sell insurance policies with an 8-year term. On December 1, 2016, Mapfre Colombia Vida Seguros, Mapfre Seguros Generales de Colombia S.A, and Mapfre Servicios Exequiales S.A.S accepted the new Codensa mercantile offer, whose purpose is providing services related to promotion, invoicing, and collection of the insurance premiums and payments of contracts authorized by Codensa and sold by Mapfre to the Codensa clients, among others. The contract term is 8 years.

On February 1, 2017, Mapfre and Codensa executed an amendment on the mercantile offer accepted on December 2016, eliminating the marketing fund created with Mapfre contributions, whose purpose was performing promotional activities allowing to commercially develop the insurance product. From that moment on, Codensa assumed the promotional activities and the advertising deployment, according to the latter the remuneration percentage increasing by 6.81% on the collected amounts.

1.5 Business Combination

Codensa S.A. E.S.P., Empresa de Energía de Cundinamarca S.A. ESP., and Distribuidora Eléctrica de Cundinamarca S.A. ESP.

Through public deed 4063 of Notary 1 of the Bogotá Circle, registered before the Bogotá Chamber of Commerce on that same day, on September 30 of 2016 the merger by absorption between Codensa S.A. ESP (absorbing company), Empresa de Energía de Cundinamarca S.A. ESP (hereinafter EEC), and Distribuidora Eléctrica de Cundinamarca S.A. ESP. (hereinafter DECSA) (absorbed companies) was formalized.

The operation was carried out after complying with all legal requirements, including the following: 1) approval by the shareholders assemblies of the companies involved in the process and by the general assemblies of the Codensa bondholders; 2) a statement of no objections existing from the Superintendence of Industry and Trade, as attested by Resolution 16027 of April 4 of 2016; and 3) the merger authorization issued given by the Superintendence of Companies with Resolution No. 300-2988 of August 18 of 2016.

Regarding the absorbed companies, the EEC was a commercial stock company established as a stock company and organized as a household public utilities company according to the Colombian laws. The company was created with public deed 972 of March 21 of 1958 of Notary 3 of Bogotá and was registered before the Chamber of Commerce of the city with number 26813, with an indefinite term. The main company corporate purpose included performance of electric power trading, distribution, and generation activities. As of September 30 of 2016 it had 13 clients in the nonregulated market and 297,716 in the regulated market.

(In thousand pesos)

Since March 2009 and up until the merger date, Distribuidora Eléctrica de Cundinamarca S.A. ESP was an EEC majority shareholder with 82.34% of its outstanding shares as a result of a process carried out by the Nation - Ministry of Mines and Energy, according to which the EEC shares were sold to the Department of Cundinamarca and DECSA. DECSA was a company in which Codensa had a 48.99% shareholding participation and with which Codensa had an indirect 40.34% participation in EEC.

The purchased company revenues from ordinary activities between the purchase date and December 31, 2016 are $74,974,933. Revenues from energy sales by the merged company as of the date of these financial statements are $3,440,663,178.

For 2017, the revenues from ordinary activities and operational costs associated to the Department of Cundinamarca are an integral part of the Codensa operation.

1.5.1. Transferred Consideration

The merger agreement sets a trade ratio of 0.000691636463474128 Codensa shares for each EEC share and 0.0000109067464256447 Codensa shares for each DECSA share, equivalent to the issuance of 1,668,377 Codensa shares.

As a result of the merger, the new Codensa subscribed and paid capital increased from $13,209,327 to $13,376,165, divided into 133,761,651 shares with a face value of $100.

In 2016, the following was the reasonable value of the consideration:

Codensa valuation	Number of shares issued	Participation percentage, new shares	Value of transferred consideration
8,461 million	1,668,377	1,247%	$ 105,532,469

1.5.2. Adjustment to Reasonable Value of the Prior Participation

In its financial statements, Codensa reported the investment in DECSA at cost, amounting to $104,247,500; the prior participation value was adjusted to reasonable value as follows:

Item	As of September 30 of 2016
DECSA assets and liabilities (reasonable value)	$ 3,506,181
Prior participation in DECSA (%)	48,99999%
Prior participation in DESCA reasonable value	**1,718,029**
EEC assets and liabilities (reasonable value)	209,556,454
Prior participation in EEC (%)	40,35564%
Prior participation in EEC, reasonable value	**84,567,849**
Prior participation in DECSA and EEC, reasonable value	**86,285,878**
Prior participation, book value	104,247,500
Profit/loss of prior participation in DECSA and EEC (*)	**$ (17,961,622)**

(*) The prior participation loss is shown in the absorbing company's income statement as a result of other investments (See Note 28).

1.5.3. Transaction Costs

In 2016, the Company incurred in costs of $1,075,597 related to the business combination on account of consultancy services. These costs were entered to the other EBITDA fixed expenses line in the comprehensive income statement by nature.

1.5.4. Acquired Assets and Assumed Liabilities

Following are values recognized in 2016 for acquired assets and assumed liabilities in the business combination with EEC and DECSA:

Financial situation statement item	Detail	Book value, EEC and DECSA as of September 2016	Reasonable value adjustment	Reasonable value as of September 2016
Cash and cash equivalents		$ 27,647,706	$ -	$ 27,647,706
Commercial accounts receivable and other current and noncurrent accounts receivable	a	59,792,387	(2,263,169)	57,529,218
Current and noncurrent accounts receivable from related companies		6,777,651	-	6,777,651
Inventories		7,256,858	-	7,256,858
Properties, plant and equipment	b	544,336,579	(122,438,839)	421,897,740
Intangible assets other than goodwill	b	2,444,882	(587,022)	1,857,860
Other non-financial assets current and noncurrent		2,993,275	-	2,993,275
Income tax assets		15,824,943	-	15,824,943
Deferred tax assets	f	26,139,026	53,551,077	79,690,103
Assets		**$ 693,213,307**	**$ (71,737,953)**	**$ 621,475,354**
Other current and noncurrent financial liabilities	c	139,188,732	(10,677,679)	128,511,053
Commercial accounts and other current and noncurrent accounts payable		58,378,405	-	58,378,405
Current and noncurrent accounts payable to related companies		4,795,190	-	4,795,190
Current and noncurrent provisions for employee benefits	d	94,233,728	(1,496,247)	92,737,481
Other current and noncurrent provisions	e	7,172,755	29,482,974	36,655,729
Current taxes liabilities		13,485,655	-	13,485,655
Deferred taxes liabilities	f	68,891,449	4,957,757	73,849,206
Liabilities		**386,145,914**	**22,266,805**	**408,412,719**
Equity		307,067,393	(94,004,758)	213,062,635
Equity		**$ 307,067,393**	**$ (94,004,758)**	**$ 213,062,635**

a) Commercial accounts receivable and other current and noncurrent accounts receivable

The following adjustments were made in this item:

> *Impairment:* A recalculation was made of the accounts receivable reserve, making a detailed analysis of each account and applying the Codensa policy for portfolio impairment calculation purposes. The adjustment value was ($1,311,912).

> *Agreements:* EEC had short and long-term payment agreements, mainly related to institutional clients to whom the Company is not legally able to suspend the electric power service (hospitals, mayors' offices, public lightning, among others). The calculation was adjusted to a market rate according to the methodology used by Codensa. The adjustment value was ($741,871).

(In thousand pesos)

- *Employee loans:* EEC had been adjusting its loans to employees according to the IFRS at TES rates. For the purpose of the business combination, the calculation methodology matched the Codensa methodology using market rates for similar loans. The adjustment value was ($209,386).

b) Properties, plant, equipment, and intangible assets

The following adjustments were made:

- *Properties, plant, equipment, and intangible assets:* In order to establish the property, plant, equipment, and intangible assets reasonable value, the EEC's discounted operational free cash flow valuation was used as the basis, together with the appraisal made by Consultores Unidos S.A. as of September 30 of 2016, considering the market value for land and buildings. The properties, plant, and equipment adjustment was ($122,438,839), for intangible assets ($587,022).

c) Other current and noncurrent financial liabilities

Each EEC financial obligation was valued as of September 30 of 2016, finding that they had effective interest rates lower than the market, such as loans subsidized by Finagro, consequently adjusting them to reasonable value. The adjustment value was ($10,677,679).

d) Reserves on account of benefits to current and noncurrent employees

The value was adjusted according to the pension liability actuarial calculation provided by Aon Hewitt México. The adjustment value was ($1,496,247).

e) Other current and noncurrent reserves

The following adjustments were made:

- *Contingencies:* The EEC included in its financial statements labor and civil contingencies for processes considered probable (high probability) in case of a decision against the company. Contingencies with a possible condition (low probability) are included, considering a business combination according to the IFRS 3 guidelines. Additionally, all fiscal contingencies were included based on their nature.

The value of these contingencies has been updated taking into account 1) a 5-year period with the projected Colombian inflation, considering that this time is prudent according to the Colombian judicial system's operational framework; 2) future cash flows were deducted to present value, with government bonds' interest rates (TES) and with maturity terms similar to those of the equivalent obligation, at 3.377% each. The adjustment value was $18,028,670.

- *PCH Río Negro dismantling:* Negro dismantling: In the business combination, Codensa received an electrical generation plant Codensa cannot operate due to circumstances described in Law 143 of 1994 regarding the electric power distribution and trading sector. Consequently, the Company executed a usufruct agreement with EMGESA, starting

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on 2017, establishing that the asset will be delivered so that the beneficiary will perform the station's exploitation and maintenance operations. The situation does not affect the determination of reasonable values associated to the asset.

However, officials from the Codensa and EEC legal and environmental areas found a probable requirement from the environmental authorities to dismantle the installations in the long term, despite having been built prior to 1993, consequently at the time no environmental license being required.

The value was calculated by projecting it to 20 years and discounting it to present value at a TES rate of 5.617% each. The adjustment value was $12,453,350.

- *Dismantling of transformers polluted with PCB:* according to the Colombian environmental legislation, the EEC had a recognized asset liquidation reserve for transformers contaminated with PCB. The Company updated the reserve by deducting future cash flows to net present value at a TES rate of 6.99% each. The adjustment value was $1,559,517.

- The EEC office dismantling reserve was recalculated according to existing market conditions. The adjustment value was ($2,558,563).

f) Assets and liabilities from deferred taxes

The deferred tax assets and liabilities position was updated based on adjustments made, resulting from the differences between the book value and the reasonable value of acquired assets and assumed liabilities during the merger process.

1.5.5. Negative Goodwill

The business combination generated a negative goodwill since the reasonable value of acquired assets and assumed liabilities exceeded the total reasonable value of the consideration transferred and the reasonable value of the prior participation in DECSA and EEC.

Item		As of September 30 2016
Transferred consideration value	$	105,532,469
Reasonable value of prior participation in DECSA and EEC		86,285,878
Reasonable value of assets acquired and liabilities assumed		(213,062,635)
Negative Goodwill (See Note 22)	**$**	**(21,244,288)**

The corresponding revenue was entered to "Other EBITDA Revenues" in the income statement, by nature.

1.5.6. Business Combination Equity Effect

Following is the absorbed companies' capital structure as a result of the business combination:

(In thousand pesos)

Item	Before the business combination						Elimination		Capital structure integrated into Codensa
		EEC	Note		DECSA	Note			
Subscribed and paid capital	$	39,699,633	(a)	$	212,750,000	(a)	$	(252,449,633)	$ -
Legal reserve		19,849,817	(e)		15,507,417	(f)		(15,507,417)	19,849,817
Other comprehensive income		(11,320,029)	(g)		(9,323,002)	(f)		9,323,002	(11,320,029)
Profits withheld		137,478,826	(c)		-			-	137,478,826
Losses withheld		(37,859,236)	(d)		-			-	(37,859,236)
Year profits		8,987,217	(b)		7,390,859	(b)		(7,401,734)	8,976,342
Occasional reserves		-			106,853,838	(f)		(106,853,838)	-
Profits withheld on account of the conversion to IFRS		146,725,031	(g)		(79,664,574)	(f)		79,664,574	146,725,031
Equity effect from the business combination	**$**	**303,561,259**		**$**	**253,514,538**		**$**	**(293,225,046)**	**$ 263,850,751**

The following was taken into account in order to recognize each line at the equity level:

(a) Elimination of the DECSA and EEC subscribed and paid capital, taking into account the established exchange ratio and the share issue as indicated in item 1.5.1.

(b) The transfer to the Company equity of the DECSA and EEC annual profits after eliminating the participation method for the period between January 1 and September 30 of 2016.

(c) The transfer to the Company equity of the EEC withheld profits pending distribution according to the established merger agreement.

(d) The transfer to the Company equity of the EEC withheld loss between January 1 and February 28 of 2009.

(e) The transfer of the EEC legal reserve to Company equity, resulting in an excess of the Company's legal reserve.

(f) Elimination of occasional and legal reserves, withheld profits from the conversion to the IFRS, and other integral DECSA results, taking into account that these entries originated from the EEC profits and other integral results, mostly from the application of the equity participation method.

(g) The transfer to the Company equity of withheld profits generated by the conversion and transition to the IFRS and the other EEC integral results.

Considering that the recognition of these entries to equity directly relates to maintaining the equity structure of the absorbed companies and not to the valuation process mentioned above, the effects were charged to the "Business Combination Equity Effect" line, considered being an integral part of accumulated gains.

Consequently, the effect of the 2016 accumulated profits as a result of the equity structure conservation corresponds to ($8,529,788), as follows:

codensa
Grupo Enel

Item	As of 30 de September of 2016
Merger equity effects	$ (263,850,751)
Profits withheld due to the effect on the conversion and transition to IFRS	146,725,031
Profits withheld	137,478,826
Year profits of absorbed companies	8,976,342
Losses withheld	(37,859,236)
Equity effect of business combination on accumulated gains	**$ (8,529,788)**

1.6 Legal and Regulatory Framework

The Public Household Utilities Law (Law 142 of 1994) and the Electric Law (Law 143 of 1994) were issued to implement the new framework ordered by the Constitution, providing general criteria and policies applicable to the provision of household public utility services in the country and the procedures and mechanisms to control, follow-up, and regulate them.

The Electric Law applies the constitutional approach, regulates electrical generation and transmission, distribution, and trading activities, creates a market and competition environment, strengthens the sector, and limits State intervention. Considering the characteristics of each activity or business, a general guideline was prepared to implement the regulatory framework and create and implement rules allowing for free competition in the electric power trading and generation business. The guidelines for the transmission and distribution business focused on treating such activities as monopolies, in any case looking for proper competition conditions inasmuch as possible.

The main entity in the electric sector is the Ministry of Mines and Energy, which through the Mining-Energy Planning Unit prepares the National Energy Plan and the Reference Generation-Transmission Expansion Plan. The Energy and Gas Regulatory Commission (CREG) and the Superintendence of Public Household Utilities (SSPD) are responsible for regulating and supervising the sector companies; in addition, the Superintendence of Industry and Trade is the national authority regarding competition issues.

The electric sector takes into account the fact that trading companies and large consumers trade energy through bilateral agreements. The sector agents may trade energy through a short-term market called the "energy pool", which operates freely according to offer and demand conditions.

In January 2017, the Regulatory Commission approved unifying the Codensa and the EEC markets, resulting in a single regulated rate being applied thereon to all users in the Codensa market.

The Codensa and EEC integrated market rates were calculated and published on January 20 of 2017. Considering the current norms, this new rate was included in the electric bills starting February 7 of 2017.

2. Presentation Bases

The Company submits its general-purpose financial statements in Colombian pesos, values being rounded to the closest thousand, unless otherwise indicated.

The separate financial statements include comparative information corresponding to the previous year.

Following are the accounting principles applied:

2.1 Accounting Principles

The Company's general-purpose separate financial statements as of December 31, 2017 have been prepared according to the Colombian Financial Information and Accounting Norms (IFRS), which consider the International Financial Reporting Standards - IFRS, the International Accounting Norms (NIC), the SIC interpretation, the CINIIF interpretation, and the applicable conceptual framework for financial obligations, issued and approved by the International Accounting Standards Board (IASB) as of December 31, 2014, published in Spanish in August 2015 and included in the Colombian accounting technical framework according to Law 1314 of July 13 of 2009, regulated by Regulatory Decree 24200 of 2015 and by changes to Decrees 2496 of 2015, 2131 of 2016, and 2170 of 2017.

The Company belongs to Group 1 according to the definitions contained in Decrees 2784 of December 28 of 2012 and 3024 of December 27, 2013, according to which the Company issued its first comparative financial statements according to the IFRS as of December 31, 2015.

These general-purpose financial statements have been prepared following the ongoing businesses principle and applying the cost method, with the exception - according to the IFRS - of assets and liabilities entered at reasonable value.

Preparing the financial statements according to the IFRS requires the use of certain critical accounting estimates and for management to exercise good judgment upon applying the accounting policies.

2.2 Accrual Accounting Base

The Company prepared its financial statements applying the accrual accounting base, except for information related to cash flows.

2.3 Accounting and Financial Information Norms Accepted in Colombia, Issued However not yet Applicable

Decrees 2496 of December 2015, 2131 of December 2016, and 217 all of December 2017 brought new norms to the financial information technical framework, or amendments made by the IASB to the International Financial Reporting Norms between 2014 and 2016, in order to evaluate their application to financial years starting after January 1 of 2018, although they could be applied earlier.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

2.3.1. New Norms included in the Accounting Framework Accepted in Colombia, Effective as of January 1 of 2018

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments, which replaces NIC 39 - Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. IFRS 9 includes the three aspects of the financial instruments' accounting project: classification and measurement, impairment, and hedge accounting.

IFRS 9 applies to annual periods as of January 1 of 2018, however allowing for its earlier application. A retrospective application is required, albeit the comparative information not being mandatory. The norm considers an exception for hedge accounting, whose requirements generally apply prospectively with a few exceptions.

The Company plans to adopt the new standard on the required effective date, with retrospective application, without re-expressing comparative information. The effect of the transaction will be seen in the annual period's initial accumulated gains being reported, which includes the initial application date.

During 2017, the Company made a detailed assessment of the effect of the three aspects of IFRS 9. This evaluation is based on currently available information and could be subject to changes should reasonable and sustainable information become available at the time IFRS 9 is adopted.

The following effects have been identified from the preliminary evaluation:

(a) Classification and measurement

The Company expects no effects in its financial situation or equity upon applying the IFRS 9 classification and measurement policies.

Capital participations in non-listed companies will be kept in the foreseeable future. The Company will exercise its option to report changes in reasonable value in ORI, consequently the application of the IRS 9 having no effect.

In general, commercial loans and accounts receivable are kept in order to collect contractual cash amounts. It is expected that generated cash flows will only represent principal and interest payments. The Company analyzed the contractual cash flows characteristics of these instruments and concluded that they meet the amortized cost measurement criteria according to IFRS 9. Financial asset sales include the substantial transfer of risks and benefits and the corresponding disposal of assets. Consequently, no changes will be made to their classification and measurement.

(b) Impairment

IFRS 9 requires that the Company enters expected loan losses in all its debt titles, loans, and commercial accounts receivable, either for 12 months or for the assets' service life. The Company will apply the simplified approach by collectively and individually analyzing the counterparts, entering the expected losses corresponding to each commercial account receivable. The Company currently foresees no material effects.

(c) Hedge accounting

The Company has established that all current hedging designed for effective hedging will continue classifying for hedge accounting under IFRS 9. The Company has decided not to apply the IFRS 9 retroactively in hedging activities. IFRS 9 does not affect general principles pertaining to the manner in which an entity will enter effective hedging, so that application of the IFRS 9 hedging requirements will have no significant effects in the Company financial statements.

IFRS 15 Revenues from Ordinary Activities Originating from Agreements with Clients

The May 2014 edition of the IFRS 15 - Revenues from Ordinary Activities Originating from Contracts with Clients, and the United States analysis norm (SAC606), are the result of the joint work of the IASB and the FASB in order to clarify the principles required to recognize revenues from ordinary activities and improve the presentation of the financial statements by creating a common revenue recognition standard for the IFRS and the PCGA in the United States.

The purpose of the IFRS 15 is providing a unique and integral model to recognize revenues for all contracts with clients, except leasing, financial instruments, and insurance agreements, and improve comparability within the industries and between industries and capital markets, the basic principle being that an entity recognizes revenues from ordinary activities in a manner representing the transfer of goods or services committed before clients in exchange for a payment that reflects the consideration the entity expects to receive in exchange for such goods or services.

The IFRS 15 establishes a model to recognize revenues from ordinary activities generated by contracts with clients, based on 5 phases:

Etapa 1: Identify contracts with clients.
Etapa 2: Identify contract performance obligations.
Etapa 3: Establish the transaction price.
Etapa 4: Assign the transaction price among the contract performance obligations.
Etapa 5: Recognize the revenue from ordinary activities whenever (or inasmuch as) the entity meets a performance obligation.

The IFRS 15 replaces the following international accounting and interpretation norms: NIC 11: Construction Contracts, NIC 18: Revenues from Ordinary Activities, CINIIF 13 Client Loyalty Programs, CINIIF 15: Real Property Construction Agreements, CINNIF 18: Transfer of Assets Originating from Clients, and SIC 31: Revenues-Exchanges of Advertising Services.

The IFRS 15 replaces current requirements regarding recognition of revenues from ordinary activities, allowing for a complete retrospective or modified retrospective approach for its implementation. It is effective for periods starting on or after January 1 of 2018. Early implementation is allowed. The Company plans to implement the norm using the modified retrospective approach, which means that the cumulative effect of such implementation will be reflected in the 2018 accumulated profits opening balance and that the comparative financial information will not be re-expressed.

During 2017, the Company concluded the review of the potential effects caused by implementing the IFRS 15 in its financial statements, finding that there will be no significant effects regarding the opportunity and the value of the recognition of Company revenues.

According to the analysis, no changes were identified that could affect the current ordinary activities' revenue recognition policy.

The Company has considered the following upon preparing to implement the IFRS 15:

Portfolio approach:

The Company obtains its main revenue flows from the sale of goods and/or the provision of services based on electric power trading and distribution in the regulated market, from similar, related, and supplementary activities, and from trading of products in benefit of its clients.

Paragraph 4 of IFRS 15 allows applying this norm to a portfolio of contracts. For this, by identifying its revenue flows the Company identified groups of contracts with clients with similar characteristics according to contractual cluster terms and conditions. The clusters were established by applying the following typical elements: 1) types of goods or services offered (electricity, value added services), 2) types of markets (regulated, nonregulated), or 3) types of clients (type, size, sector), which following the 5-step model and special IFRS 15 issues allow identifying goods and/or services considered in the contracts.

Contracts with multiple goods and/or services:

In paragraphs 26 through 30, the IFRS 15 indicates that, for contracts with multiple goods and services, should the Company identify various performance obligations related to the transfer of goods and/or services offered to the clients, they should be met independently.

Following is the analysis on the various contracts related to the provision of goods and/or services by the Company to its clients:

Energy distribution and trading, clients from the regulated market. The most significant cluster, comprised of the uniform conditions contract and to which all clients belong, provided meeting characteristics required for belonging to the regulated market. The performance obligations for this cluster are the provision of the energy service, the connection service, reconnections, and maintenance checks of electric meters, which represent different goods and services not being essentially the same and having various transfer patterns. Consequently, it is considered that the uniform conditions contract considers the provision of multiple goods and/or services.

Public lighting service with the Bogotá District: This cluster is comprised of the public lighting service supply and payment contract with the Capital District and includes leasing of the infrastructure covered by other norms. Two performance obligations have been identified: the provision of the energy service and the maintenance service, so that the contract includes the provision of two committed services.

Supply of public lighting to municipalities: Corresponds to public lighting service agreements and/or infrastructure lease agreements executed with the municipalities. The public lighting infrastructure leasing services are covered by other norms, the public lighting service by the IFRS 15, so that two performance obligations have been identified: the provision of the energy service and the maintenance service, so that this contract could include more than one committed service.

Energy transportation - Tolls and transmission: This cluster includes the energy distribution service related to the use of the Company distribution grids by other traders. This service is considered in Resolution 156 of 2011, issued by the

Colombian Energy and Gas Commission, and sets forth the electric Power Public Service Trading Regulation as part of the Operation Regulation. The Company acts as principal and has identified the use of the distribution grid as its exclusive performance obligation, so that there are no multiple goods and/or services associated to this cluster.

Corporate and government services: This cluster includes various contracts executed for the sale of goods and/or the provision of services to corporate or government clients, divided according to the promised goods or services as follows:

> **a) Goods and services collaboration and financing agreement:** The performance obligation consists in promotion, origination, administration, invoicing, and collection of financial services exclusive to the Company users, so that it is not a contract involving multiple goods and/or services committed before the clients, the Company acting as an agent.

> **b) Connection, administration, operation, and maintenance:** The identified performance obligations are 1) supply, testing, and commissioning of the communications network, 2) review of connection designs and construction inspection, erection, testing, and commissioning, 3) administration, operation, and maintenance of the line module, and 4) supervision of the connection point signals from the Company control station. As a result of this, there are multiple goods and/or services committed before the clients, controlled and met by the Company.

> **c) Mercantile - commercial management agency offer:** The commercial management of products, work, and/or services is the only performance obligation. Consequently, the contract has no multiple goods and/or services committed before the clients, the Company acting as an agent.

> **d) Collaboration agreements - insurance:** The performance obligation is trading and disposal of trading channels. The Company acts as an agent and the contract has no multiple goods and/or services committed before the clients.

> **e) Electric work:** The performance obligations involve providing access to the Company clients for electric work, the supply of serial material, and financing services. The contract has multiple goods and/or services committed before the clients. The Company acts as a principal, whenever controlling the goods and/or services and meeting the performance obligations by itself, otherwise acting as an agent.

> **f) Insurance and publications:** The following are the performance obligations: promotion, invoicing, and collection services through the electric bills and delivery of policies and contracts; the contract includes multiple goods and/or services committed before the clients and the Company does not control the goods and/or the services and does not meet the performance obligations by itself, acting as an agent.

> **g) De-energizing activities:** The performance obligation is the provision of operation services to de-energize the Company grids. The contract does not involve multiple goods and/or services committed before the clients and the Company acts as principal.

> **h) Other electrical work and projects:** The performance obligations are electric work and projects related to the transfer of high-voltage lines and lighting (graphic design and constructive design of Christmas lighting). There are multiple goods and/or services committed before the clients, the Company acting as principal.

codensa
Grupo Enel

> **i) Electric grids cooperation agreement:** The performance obligations are the work and electric projects related to installation, protection, moving, replacement, and relocation of electric grids. The contract has no multiple goods and/or services committed before the clients and the Company acts as principal.

> **j) Advertising ads:** The performance obligation is printing, including, and delivering advertising information in the electric bill. The contract has no multiple goods and/or services committed before the clients and the Company acts as principal.

> **k) Measurement equipment:** The performance obligation is the supply of serial material (meters, current and power transformers, and seals). The contract has no multiple goods and/or services committed before the clients and the Company acts as principal.

Other revenues: This cluster consists mainly of operation agreements with related parties and does not include multiple services and goods.

Compliance with performance obligations:
In paragraph 31 and 35, IFRS 15 states that the performance obligations are met in time or °at some point in time according to the transfer pattern of the goods' control and/or services committed before the clients.

The analysis made to this effect includes the following 1) distribution and trading of client energy, regulated market, 2) public lighting to the Bogotá District, 3) public lighting to municipalities, 4) energy transportation - tolls and transmission, and 5) corporate and government services. These obligations are met in time considering that the clients simultaneously receive and use the goods or services, in their benefit inasmuch as the contracts are executed.

For the "other revenues" cluster, performance obligations are met at a certain time, considering that the goods and/or services offered to the clients are not subject to future commitments.

Variable considerations:
In paragraph 50, IFRS 15 states that, should the promised consideration included in a contract involve a variable value, the Company will estimate the value it will be entitled to in exchange for the transfer of goods and/or services to the clients. Following is the analysis:

Energy distribution and trading. Clients from the regulated market and energy transfer - tolls and transmission: the consideration is regulated for the provision of the energy service. For the other performance obligations there are free prices subject to surveillance, published by the Company and being subject to surveillance by the Superintendence of Public Household Utility Services. Consequently, there are no variable considerations since clients belonging to these clusters have no expectations regarding the Company commercial practices or its advertised or declared policies, since no discounts are given and no returns, credits, reductions or similar aspects exist.

Service Supply. Public lighting to the Bogotá District, public lighting supply to municipalities, and corporate and government services: the consideration corresponds to prices offered or negotiated by the Company with its clients, so that there are no variable considerations since the prices have been previously agreed and there are no discounts, refunds, incentives, performance bonuses, or any other type of benefit affecting the amounts the clients will be receiving.

Contracts with amendments:
In paragraph 18, IFRS 15 states that there will be contracts with amendments whenever there are changes to the scope or to the price approved by the parties creating new rights and obligations under the contract in exchange for the goods or services offered to the clients.

Based on the analysis made to the revenue flows and the associated clusters, the Company established that there are no effects since there are no changes resulting from the provision of new goods or services or making changes to the prices outside previously agreed or regulated conditions. The identified changes relate to contract starting or termination dates, or to prices, without affecting the consideration agreed to between the parties for the supply of goods and/or the provision of services.

Consideration as principal or agent:
Paragraphs B34 through B38 of the IFRS 15 state that, should a third party be involved in the provision of goods and/or services to a client, the Company should establish whether the commitment to meet the performance obligations is its own or such third party's. Should the Company control the goods and/or services, and should it meet the performance obligations by itself, it will be acting as principal, otherwise as an agent.

Should the Company control and meet its performance obligations with the clients, it will be acting as principal and will recognize, as revenues, the gross value of the consideration it is entitled to in exchange for the goods and/or services transferred. Should a third party be responsible for controlling and meeting the performance obligations, the Company will be acting as an agent and will recognize the revenues for the net value of the consideration it is entitled to.

Contract costs:
In paragraphs 91 to 98, the IFRS 15 allows recognizing an asset for the cost of obtaining or performing a contract.

In contracts falling under the scope of the analyzed clusters, the Company established that it will not be incurring in costs related to the award of the contracts. Consequently, it does not recognize incremental costs related to contract award or execution.

Concession agreements:
In the analyzed contracts there are no concession agreements or possible effects from them, under the IFRS 15.

CINIIF 22: Transaction in foreign currency and early consideration
This interpretation refers to the exchange rate to be used in foreign currency transactions, whenever the consideration is paid/received before recognizing revenues, expenses, or assets. It will apply from January 1 of 2018 on.

Amendments to NIC 7 – Disclosures
This amendment is included in Annex 1.2 of Decree 2420 of 2015, through Decree 2131 of 2016, effective as of January 1 of 2018. It is part of the IASB disclosure initiative and requires that the Company discloses information allowing the users of the financial statements to evaluate changes in liabilities arising from financing activities, including changes arising or not from cash disbursements/collections. In its initial application, the companies will not be required to include comparative information for previous years. The application of this amendment will result in additional disclosures in the Company financial statements.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

Recognition of assets from taxes deferred due to non-realized losses-amendments to NIC 12
This amendment is included in Annex 1.2 of Decree 24200 of 2015, through Decree 2131 of 2016, effective as of January 1 of 2018. This amendment sets forth the need for a company to consider whether the tax laws restrict fiscal gain sources compared to those that can be charged to temporary deductible differences, in addition providing guidelines as to how a company should establish its future fiscal gains and explaining the circumstances according to which the fiscal gain could include recovery of certain assets for values greater than their book value.

The Company should apply these amendments retroactively. However, upon being first used the change in the opening equity in the first comparative period may be recognized in withheld opening profits (or in any other equity line, as appropriate), without distributing the change among the opening withheld profits and other equity components. Should the Company apply this exemption, it will be required to disclose this fact. It is expected that this amendment will have no effects on the Company.

2.3.2 New norms, modifications, and interpretations included in the accounting framework accepted in Colombia, effective as of January 1 of 2019:

IFRS 16 - Leasing
The IASB issued IFRS 16, effective as of January 1, 2019.

The IFRS 16 supersedes existing guidelines for leasing accounting, including NIC 17 - Leases, CINIIF 4 Determination on whether or not a contract includes leasing, SIC 15 - Incentives for the operation of operational leases, and SIC 27 - Evaluation of the substance of transactions involving the legal form of a lease.

IFRS 16 includes a single accounting record model of lease agreements in lessees' financial statements. Lessees recognize assets according to the use right, representing the right to use the leased asset, and a lease liability representing its obligation to pay the rent. There are optional exemptions for short-term leases or for leases of low value goods. The accounting treatment of lease agreements for lessors is similar to the current accounting norms, according to which the lessor considers the lease agreements as financial or operational leases.
The nature of expenses corresponding to operational lease agreements changes in IFRS 16 from lease expenses to depreciation charges with respect to the right to use the asset and financial expenses in liabilities. To date, the Company has not identified any effect caused by the adopting this new norm that could significantly affect its financial statements. The Company does not expect to adopt this norm in the near future.

CINIIF 23 Uncertainty regarding the effect of the tax on gains
The interpretation relates to tax gains in cases in which fiscal treatments include uncertainties affecting the application of NIC 12, not applying to taxes beyond the scope of this CINIIF and not including specific requirements related to interests and sanctions associated to uncertain fiscal treatments. The interpretation relates to the following:

- Should the entity consider uncertain fiscal treatments in a separate manner.
- Assumptions made by the entity regarding the examination of fiscal treatments by the corresponding authorities.
- The manner in which the entity establishes fiscal profits or losses, fiscal bases, unused fiscal losses or credits, and fiscal rates.
- The manner in which the entity considers changes to facts and circumstances.

This interpretation has not been included in the Colombian accounting system. The interpretation applies as of January 1 of 2019. Since the Company operates in a complex tax environment, the interpretation application could affect its financial statements and disclosures. The Company should establish processes and procedures necessary to obtain the information required to apply this interpretation in a timely manner.

Transfer of investment properties, amendments to NIC 40

These amendments provide some clarifications for those cases in which a company is required to transfer properties, including construction or investment properties. These amendments state that a change in use will exist should the property start meeting, or no longer meet, the definition of investment property and should there be evidence of such change. A simple change in the intention to use the property by the administration does not constitute evidence of change of use. The Company should apply the amendments prospectively to the equipment being used, from the moment the amendments goes into force. The Company should reevaluate the classification of the property kept as of such date and, as applicable, reclassify it to reflect conditions existing at the time. This amendment is included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of January 1 of 2019. The Company will apply such amendments upon such changes going into effect, however taking into account that the Company is currently in line with these clarifications and that it is expected that they will have no effects on its financial statements.

Classification and measurement of transactions with payments based on shares, amendments to the IFRS 2

These amendments were issued by the IASB to respond to three main aspects: the effect of conditions for the irrevocable condition of the concession for the measurement of payment transactions based on shares and agreed in cash, classification of payment transaction based on shares with net liquidation characteristics for tax withholding obligations and the accounting whenever a change to the terms and conditions of the payment transaction based on shares changes their cash liquidation classification to equity liquidations. Upon such adoption, companies are required to apply the amendments without including previous years, however being allowed to apply them retroactively if required by the three amendments and provided meeting other criteria. These amendments are included in Annex 1.3 of Decree 2420 of 2015, through Decree 2170 of 2017, effective as of January 1 of 2019. The Company is evaluating the potential effect of these amendments on its financial statements.

Amendment to NIC 1: Initiative on information to be disclosed

The IASB issued amendments to the NIC 1 "Presentation of Financial Statements" as part of its main initiative to improve presentation and disclosure of the financial statements' information. These changes are designed to encourage the companies to use their professional discretion to establish what type of information they should disclose in their financial statements.

Amendment to IFRS 10, NIIF 12, and NIC 28: Investment entities, application of the consolidation exception.

These changes to the NIIF 10 "Consolidated Financial Statements, NIIF 12 "Information to be Disclosed Regarding Participations in other Entities" and NIC 28 "Investments in Associates and Joint Businesses" clarify the application of the consolidation exception for investment entities and their subsidiaries. In addition, they reduce requirements in specific circumstances, bringing down the cost of applying the norms.

Improvements to the IFRS (cycle 2014-2016)

These are a number of minor changes that clarify, correct, or eliminate redundancies in the following norms: IFRS 1 "First Time Adoption of the IFRS", IFRS 12 "Information to be Disclosed Regarding Participation in Other Entities", and NIC 28

"Investments in Associated Companies and Joint Businesses". Application is distributed as follows: NIIF 12: January 1, 2017, NIIF 1: January 1, 2018, NIC 28: January 1, 2018.

Amendment to IFRS 10 and NIC 28: Sale and contribution of assets

The change corrects an inconsistency existing between the IFRS 10 "Consolidated Financial Statements" and the NIC 28 "Investments in Associated Companies and Joint Businesses" regarding the sale accounting treatment and contributions between an investor and its associates or joint business.

The IASB indefinitely postponed the effective application of this change and decided to wait for the results of its investigation projects on the participation method.

The Company is evaluating the effect that the IFRS 16 will have on the day of its effective application. The administration considers that other pending norms and changes will have no significant effects on the Company financial statements.

2.4 Accounting and financial information norms not included in the accounting framework accepted in Colombia, issued however not yet in force

IFRS 17 - Insurance Contracts

On May 2017, the IASB issued IFRS 17, a new internal accounting standard for insurance contracts covering measurement, recognition, presentation, and disclosure. Once in force, it will replace IFRS 4 issued in 2005. It applies to all types of insurance contracts, regardless of the types of entities issuing them, and to certain guaranties and financial instruments with discretional participation characteristics. This norm has few exceptions.

Its general purpose is providing an accounting model for insurance companies that will be more useful and consistent for insurance companies. As opposed to the IFRS requirements, which mainly seek protecting previous local accounting policies, IFRS 17 provides an integral model for these contracts, including all relevant issues. The essence of this norm is a general model supplemented by:

- a specific adaptation for contracts with direct participation characteristics (variable rate approach).
- a simplified approach (the assignment premium approach), mainly for short-term contracts.

IFRS 17 has not been included in the Colombian accounting system with any decree. The Company is evaluating the potential effect of this norm on its financial statements.

Application of IFRS 9 "Financial Instruments" with the IFRS for "Insurance Contracts" - Amendment to IFRS 4

The changes are addressed to resolving issues arising as a result of the implementation of the new financial instruments norm, IFRS 9, prior to the implementation of IFRS 17 "Insurance Contracts", which replaces IFRS 4. These changes provide two options to entities issuing insurance contracts: a temporary exemption related to the application of IFRS 9 and a superimposing approach. A Company may opt for the superimposing approach upon adopting IFRS 9, applying this approach retroactively to financial assets indicated in the transition to IFRS 9. The Company will re-express the comparative information, reflecting the superimposing approach if and only if it has decided to re-express the comparative information upon applying the IFRS 9.

These changes should be applied retroactively and have not been introduced into the Colombian accounting system with any decree. They do not apply to the Company.

2.5 Relevant Accounting Estimates and Criteria

Upon preparing the financial statements, certain estimates made by Company management, the business lines, and the support areas have been used to quantify some assets, liabilities, revenues, expenses, and commitments herein contained.

The estimates basically relate to:

> Hypotheses used for actuarial calculations of assets and obligations with employees, such as discount rates, mortality tables, salary increases, and others.

> The service life of properties, plant, equipment, and intangible assets (see Notes 3.7 and 3.8).

> Hypotheses used to calculate the reasonable value of financial instruments (see Notes 3.1.2 and 3.1.3).

> Certain magnitudes of the electric system, including those corresponding to other companies, such as production, invoicing, used energy, etc., which allow estimating the electric system's global liquidation, which should take place upon the final liquidation being made, pending invoicing as of the date of issuance of the financial statements which could affect the balance of assets, liabilities, revenues, and costs contained in them.

> The probability of occurrence and the value of liabilities with uncertain or contingent values (see Note 3.11).

> Future disbursements made on account of restorations and dismantling, as well as discount rates to be used (see Note 3.8).

> Fiscal results to be reported to the respective tax authorities in the future, used to record the various balances related to taxes on gains in these financial statements (see Notes 3.12.1 and 3.12.2).

Estimates have been made based on the best information available as of the date of issuance of these financial statements. It is possible that future circumstances will require increasing or decreasing them, which would be made prospectively recognizing the effects of changes to estimates in the respective future financial statements.

3. Accounting Policies

The following are the main accounting policies used upon preparing these general-purpose financial statements:

3.1 Financial Instruments

3.1.1. Cash and Other Equivalent Liquid Means

This line records available cash, cash in banks, term deposits, and other short-term investments (equal to or less than 90 days from their investment date), with high liquidity and with quick encashment characteristics and low risk of value changes.

3.1.2 Financial Assets

The Company classifies its financial assets as follows: those measured at reasonable value and those measured at amortized cost. This classification depends on whether the financial asset is a debt instrument or an equity instrument.

3.1.2.1. Debt Instruments

(a) Financial assets at amortized cost

A debt instrument is classified as being measured at "amortized cost" only should the following criteria be met: i) the Company business model purpose is maintaining the asset in order to secure contractual cash flows and ii) the contractual terms allow for specific dates when cash flows are to be received, being only principal and interest payments on the outstanding principal.

The nature of derivatives implied in a debt investment is considered to establish whether the cash flows are only payments related to principal and interests on the outstanding principal, in which case they will not be entered separately.

(b) Financial assets at reasonable value

Should either asset mentioned for financial assets at amortized cost not be met, the debt instrument will be classified as being measured at "reasonable value with changes in income".

3.1.2.2.Equity instruments

All variable income instruments are measured at reasonable value. Equity instruments used for negotiation purposes are valued at reasonable value with changes in income. For other equity instruments, the Company may irrevocably opt for the initial recognition in order to recognize changes in reasonable value against other integral income in equity, instead of income.

3.1.2.3 Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at reasonable value on the day the contract is executed, being permanently re-measured at their reasonable value.

Should derivative financial instruments not qualify to be recognized using the hedging accounting method, they will be entered at reasonable value in the income statement. Any change to the reasonable value will be immediately recognized in the income statement as "other gains (losses), net". If used for hedging purposes, the method to recognize the gain or loss resulting from the changes in the reasonable values will depend on the nature of the risk and on the item being hedged.

The Company assigns certain derivatives as:

(a) Hedging to the recognized assets or liabilities' reasonable value (reasonable value hedging);

(b) Hedging of a particular risk associated to a recognized asset or liability, or a highly probable foreseen transaction (cash flows hedging)

(c) Hedging to net investments in a foreign operation (net investment hedging)

At the start of the hedging operation, the Company documents the relationship between the hedging instruments and the hedged lines, as well as their purposes and risk management strategies supporting its hedging transactions. The Company also documents its evaluation, both at the start of the hedging activity and periodically, regarding whether the derivatives used in the hedging transactions will be highly effective to offset changes in reasonable values or in the hedged items' cash flows.

The total reasonable value of derivatives used as hedging instruments is classified as noncurrent assets or liabilities should the maturity date of the covered line's remaining portion be greater than 12 months, as a current assets or liabilities if less than 12 months. Derivatives not used for hedging purposes or being kept for negotiation purposes are classified as current assets or liabilities.
(a) Reasonable value hedging

Changes in reasonable value of derivatives assigned and classified as reasonable value hedging are entered in the income statement, the gain or loss of the covered line attributable to the covered risk adjusting the book value of the hedged line being recognized in the year's income statement. Gains (losses) related to the effective part of derivatives are entered in the income statement as "financial expenses", the ineffective part being entered as "other gains (losses), net". Should the hedging no longer meet the necessary criteria in order to be recognized using the hedging accounting method, the book value adjustment of the hedged line will be amortized in income using the effective interest method during the remaining time prior to its maturity date.

As of the date of these financial statements, the Company has no reasonable value hedging.

(b) Cash flow hedging
The effective part of the changes in the reasonable value of derivatives assigned to and qualified as cash flow hedging is entered in equity. Gains (losses) related to the ineffective part are immediately entered in the income statement as "other gains (losses), net"

Amounts accumulated to net equity are entered in the income statement during the time the hedged line affects them.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

However, should the hedged transaction result in the recognition of a nonfinancial asset, gains (losses) previously recognized in equity are transferred from equity to the asset's initial cost. Capitalized amounts are finally recognized in sale costs once the products are sold, if being inventories, or in depreciation if being properties, plant, and equipment

Whenever a hedging instrument expires or is sold, or should it no longer meet the necessary criteria to be recognized as hedging, any gain (loss) accumulated to equity as of such date will remain in equity and will be recognized once the projected transaction affects the income statement. Once it is expected that no projected transactions will occur, the accumulated gain (loss) will be transferred immediately to the income statement as "other gains (losses), net".

(c) Hedging of foreign net investments

Hedging of net investments made abroad is entered in a manner similar to the cash flow hedges. Any gain or loss from the hedging instrument related to the effective part of the hedging is entered to equity. Gains (losses) related to the ineffective part of the hedging are immediately entered to income as "other gains (losses), net".

Accumulated gains (losses) in equity are transferred to the income statement once the foreign operation is sold or is partially disposed of.

As of the date of these financial statements, the Company has no hedging for foreign investments.

3.1.2.3. Debts (financial obligations and bonds)

Debts are initially entered at reasonable value, net of costs incurred during the transaction. Debts are subsequently entered at their amortized cost. Any difference between the funds received (net of transaction costs) and the redemption value is entered to the income statement during the loan period, using the effective interest method.

Costs incurred to obtain debts are entered as transaction costs, inasmuch as being probable that part or all the debt will be collected. In this case, fees are deferred until the loan is paid. Provided there is no evidence that part or all the debt will be paid, fees are capitalized as expenses paid in advance for services provided to obtain liquidity, being amortized during the term of the loan they relate to.

Loans are classified in current liabilities, unless the Company is unconditionally entitled to defer payment of the obligations during at least 12 months from the date of the general balance sheet. As of the date of these financial statements, the Company has debts represented by bonds and loans. Upon being immaterial, transaction costs have been entered to the income statement upon the titles being issued.

The costs of general and specific debts directly attributable to the acquisition, construction, or production of apt assets, i.e. those requiring of a significant time in order to be ready for use or sale, are added to the cost of such assets until the moment they are essentially ready for use or sale. Revenues from investments from the temporary investment of resources obtained from specific debts not yet invested in qualified assets are deducted from costs by interests subject to capitalization. All other costs are entered to the income statement as incurred.

3.1.4. Financial Assets and Financial Liabilities with Related Parties

Loans and debts with related parties are initially entered at reasonable value, plus transaction costs directly attributable.

Subsequent to the initial recognition, these loans and debts are measured at amortized cost using the effective interest rate method. The interest rate amortization is entered to the income statement as revenues or financial costs, or as other revenues or operational expenses, depending on the nature of the respective asset or liability.

3.1.5. Commercial Accounts Payable

Commercial accounts payable are payment obligations on account of goods or services purchased/obtained from suppliers during the ordinary course of business. Accounts payable are classified as current liabilities should the respective payment have to be made in one-year periods or less. Otherwise, they will be entered as noncurrent liabilities.

Commercial accounts payable are initially entered at reasonable value, the subsequent measurement being at amortized cost using the effective interest method.

3.1.6. Recognition and Measurement

Conventional purchases and sales of financial assets are entered on the negotiation date, i.e. the day the Company undertakes to acquire or sell the asset. Financial assets are disposed of once the right to receive cash flows has expired or has been transferred and once the Company has essentially transferred all risks and benefits related to their ownership.

During the initial recognition, the Company evaluates financial assets at reasonable value plus - in the case of financial assets not measured at reasonable value and with changes in income - transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at reasonable value, with changes in income, are directly entered to the income statement.
Gains (losses) of a debt instrument subsequently valued at reasonable value and not being part of hedging activities are entered to income and are shown in the income statement as "other gains (losses), net" at the time they occur.

Gains (losses) of a debt instrument subsequently valued at amortized cost and not being part of hedging activities are entered to the year's income once the financial asset is disposed of or is impaired, applying the amortization method involving the effective interest method.

Thereafter, the Company measures all equity instruments at reasonable value. Should management decide to present reasonable value unrealized and realized gains (losses), or losses in equity instruments, in other integral income, reasonable value gains (losses) will not be entered to the year's income. Dividends of equity instruments are entered to income provided representing return on investment.

The Company should reclassify all debt instruments if and only if its business model for management of financial assets changes.

Offsetting of Financial Instruments

Financial assets and liabilities will be offset and their net value presented in the financial statements should there be a legal enforceable right to offset amounts recognized and should management intend to liquidate the net amount or realize the asset and cancel the liability simultaneously.

3.1.7. Reasonable Values

Reasonable values of investments with stock listings are based on their current list prices. Should the market of a financial instrument not be active, or should the instrument not be listed in the stock market, the Company will establish its

reasonable value using adequate valuation techniques according to the circumstances. These techniques include the use of values seen in recently made transactions under free competition terms, references to other instruments being essentially similar, analysis of discounted cash flows, and option models, maximizing the use of the market information and assigning the highest level of reliance to the Company's specific internal information.

3.2 Inventories

Inventories include materials regarding which risks and benefits typical of their ownership have been assumed. These include materials such as those handled in the Company's logistics operator warehouses.

Inventories are shown in current assets, even if sold after 12 months, inasmuch as it is considered that they will be part of the ordinary course of business.

The cost of inventories includes the cost of purchase and all costs directly or indirectly attributable to inventories, such as transportation, customs duties, insurance, non-recoverable indirect taxes, etc., net of commercial discounts, bonuses, and premiums.

The cost is measured using the weighted average method, which considers the number of units of an article purchased on different dates, and costs such as those arising from belonging to a set in which individual purchases are no longer identifiable, however all being equally available.

The weighted average cost should include additional charges such as ocean freight costs, customs expenses, insurance, etc., attributable and incurred during the respective period of time.

The cost of inventories might not be recoverable should inventories be damaged, should they be fully or partially obsolete, or in case of low turnover rates.

Obsolete materials are those that possibly cannot be sold or used during the ordinary course of business, such as scrap and technologically outdated materials. Low turnover materials are surpluses of stock levels that can be considered reasonable, based on their normal use during the Company's ordinary course of business. Obsolete and low turnover inventories have use or sale possibilities that in some cases represent their value as scrap materials.

Inventory elements used for maintenance purposes affect the Company income.
As of the date of these financial statements, the value of inventories does not exceed their recoverable value.

3.3 Noncurrent Assets Kept for Sale and Discontinued Activities

The Company classifies, as noncurrent assets maintained for sale, properties, plant, and equipment, intangible assets, investments in associated companies, joint businesses, and groups subject to sale (assets that will be sold together with their associated liabilities), for which as of the date of these financial statements activities have been started for their highly probable sale.

These assets or groups are entered at the lowest of the book value and the reasonable value minus costs up to the sale, no longer being amortized once being classified as noncurrent assets kept for sale.

Noncurrent assets kept for sale, and components of groups subject to sale classified as being kept for sale, are entered to the financial statements as follows: assets in a single line called "noncurrent assets or groups of assets for disposal, classified as kept for sale", liabilities also in a single line called "liabilities included in groups of assets for disposal classified as kept for sale".

The Company considers as discontinued activities significant and separable business lines that have been sold or disposed of in any other manner, or those that meet the necessary conditions to be classified at being kept for sale, including other assets that, together with the business line, are part of the same sales plan. Entities exclusively acquired in order to be resold are also considered discontinued activities.

Income after taxes of discontinued activities is entered to a single line in the integral income statement called "gains (losses) from discontinued operations".

As of the date of these financial statements, the Company has no noncurrent assets kept for sale, or discontinued activities.

3.4 Investments in Subsidiaries

A subsidiary is an entity controlled by the Company. Such control exists whenever the faculty exists to direct the subsidiary's relevant activities, which in general are operation and financing activities, in order to obtain benefits from its activities and being exposed, or entitled, to its variable yields.

Investments in subsidiaries are initially entered at cost, thereafter applying the participation method in the separate Company financial statements according to Decree 2420 of 2015, amended by Decree 2496 of 2015.

Dividends received from these companies are entered by reducing the investment values and income obtained from them, corresponding to the Company according to its participation, in the line "Participation/losses in gains of associates, accounted using the participation method". The participation method measurement is evaluated according to the materiality of the figures and taking into account participation in each subsidiary.

3.5 Investments in Associates and Joint Businesses

An associate is an entity over which the Company has significant influence regarding financial policy and operation decisions, without having individual or joint control.

A joint business is an entity which the Company controls jointly with other participants, in which they have a contractual agreement establishing joint control over the entity's relevant activities. On the date of acquisition, the acquisition cost surplus on the participation in the net reasonable value of identifiable assets, liabilities, and contingent liabilities assumed from the associate or joint business is recognized as a mercantile credit. The mercantile credit is included according to its investment book value, not being amortized and individually being subject to individual value impairment tests.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

Joint operation: an agreement under which parties exercising joint control are entitled to assets and obligations related to liabilities related to the agreement.

Joint control: the distribution of control contractually decided under an agreement, which only exists should the decisions on the relevant activities require of the unanimous consent of the parties that share control.

A joint operator will recognize, with respect to its participation in a joint operation: a) its assets, including its participation in assets jointly maintained, b) its liabilities, including its participation in liabilities jointly incurred, c) its revenues from ordinary activities from the sale of its participation in the product generated by the joint operation, d) its participation in revenues of ordinary activities generated by the sale of the product by the joint operation, and e) its expenses, including its participation in expenses jointly incurred.

As of the date of the financial statements, the Company has no investments in associates and has no mercantile credits risks resulting in investments in associates and joint businesses, or in joint agreements.

3.6 Business Combinations

In a business combination, the Company enters, at reasonable value, assets acquired and liabilities assumed from the affiliate on the day control is achieved, except for some assets and liabilities that are entered according to valuation principles established in other IFRS. Should the reasonable value of the consideration transferred, plus the reasonable value of any non-controlling participation, exceed the reasonable value of the net assets acquired from the affiliate, such difference will be entered as a capital gain. In case of a low price purchase, the resulting gain is entered to income after reevaluating whether all assets acquired and liabilities assumed have been properly identified and after reviewing the procedures used to measure the reasonable value of such items.

For each business combination, the Company decides on whether to evaluate non-controlling participations of the acquired entity at reasonable value or the proportional portion of the acquired Company's net identifiable assets. Otherwise, the Company will report the provisional values entered. During the measurement period, which will not exceed 8 years from the acquisition date, the entered provisional values will be adjusted retroactively, also recognizing additional assets or liabilities in order to reflect new information obtained regarding facts and circumstances existing on acquisition day that were not known by the administration at the time. In case of phased business combinations, on acquisition day the participation previously maintained in the acquired Company's equity is measured at reasonable value, gains (losses) being entered in the income statement.
Acquisition costs are charged to expenses and entered to administrative expenses in the income statement.

3.7 Intangible Assets

Intangible assets are initially entered at acquisition or production cost, subsequently being valued at the net cost of the respective accumulated amortization and of impairment losses which, as applicable, exist.

Intangible assets are amortized linearly during their service life, from the moment they are ready for use. The Company initially evaluates whether the intangible assets' service life is defined or undefined, together with the amortization period, which is reviewed at the end of each year.

The criteria to recognize these assets' impairment losses and, as applicable, impairment loss recoveries entered in previous year's, are explained in the assets' value impairment policy.

(a) R&D expenses
The Company enters as intangible assets in its financial statements the costs of projects during their development phase, provided their technical feasibility and economic profitability are reasonably guaranteed.

Investigation expenses are directly entered to the year's income.

(b) Other intangible assets
These assets basically corresponded to IT programs, easements, and rights of way. They are entered initially at their acquisition or production cost, subsequently being valued at the net cost of their corresponding accumulated amortization and impairment losses that, as applicable, could exist.

The amortization service lives are:

Item	Years, as of December 31, 2017	Years, as of December 31, 2016
Studies and projects	2	2
Licenses	3	3
Easements	50	50
Software	4	4

Losses/gains upon an intangible assets being disposed of are entered as the difference between the net value received from their disposal and the book value of the assets.

3.8 Properties, Plant, and Equipment

Properties, plant, and equipment are valued at acquisition cost, net of their respective accumulated depreciation and impairment losses, additionally at the price paid for the acquisition of each element. Costs also include the following:

> Costs of general and specific interests directly attributable to the acquisition, construction, or production of apt assets - i.e. those requiring of a significant time before being ready for their foreseen use or sale - are added at the cost of these assets until the moment they are essentially ready for their intended use or sale. The Company defines as "substantial time" that exceeding 12 months. Interest rates used are those corresponding to the specific financing or, should there be none, the average financing rate of the company making the investment.

> Personnel expenses directly related to constructions in progress.

> Future payments the Company will be making regarding the closing of its facilities are entered at the assets' updated value, recognizing the respective dismantling or restoration reserve. The Company annually reviews its estimates on such future payments, increasing/reducing the asset value based on the results of such estimate (see Note 16).

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

> Included in properties, plant, and equipment are spare parts meeting the assets' recognition characteristics; these parts are not part of the materials inventory.

Constructions in progress are transferred to assets under exploitation at the end of the testing period, i.e. once they are available for use, after which their depreciation will be started.

Expansion, modernization, or improvement costs involving goods increases in productivity, capacity, efficiency, or service life extensions are capitalized as greater costs of the respective goods.

Substitutions or renewals of complete elements increasing their useful life or economic capacity are entered as a greater value of the respective goods, deleting from the records the substituted or renewed elements.

Periodical maintenance, conservation, and repair costs are entered directly to the income statement as costs of the year they are incurred.

Based on the result of the impairment tests, the Company considers that the accounting value of the assets does not exceed their recoverable value.

Properties, plant, and equipment, net of their residual value, are depreciated by linearly distributing the cost of the various elements comprising them among the estimated service life years, i.e. the period of time during which the Company expects to use them. The estimated service life and the residual values are periodically revised and, as applicable, adjusted prospectively. As of the date of these financial statements, the Company considers insignificant the residual value of its fixed assets.

Following are the main types of properties, plant, and equipment, and their respective estimated service lives.

Types of properties, plant, and equipment	Years, as of December 31, 2017	Years, as of December 31, 2016
Constructions and buildings	46	46
Plant and ducts	20	18
Grids, lines, and cables	17	15
Hydraulic stations	43	39
Machinery and equipment	19	18
Office equipment	10	10
Transportation fleet and equipment	5	5
Communications equipment	7	7

Electric assets, such as substations, lines, and grids, were entered in the accounting system in 2014, changing their average remaining service lives, applied as of January 1, 2015.

The service life change corresponds to the average of each category, which could change from one year to the next as a result of fully depreciated assets.

Land properties are not depreciated upon having an indefinite service life.

(In thousand pesos)

Gains (losses) from sales or disposal of properties, plant, and equipment are entered as other gains (losses) in the integral income statement, calculated by deducting the value received from the sale, the asset's net accounting value, and the sale expenses.

The excess of the fiscal depreciation on the accounting depreciation generates a tax effect that is entered as a passive deferred tax.

3.9 Asset impairment

(a) Nonfinancial assets (except for inventories and assets from deferred taxes).

During the year, and essentially on closing day, an evaluation is made on whether there are indications of any asset having been subject to impairment losses. If so, an estimate is made on the recoverable value of such assets in order to establish their impairment value. In case of identifiable assets not independently generating cash flows, the possibility to recover the Cash Generating Unit (UGE for its Spanish acronym) the asset belongs to is estimated, i.e. the smallest identifiable group of assets generating independent cash flows.

There are currently two UGEs identified in Codensa: that of distribution assets, comprised of transmission lines, substations, distribution grids, and equipment allowing to jointly provide the electric power distribution service to the end users, located in certain explicitly limited geographical areas, and that of the generation assets, represented by the small PCH hydroelectric station received from Empresa de Energía de Cundinamarca S.A. E.S.P. during the merger carried out on October 1, 2016.

The recoverable value is the greater of the reasonable value minus the cost required for its sale and the value in use, i.e. the current value of estimated future cash flows. To calculate the property, plant, and equipment, the capital gain, and the intangible asset recovery value, the value in use is the criterion used by the Company in practically all cases.

To estimate the value in use, the Company prepares future cash flow estimates before taxes, based on the most recent budgets. These budgets include the best management estimates on the UGEs revenues and costs, using sectorial projections, past experience, and future expectations.

These projections in general cover the following 10 years, estimating cash flows for the following years by applying reasonable growth rates, which in no case are bullish or exceed the long-term average growth rates for the applicable sector. These flows are deducted in order to calculate their current value, at a rate before taxes that includes the cost of the business' capital cost. For its calculation, the actual cost of the money and risk premiums used in general by the business analysts are taken into account.

Should the recoverable value of the UGE be lower than the asset's net book value, the respective reserve for impairment losses is entered according to the difference, in the line "value/reversion of impairment losses" in the income statement. Such reserve is first assigned to the UGE capital gain value, if any, then to other assets comprising it, prorated based on their accounting value and within the limit of its reasonable value minus sale costs or its use value, without this resulting in a negative value.

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Impairment losses recognized for an asset during previous years are reverted should there be a change in the estimates related to its recoverable value, increasing the asset value against income with the limit of the book value the asset would have had should such accounting adjustment had not been made, in the case of capital gains accounting adjustments that could have been made not being reversible.

(b) Financial assets

At the end of each year, the Company evaluates whether objective evidence exists regarding the impairment of the value of a financial asset or group of financial assets measured at amortized cost. A financial asset, or group of financial assets, is/are impaired, and impairment losses incurred, should there be objective evidence of such impairment as a result of one or more circumstances occurring after the initial asset recognition (a "loss event") and should the loss event affect the future estimated cash flows of the financial asset or group of financial assets that can be reliably calculated.

The following procedure is applied to determine the need to make impairment adjustments to financial assets:

For assets with a commercial origin, the Company follows enters impairment reserves based on the time in arrears of the outstanding value, applied in general except in cases in which there are specific circumstances making advisable to specifically analyze the collection possibility.

The Company made an analysis based on the payment nature, impairment, and behavior, by type of portfolio and nature of the clients, establishing the following impairment percentages:

Energy Portfolio

Class of portfolio	Age	Residential	Comercial	Industrial	Official	Public lighting, municipalities
Energy portfolio	Between 1 and 180 days	2,7%	3,4%	4,3%	2,8%	4,5%
	Between 180 days and 360 days	32,3%	20,7%	17,7%	38,5%	11,9%
	More than 360 days	100%	100%	100%	77,1%	100%
Agreed portfolio	With 3 or less late payments	24,6%	24,3%	42,0%	0,3%	17,9%
	With more than 3 late payments	100%	100%	100%	77,1%	100%
Frozen portfolio	Creditors' agreements	100%	100%	100%	100%	100%
	Less than 360 days	77,7%	77,2%	76,9%	96,9%	96,9%
	More than 360 days	100%	100%	100%	100%	100%

The impairment percentage to be applied to the tolls, distribution areas, and non-regulated clients is 100% of the portfolio with more than 360 days in arrears, in special cases making individual analyses as indicated above.

The impairment percentage analysis is revised every two years.

Other Businesses

The following reserve percentages will be applied to the Codensa services, electric work, work to private persons, infrastructure, and electric companies' reserves.

(In thousand pesos)

Reserve	Age
1,42%	Current portfolio - 1-30 days
2,96%	Portfolio between 39 and 90 days in arrears
8,15%	Portfolio between 91 and 180 days in arrears
20,48%	Portfolio between 181 and 360 days in arrears
100%	Portfolio more than 360 days in arrears

Write-offs are entered once there is legal or material certainty of the loss of the debt. For this to apply, the debtor's insolvency, the lack of real guaranties, or any other circumstance demonstrating the inability to recover the loss has to be demonstrated.

In the case of financial accounts receivable, the impairment need is established by specifically analyzing each case, as of the date of these financial assets there being no expired financial assets of significant values not having a commercial origin.

3.10 Leasing

In order to establish whether a contract is or contains a lease, the Company analyzes the agreement's economic background and evaluates whether contractual compliance depends on the use of a specific asset and whether the agreement transfers the right to use it. If so, at contract initiation and based on reasonable values, payments and considerations related to the lease are separated from those corresponding to other elements included in the agreement.

Leases according to which all risks and benefits inherent to the property are essentially transferred are classified as financial leases. Others are classified as operational leases.

Financial leases in which the Company acts as lessee are recognized at contract initiation, entering an asset depending on its nature, a liability for the same value and equal to the reasonable value of the leased good, or at the present value of minimum lease payments, if lower. Subsequently, minimum lease payments are divided between financial expenses and the debt reduction. The financial expense is entered as an expense, distributed among the lease years, so that a constant interest rate is obtained for each year for the balance of the outstanding debt. The asset is depreciated in a manner similar to the rest of similar assets subject to depreciation, should there be reasonable certainty that lessee will become the owner of the asset at the end of the lease. Otherwise, the asset is depreciated in the shortest of the asset's service life and the lease term.

For operational leases, payments are entered linearly during the lease term as expenses if being a lessee, as revenues if being a lessor, unless another distribution base is more representative.

3.11 Reserves; Contingent Liabilities and Assets

Obligations existing as of the date of the financial statements and arising as a result of past events, from which equity and probable damages can result for the Company and whose payment values and times are uncertain, are entered to the financial statement as reserves, for the actual value of the most probable value it is estimated the Company will have to pay in order to cancel the obligation.

Reserves are quantified considering the best available information on the date of the financial statements regarding the consequences of the originating event, re-estimating them at the end of each subsequent accounting period.

As part of its reserves, the Company includes its best estimate of civil, labor, and fiscal litigation risks, so that it is not expected that liabilities additional to those considered will arise. Considering the nature of risks covered by these reserves, it is not possible to establish a certain day when the estimated obligation will be paid. Upon evaluating the loss probability, the available evidence, the jurisprudence, and the legal evaluation should be taken into account.
Risks related to civil, labor, and fiscal litigations that are considered eventual are disclosed in the Notes to the financial statements.

Contingent liabilities are obligations generated by past events, whose existence is subject to the occurrence or non-occurrence of future events not fully under Company control, or current obligations arising from past events for which the value of the obligation cannot be reliably quantified or for which resources may not be available. Contingent liabilities are not entered to the financial statements but are disclosed in their respective notes, except for those being individually included in purchase price reports or arising under a business combination and whose reasonable value can be reliably established.

A contingent asset exists based on the occurrence or non-occurrence of one or more future uncertain events that are not fully under the entity's control. It is disclosed once the profit generation becomes likely; it will be entered to the financial statements should the revenue generation be almost certain. The Company will not recognize any contingent asset.

3.12 Taxes

They include the value of general mandatory liens in favor of the State and against the Company on account of private liquidations established on the fiscal year tax basis, according to national and territorial tax norms applicable in places where the Company operates.

3.12.1 Income Tax and Deferred Tax

The annual tax on gains includes the income tax, the income surtax, and the deferred tax resulting from application of the lien to the year's tax base after applying admissible tax deductions, plus the change of assets and liabilities on account of deferred taxes and tax credits. The difference between the assets and liabilities' accounting value and their tax base generate the asset or the liability deferred tax balances, calculated using tax rates that should apply once the assets and liabilities are realized, for this considering rates that at the end of the tax year have been approved or for which the approval process is all but finished.

The income tax reserve is calculated at the official rate of 40% as of December 31, 2017 (it includes the 34% income tax and the 6% income tax surcharge), using the accrual method and established based on the net commercial profit according to the current tax norms in order to properly correspond the period revenues with their corresponding costs and expenses, entered at the estimated liability value.

According to Law 1819 of 2016, the 2018 income tax rate will thereafter be 33%, applicable to taxable profits obtained during each year. Additionally, the law established the 4% income surcharge for 2018.

Deferred tax assets are recognized according to all deductible temporary differences, losses, and unused tax credits, inasmuch as being probable that there will be sufficient future tax gains to recover the deductions on account of temporary differences and make effective tax credits, unless the deferred tax asset related to the deductible temporary differences results from the initial recognition of an asset or liability in a transaction that:

(a) is not a business combination and
(b) at the time did not affect the accounting gain or the tax gain (loss).

Regarding temporary deductible differences related to investments in subsidiaries, associates, and joint agreements, deferred tax assets are only recognized inasmuch as it is probable that the temporary differences will revert in the foreseeable future and that tax gains will be available in order to use such temporary differences.

Deferred tax liabilities are recognized for all temporary differences, except for those arising from the initial recognition of capital gains and those resulting from the valuation of affiliate investments in affiliates, associates, and joint businesses in which the Company is able to control their reversion and for which it is probable that they will not revert in the foreseeable future.
The effect of temporary differences involving payments of lower or higher income taxes during the following year are entered as credit or debit deferred taxes, at the current tax rates once the differences are reverted, according to rates included in Law 1819 of 2016 (40% for 2017, 37% for 2018, and 33% for the following years), provided there are reasonable expectations that such differences will revert in the future and, additionally for the assets, that at that time there will be sufficient taxable income.

The income tax expense is entered according to NIC 12 "Gains Tax".

The current tax, and the changes in asset or liability deferred taxes, are entered to income or to total equity in the financial statements, based on how the originating gains (losses) have been entered.

Deductions that can be applied to the value established as current tax liability are entered to income as a credit to "Gains Tax Expense", unless there are doubts regarding their tax realization, in which case they will not be entered until their effective materialization or should they correspond to specific tax incentives, in the latter case being entered as subventions.

At the end of each accounting period, registered deferred taxes - both assets and liabilities - are reviewed in order to confirm that they are current, making the necessary corrections according to the analysis.

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

Deferred tax assets and deferred tax liabilities are shown net in the financial statements should there be a legal right to offset assets from current taxes with liabilities from current taxes and only should such deferred taxes relate to taxes on gains corresponding to the same fiscal authority.

3.12.2 Wealth Tax

Law 1739 of December 2014 created the wealth tax for 2015 through 2018 for legal persons. The rates are 1.15%, 1%, and 0.4 % for 2015, 2016, and 2017, respectively, for capital stocks in excess of $5 million, annually calculated on net equity as of January 1 of each tax year reduced by 5 million.

This tax applies to taxpayers being legal persons as of January 1 of 2015, 2016, and 2017.

Codensa recognizes the tax liability annually, against the income statement.

3.12.3 Income Tax

Electric power trading and distribution are excluded from the sales tax (VAT). Consequently, the VAT on purchases and services is entered as a greater value of the cost or expense. Additionally, Law 1819 of 2016 raised the tax from 16% to 19% from January 1 of 2017 on.

3.13 Employee Benefits

(a) Pensions

The Company has commitments regarding pensions, both related to contributions and payments, that apply basically through pension plans. For defined payments, the Company enters the respective expense according to their accrued value during the employees' work contract term. On the date of the financial statements there are actuarial studies applying the projected credit unit method. Costs of past services corresponding to changes in payments are immediately recognized, commitments from defined payments representing the current value of the accrued obligations. The Company has no assets related to these plans.

(b) Other obligations subsequent to the labor relationship

The Company provides educational subsidies, energy subsidies, and health subsidies to retired employees with pension plans. These rights depend in general on whether or not the employee has worked until his retirement age. The expected costs of these benefits accrue during the employment time and use a methodology similar to that of the defined benefits plans. Actuarial gains (losses) arising from experienced adjustments and changes to actuarial assumptions are charged or credited to other integral income results during the respective period of time. These obligations are valued annually, or as required by the parent company, by independent qualified actuaries.

Retroactive severances - i.e. postemployment benefits - are paid to workers belonging to the labor system that existed before Law 50 of 1999 and having decided not participate in the system change. The social benefit is calculated for the entire time the employee has worked, based on the most recent salary, and in this case only to a limited number of workers, actuarial gains (losses) arising from the adjustments being charged or credited to other integral income.

The Company has implemented a voluntary retirement plan that, included in the employee benefits, considers a temporary income for employees participating in it and with less than 10 years remaining to be entitled to old age pension. This obligation is calculated by independent actuaries using the projected credit unit method.

(c) Long-term benefits
The Company provides to its employees benefits associated to their time in service, such as every 5 years. Expected costs from these benefits accrue during the employee's employment time, using a methodology similar to that used for the defined benefit plans.

Actuarial gains (losses) arising from adjustments and changes to actuarial assumptions are charged or credited to the respective period income. These obligations are valued annually, or by request of the parent company, by independent qualified actuaries.

(d) Benefits from credits to employees
The Company makes loans to its employees, at rates lower than the market's, their present value being calculated by deducting future cash flows at the market rate, recognizing as benefits paid in advance the difference between the market rate and the adjusted rate, against accounts receivable. The benefit is amortized during the term of the loan as a greater value of personnel expenses, the accounts receivable being updated at the amortized cost reflecting their financial effect in the income statement.

3.14 Estimate of the Reasonable Value

The reasonable value of an asset or a liability is defined as the price that would be received upon selling an asset or paid upon an asset being transferred in an ordered transaction among market participants on measurement day.
Measurement at reasonable value assumes that the transaction, according to which an asset is to be sold or a liability is to be transferred, takes place in the main market, i.e. the market with the greatest volume and level of activity for the asset or liability. In absence of a main market, it is assumed that the transaction will take place in the most advantageous market the entity has access to, i.e. the market maximizing the value to be received upon the asset being sold or minimizing the value that would be paid upon the liability being transferred.

In order to establish the reasonable value, the Company uses adequate valuation techniques regarding which there is sufficient measurement data, maximizing the use of relevant observable elements and minimizing the use of non-observable entry data.

Considering the hierarchy of entry data used in valuation techniques, assets and liabilities measured at reasonable value are classified as follows:

Level I: Quoted unadjusted price in an active market for identical assets and liabilities;

Level II: Entry data different to quoted prices included in Level I and being observable for assets or liabilities, either directly (i.e. as a price) or indirectly (i.e. arising from a price). Methods and hypotheses used to establish Level II reasonable values by class of financial assets or financial liabilities consider the estimate of future cash flows, deducted with zero coupon curves of types of interests for each foreign currency. All such valuations are carried out using external tools such as "Bloomberg"; y

Level III: Entry data for assets or liabilities not based on observable market information (non-observable inputs).

Upon measuring the reasonable value, the Company takes into account the characteristics of the asset or liability, particularly:

> For nonfinancial assets, a reasonable value measurement takes into account the capacity of the market participant to generate economic benefits by making the best and maximum use of the asset or by selling it to another market participant that would be using the asset in the same manner;

> For own equity liabilities and instruments, the reasonable value assumes that the liability will not be liquidated and that the equity instrument will not be canceled and that they will not be extinguished in any other manner on measurement day. The liability reasonable value reflects the effect of a default risk, i.e. the risk of an entity not meeting an obligation, including without limitation the credit risk typical of the Company;

> In the case of financial assets and liabilities with positions offset with respect to market risks or the counterpart credit risk, the reasonable value may be measured on a net basis according to the manner in which the market participants would assign a price to the net risk exposure on measurement day.

3.15 Foreign currency conversion

(a) Functional and presentation currency
Items included in the financial statements are valued using the main economic environment currency in which the entity operates (Colombian pesos).

The financial statements are presented in "Colombian pesos", the Company functional and presentation currency. Figures are expressed in thousand Colombian pesos, except for net profits per share and the market representative rate, expressed in Colombian pesos, and foreign currency (e.g. American dollars, euros, sterling pounds, etc.), which are expressed in units.

(b) Transactions and balances in foreign currency
Operations performed by the Company in currencies other than its functional currency are entered at current exchange rates at the time the transaction is carried out. Differences arising between the accounted exchange rate and the rate existing on payment or collection day are entered as exchange differences in the integral income statement.

At the end of the year, conversions of payable or receivable balances in currencies other than the functional currency of each company are entered at the closing exchange rate. Valuation differences are entered as exchange differences in the integral income statement.
Balances in foreign currency are expressed in Colombian pesos, applying the representative exchange rates of December 31 of 2017 and 2016 of $2,984.00 and $3,000.71 per USD and $3,583.18 and $3,165.44 per Euro.

3.16 Classification of balances in current and noncurrent

The Company includes in its financial statements assets and liabilities classified as current and noncurrent, after excluding assets and liabilities available for sale. Assets are classified as current should the intention be to realize, sell, or use them during the normal course of Company businesses, or within the following 12 months after the reporting period; all other assets are classified as noncurrent. Current liabilities are those the Company expects to liquidate during its normal course of business or within the following 12 months after the reporting period; all other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are always classified as noncurrent assets and liabilities.

3.17 Recognition of revenues

Revenues are assigned based on accrual criteria. Ordinary revenues are recognized once the economic benefits' gross entry is generated, as originating during the normal course of Company businesses, provided such entry results in an increase of total equity not related to contributions made by the owners of such equity and provided such benefits can be appraised reliably. Ordinary revenues are valued at the reasonable value of the consideration received or to be received, resulting from them and assigned based on accrual criteria.

The following criteria are used for such recognition:

Electric power trading and distribution: revenues are entered based on the amounts of energy supplied to the clients during the period, at prices indicated in the respective agreements or at prices indicated for the electric market by current regulations, as applicable. These revenues include an estimate of the energy provided and not yet read in the client meters.

Ordinary revenues generated by the provision of the services are recognized only should it be possible to estimate them reliably based on the degree of realization of the service provision as of the date of the financial statements.

Exchanges of goods or services for other goods or services with a similar value and nature are not considered ordinary revenue-generating transactions.

The Company enters, at net value, purchase/sell agreements of nonfinancial elements, calculated according to their net cash value or in other financial instruments. Contracts executed and kept in order to receive or deliver such nonfinancial elements are entered according to contractual purchase or sale requirements, or according to the utilization requirements expected by the entity.
Gains (losses) from changes in the reasonable value of the financial asset category at reasonable value with changes in income are presented in the income account in other gains (losses), net, during the originating period.

Revenues from dividends of financial assets at reasonable value, with changes in income, are entered to the income account as part of other revenues once the Company right to receive payments has been established. Changes in the reasonable value of monetary and nonmonetary titles classified as available for sale are entered to other integral income.

Revenues/expenses from interests are entered taking into account the effective interest rate applicable to the principal pending amortization during the corresponding accrual period.

3.18 Recognition of costs and expenses

The Company recognizes its costs and expenses as the economic facts occur, so that they will be systematically entered during

the corresponding accounting period regardless of the flow of monetary or financial resources. Expenses are comprised of expenditures not classifying to be entered as costs or as investments.

Costs include energy purchases and personnel or third party costs directly related to the sale or the provision of the services, as well as depreciation, amortization, and others.

Expenses include asset maintenance, transmission system costs, taxes, public utilities, and others incurred by processes responsible for the sale or provision of the services.

Investments are costs directly related to the creation or acquisition of an asset requiring of a significant amount of time to be ready for use and sale. Among others, costs of personnel directly related to the construction of projects, costs from interests of the debt used to finance projects, and major maintenance costs increasing the service life of existing assets, among others, are capitalized as constructions in progress.

3.19 Capital Stock

Common shares with or without preferential dividends are classified in equity.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction of the net amount received from taxes.

3.20 Reserves

Reserves are appropriations authorized by the General Shareholders Assembly against the year's income in order to comply with legal conditions or to cover expansion plans or financing requirements.

The legal norm considering the creation of reserves applicable to the Company is the following:

- The Trade Code requires the Company to appropriate 10% of its annual net profits, established according to local accounting norms as legal reserves until the balance of such reserve is the equivalent to 50% of the subscribed capital. The mandatory legal reserve is not distributable prior to Company liquidation, but can be used to absorb or reduce annual net losses. Balances of the reserve in excess of 50% of the subscribed capital are freely available to the shareholders.

3.20.1. Legal norms considered in 2016 and not effective on 2017.

Article 130 of the Tax Code considers appropriation of net profits equivalent to 70% of the greater value of the fiscal depreciation over the accounting depreciation, calculated according to local accounting norms. This article was revoked by Law 1819 of 2016, article 376, so that this reserve was not created in 2017.

3.21 Per-share Profits

The basic per-share profit is calculated as the quotient between the net gain of the period, attributable to the Company shareholders, and the average weighted number of outstanding ordinary shares during this period, after appropriating preferential dividends corresponding to 20,010,799 shares as of December 31 of 2017 of Grupo Energía de Bogotá S.A. E.S.P. Preferential dividends have a value of US $0.10 per share.

(In thousand pesos)

3.22 Distribution of Dividends

The Colombian mercantile laws set forth that, once appropriations have been made for the legal reserve, the regulatory reserve, or other reserves and once taxes have been paid, the balance will be distributed among the shareholders according to the shares distribution project presented by the Company administration and approved by the General Assembly. Dividends will be paid, in cash and at times agreed by the General Assembly, to those being Company shareholders at the time of such payment.

Should losses have to be absorbed, they will be paid with reserves especially created for this purpose, otherwise with the legal reserve. Reserves whose purpose is absorbing certain losses will not be used to cover other events, unless otherwise decided by the General Assembly.

The value of the obligation before the shareholders is established at the end of the year, net of temporary dividends approved during the year, entering it to the line "commercial accounts payable and other accounts payable" and the line "accounts payable to related companies", as applicable, charged against total equity. Temporary and final dividends are entered as a lower value of "total equity" upon being approved by the competent body, which is in general the Company Board of Directors, the General Ordinary Shareholders Assembly being responsible otherwise.

3.23. Operation Segments

An operation segment is an entity component:

(a) that performs business activities from which revenues can be obtained and expenses incurred from ordinary activities, including revenues from ordinary activities and expenses from transactions with other components of the same entity.

(b) whose operation results are regularly reviewed by the highest authority responsible for decisions related to the entity operation, deciding on resources that should be assigned to the segment and evaluating its performance.

(c) regarding which there is differentiated financial information available.

For all purposes and according to the IFRS 8 guidelines, the Company has a single operation segment associated to the energy business..

4. Cash And Cash Equivalents

	As of December 31 of 2017	As of December 31 of 2016
Balance in banks	$ 492,194,410	$ 580,231,679
Term deposits (1)	27,800,000	30,000,000
Other cash and cash equivalents (2)	28,018,755	9,384,484
Cash	57,823	31,209
	$ 548,070,988	**$ 619,647,372**

The equivalent detail presented in the upper part, in pesos per type of currency of cash and cash equivalents, is the following:

	As of December 31 of 2017	As of December 31 of 2016
Colombian pesos	$ 476,994,319	$ 617,481,907
American dollars	71,057,281	2,147,286
Euros	19,388	18,179
	$ 548,070,988	**$ 619,647,372**

(1) Term deposits correspond to fixed-term deposit certificates with maturity dates equal to or shorter than 3 months from their acquisition date and accruing market interests typical to these types of short-term investments, as follows:

As of December 31 of 2017:

Company	Amount	Objective	Purchase date	Due date	Term (Days)	EA Rate
GNB Sudameris	20,000,000	Dividends	17/10/2017	15/01/2018	90	5,60%
Banco Av Villas	7,800,000	Interest bonds	16/11/2017	15/02/2018	89	5,30%
Total	**$ 27,800,000**					

As of December 31, 2016:

Company	Amount	Objective	Purchase date	Due date	Term (Days)	EA Rate
Corpbanca	30,000,000	Intereses Bonos	14/12/2016	14/03/2017	90	8,23%
Total	**$ 30,000,000**					

(2) Trust accounts and collective portfolios correspond to normal operations involving additions and reductions made by treasury each day to these entities in order to channel resources from collection activities and use them to handle the Company short-term liquidity, as follows:

(In thousand pesos)

	As of December 31 of 2017	EA Rate	As of December 31 of 2016	EA Rate
Corredores Asociados	$ 25,496,763	5,16%	$ 47,373	7,52%
Fiduciaria Bogotá 378	1,586,628	1,00%	-	
Fondo Abierto Alianza	279,661	4,38%	12,798	6,64%
Fiduciaria Corficolombiana	206,024	3,98%	4,848	7,86%
Fiduciaria Occidente	186,210	5,19%	816,807	7,17%
Valores Bancolombia	116,889	4,44%	24,997	7,77%
Alianza Valores	92,906	4,58%	87,774	7,43%
BBVA Fiduciaria	40,321	4,78%	52,481	8,04%
Fiduciaria Bogotá	9,467	3,43%	94,268	6,35%
Credicorp	3,886	4,74%	8,243,138	7,45%
Total	**$ 28,018,755**		**$ 9,384,484**	

As of December 31, 2017, there are no cash restrictions or limitations shown in the financial statements.

5. Other Financial Assets

	As of December 31 of 2017		As of December 31 of 2016	
	Current	Non Current	Current	Non Current
Investments held until maturity (1)	$ 20,000,000	$ -	$	$ -
Financial investments - companies not listed or with low liquidity levels (2)	-	27,660	-	43,101
Forwards (3)	20,044	-	4,729	-
	$ 20,020,044	**$ 27,660**	**$ 4,729**	**$ 43,101**

(1) Term deposits are fixed term deposits maturing 3 months after their acquisition date and accruing market interests for these types of investments, as follows:

As of December 31, 2017:

Company	Amount	Objective	Purchase date	Due date	Term (Days)	EA Rate
GNB Sudameris	20,000,000	Dividendos	12/10/2017	15/01/2018	95	5,60%
Total	**$ 20,000,000**					

(2) Corresponds mainly to the following financial investments in non-listed companies, as follows:

Share participation titles	Economic activity	Ordinary shares	% Participation	As of December 31 of 2017	As of December 31 of 2016
Electrificadora del Caribe S.A E.S.P (a)	Energía	714,443	0,0014%	$ 21,341	$ 36,782
Transelca S.A E.S.P	Energía	12,026	0,0665%	4,781	4,781

(a) As of December 31 of 2017 and 2016, gains (losses) from the investment in Electricaribe S.A E.S.P as a result of the evaluation were entered in other integral income for ($15,441) and $18,080, respectively. The value of the losses is directly transferred to accumulated gains and not reclassified to the equivalent period income.

(3) As of December 31 of 2017 and 2016, the Company acquired an active valuation forward with BBVA for obligations assumed before Seguros Mapfre. This hedge covers all corporate material risk insurance policies. Following are the main characteristics of these forwards:

As of December 31, 2017:

Underlying	Risk factor	Active notional	Currency	Rate	MTM
Insurance coverage	Exchange rate	USD 1,258	USD	$ 2,974,17	$ 20,044

As of December 31, 2016:

Underlying	Risk factor	Active notional	Currency	Rate	MTM
Insurance coverage	Exchange rate	USD 1,040	USD	$ 2,988,60	$ 4,729

6. Other Nonfinancial Assets

	As of December 31 of 2017		As of December 31 of 2016	
	Current	Non current	Current	Non current
Advance payments for goods and services (1)	$ 4,366,358	$ -	$ 4,504,479	$ -
Employee benefits from loans (2)	1,323,974	13,956,592	1,432,404	12,240,129
Other	127,551	78,666	20,453	78,666
Travel advance payments	53,292	-	33,618	-
Expenses paid in advance	-	-	6,946	-
	$ 5,871,175	**$ 14,035,258**	**$ 5,997,900**	**$ 12,318,795**

(1) As of December 31 of 2016 and 2017, the net composition of this item corresponds to advance payments for stock transactions and international energy transactions to XM for $2,313,103 and $1,535,801 and for the purchase of goods and services from local creditors for $2,053,255 and $2,968,678, respectively.

(2) Corresponds to the recognition of the benefit paid in advance related to loans made to employees and agreed at a rate of zero or lower than the market rate, so that the Company discounts future cash flows at market rate, recognizing as benefits paid in advance the difference between the market rate and the awarded rate, amortizing them during the life of the loan.

7. Commercial Accounts And Other Accounts Receivable, Net

	As of December 31 of 2017		As of December 31 of 2016	
	Current	Non current	Current	Non current
Commercial accounts, gross, (1)	$ 608,833,396	$ 77,533,684	$ 597,325,959	$ 57,856,378
Other accounts receivable, gross, (2)	11,216,856	26,947,247	12,809,236	24,679,852
Total commercial accounts and other accounts receivable, gross	620,050,252	104,480,931	610,135,195	82,536,230
Provision for impairment of commercial accounts	(101,614,087)	(11,391,503)	(92,311,609)	(12,450,768)
Provision for impairment of accounts receivable	(289,799)	-	(286,153)	-
Total commercial accounts and other accounts receivable, net	**$ 518,146,366**	**$ 93,089,428**	**$ 517,537,433**	**$ 70,085,462**

(1) As of December 31, 2017 the composition of commercial accounts is the following:

		Nonperforming portfolio				
	Current portfolio	**1-180**	**181-360**	**>360**	**Total current portfolio**	**Noncurrent portfolio (c)**
Energy portfolio (a)						
Non-agreed portfolio (a)	**$ 407,717,783**	**$ 26,217,295**	**$ 5,735,046**	**$ 79,083,980**	**$ 518,754,104**	**$ 48,509,984**
Massive clients	164,453,132	7,869,673	1,886,337	8,749,411	182,958,553	-
Large clients	160,959,933	13,248,398	3,443,809	25,012,310	202,664,450	-
Institutional clients (b)	82,304,718	5,099,224	404,900	45,322,259	133,131,101	48,509,984
Agreed portfolio (c)	**11,961,624**	**3,978,834**	**163,219**	**64,982**	**16,168,659**	**12,478,889**
Massive clients	3,829,400	374,757	55,406	30,414	4,289,977	803,671
Large clients	5,568,495	1,501,040	107,813	34,568	7,211,916	3,746,580
Institutional clients	2,563,729	2,103,037	-	-	4,666,766	7,928,638
Energy porfolio, gross	**419,679,407**	**30,196,129**	**5,898,265**	**79,148,962**	**534,922,763**	**60,988,873**
Energy porfolio impairment	(6,576,774)	(4,184,583)	(1,681,819)	(77,869,595)	(90,312,771)	(10,596,982)
Energy porfolio, net	**$ 413,102,633**	**$ 26,011,546**	**$ 4,216,446**	**$ 1,279,367**	**$ 444,609,992**	**$ 50,391,891**

		Nonperforming portfolio				
Portfolio of supplementary business and others (d)	**Current portfolio**	**1-180**	**181-360**	**>360**	**Total current portfolio**	**Noncurrent portfolio (e)**
Massive clients	20,682,285	9,063	964	2,398,207	23,090,519	10,065,909
Large clients	35,309,103	2,430,511	971,578	8,137,510	46,848,702	6,478,901
Institutional clients	3,971,412	-	-	-	3,971,412	-
Supplementary business portfolio, gross	**59,962,800**	**2,439,574**	**972,542**	**10,535,717**	**73,910,633**	**16,544,811**
Supplementary business portfolio impairment	(978,948)	(76,988)	(403,124)	(9,842,256)	(11,301,316)	(794,521)
Supplementary business portfolio, net	**58,983,852**	**2,362,586**	**569,418**	**693,461**	**62,609,317**	**15,750,290**
Total commercial accounts, gross	**479,642,207**	**32,635,703**	**6,870,807**	**89,684,679**	**608,833,396**	**77,533,684**
Commercial accounts impairment	(7,555,722)	(4,261,571)	(2,084,943)	(87,711,851)	(101,614,087)	(11,391,503)
Total commercial accounts, Net	**$ 472,086,485**	**$ 28,374,132**	**$ 4,785,864**	**$ 1,972,828**	**$ 507,219,309**	**$ 66,142,181**

codensa
Grupo Enel

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

As of December 31, 2016, following is the composition of commercial accounts:

		Nonperforming portfolio				
	Current portfolio	**1-180**	**181-360**	**>360**	**Total current portfolio**	**Noncurrent portfolio (c)**
Energy portfolio (a,f) Not agreed portfolio	**$ 419,791,990**	**$ 23,017,710**	**$ 5,958,912**	**$ 72,166,146**	**$ 520,934,758**	**$ 33,002,363**
Massive clients	164,015,471	8,012,150	1,231,387	6,562,586	179,821,594	-
Large clients	218,141,191	10,587,857	4,205,458	21,218,878	254,153,384	-
Institutional clients (b)	37,635,328	4,417,703	522,067	44,384,682	86,959,780	33,002,363
Agreed portfolio(c)	**7,250,026**	**5,976,009**	**509,417**	**59,117**	**13,794,569**	**14,263,020**
Massive clients	2,822,133	801,228	173,895	30,214	3,827,470	723,223
Large clients	1,647,363	3,643,112	335,522	28,903	5,654,900	3,808,391
Institutional clients	2,780,530	1,531,669	-	-	4,312,199	9,731,406
Energy portfolio, gross	**427,042,016**	**28,993,719**	**6,468,329**	**72,225,263**	**534,729,327**	**47,265,383**
Energy portfolio impairment	(5,954,061)	(2,165,482)	(1,893,010)	(71,777,161)	(81,789,714)	(12,298,431)
Energy portfolio, net	**$ 421,087,955**	**$ 26,828,237**	**$ 4,575,319**	**$ 448,102**	**$ 452,939,613**	**$ 34,966,952**

		Nonperforming portfolio				
Portfolio of supplementary business and others (d)	**Current portfolio**	**1-180**	**181-360**	**>360**	**Total current portfolio**	**Noncurrent portfolio (e)**
Massive clients	$ 24,366,945	$ 13,420	$ 41,952	$ 2,501,505	$ 26,923,822	$ 4,236,398
Large clients	21,323,033	4,299,185	813,028	7,006,243	33,441,489	6,354,597
Institutional clients	2,231,321	-	-	-	2,231,321	-
Supplementary business portfolio, gross	**47,921,299**	**4,312,605**	**854,980**	**9,507,748**	**62,596,632**	**10,590,995**
Supplementary business portfolio impairment	(716,092)	(174,243)	(175,100)	(9,456,460)	(10,521,895)	(152,337)
Supplementary business portfolio, net	**47,205,207**	**4,138,362**	**679,880**	**51,288**	**52,074,737**	**10,438,658**
Total commercial accounts, gross	**474,963,315**	**33,306,324**	**7,323,309**	**81,733,011**	**597,325,959**	**57,856,378**
Commercial accounts impairment	(6,670,153)	(2,339,725)	(2,068,110)	(81,233,621)	(92,311,609)	(12,450,768)
Total commercial accounts, net	**$ 468,293,162**	**$ 30,966,599**	**$ 5,255,199**	**$ 499,390**	**$ 505,014,350**	**$ 45,405,610**

(a) As of December 31 of 2017 and 2016, correspond mainly to the regulated market clients' portfolio, for $364,352,232 and $352,965,113, toll portfolio $27,870,432 and $28,075,323, and public lighting portfolio for $98,420,375 and $96,359,955, respectively.

Of the above, as of December 31 of 2017 and 2016 $101,386,135 and $107,668,691, respectively, are subject to claims by clients, mainly the Special Public Utilities Administrative Unit (hereinafter the "UAESP" for its Spanish acronym).

(b) The main institutional Company client is the UAESP. As of December 31 of 2017 and 2016, the main non-impaired items being claimed by the UAESP are the following:

VAT portfolio, public lighting infrastructure.

On November 14 of 2013 the Company made a question to DIAN regarding applicability of article 19 of Decree 570 of 1984 in order to establish the special taxable base in the lease of personal properties. The DIAN response failed to answer the question made by the Company. On November 4 of 2014, DIAN issued a new opinion that again failed to answer the Company question, so that on December 16 of 2014 a new letter was sent requesting clarification on this.

Concurrently, and in order to clarify whether the lease of the public lighting infrastructure is subject to the VAT, on December 5 of 2014 the Company raised another question before DIAN.

On June 5 of 2016 the Company submitted a conciliation request with the UAESP to the Attorney General's Office, which was initially rejected arguing that it was inapplicable. However, the pertinent remedy was availed of, which was favorably resolved on July 1, 2015, the conciliation audience being scheduled for August 5 of 2015. The conciliation audience took place on said date, however the parties having decided not to conciliate.

Concurrently, on June 17 of 2015 a petition was filed against the UAESP in order to prevent the entity from arguing expiration of the time allowed to initiate a legal process should a claim be filed after the conciliation audience. The Company requested a precautionary measure on October 2 of 2015, whose purpose was for the UAESP to pay in advance the outstanding value, which was rejected by the third section of the Cundinamarca Administrative Court alleging that this would be decided in the ruling.

With opinion No. 100202208-0808 of September 1 of 2015, DIAN issued a statement regarding the application of the VAT to infrastructure leases for the public lighting service, clarifying that the public lighting service is not a household public utility service and that, as such, this service is subject to the VAT. This supports the fact that the Company has been charging this tax to the UAESP.

Based on the above and according to communications sent by the Company to the UAESP, in November 2015 current interests and late interest charges calculated on this entity's outstanding values were invoiced. As of December 31, 2017 and 2016, current interests are $5,059,734, late interest charges $1,148,266. Interests have not increased since February 2016 since the Company no longer invoices them as a result of the work of task forces jointly created with the UAESP.

On October 6 of 2016 the Company was informed of a first-instance ruling issued on September 28 of 2016 by the Cundinamarca Administrative Court rejecting the claim filed by the Company regarding the VAT payment obligation applicable to the lease of the public lighting service provision infrastructure by the UAESP. The ruling mainly stated that i) the Company is a public lighting service provider in the Bogotá District and that as such is responsible for the tax, ii) Annex 1 of the January 25 of 2002 agreement does not include the VAT in the liquidation of a) the energy supply, b) the lease of the infrastructure, c) the administration, operation, and maintenance, so that it is understood that the VAT is included in the service provision cost, and iii) it denaturalizes the lease agreement considering that agreement No. 766 of 1997 does not meet its requirements.

On October 21, 2016, the Company filed an appeal against the decision made by such body before the Cundinamarca Court. Subsequently, a priority petition was filed before the State Council regarding such decision, in order to expedite the appeal and properly consider the importance and the effect of the process.

On March 17 of 2017, the Company was informed by Section 3 of the State Council the acceptance of the appeal regarding the decision made by the Cundinamarca Administrative Court. For this, and in order to expedite the process related to the decision, the Company requested expediting the decision, request that was entered on April 7.

On September 4 of 2017 and with opinion No. 100202208-0881 addressed to the UAESP, DIAN confirmed the contents of document No. 25652 of September 3 of 2015, which concludes that the public lighting service is not included in exclusions contained in article 476 of the Tax Code, i.e. that the public lighting service is not a household public service and as such is subject to the VAT.

On September 29 of 2017, the office indicated that it would be refraining from accepting the ruling priority during the procedural phase the process is in, requesting the parties to submit their closing allegations. On October 11, the Company submitted the closing allegations, the UAESP on October 13.

Included in the process evidence, a document containing the above opinion was submitted on October 23 of 2017, again requesting to prioritize the ruling.

To date, the UAESP has not paid the public lighting service VAT corresponding to 2005 and previous years, except for November and December 2015 which were paid on March 2016 for $1,987,355. Additionally, the UAESP paid the period between January and July 2016 for $7,104,425. However, as a result of the above ruling the UAESP stopped its payments from the August of 2016 invoice on.

As of December 31, 2017 and 2016, unpaid amounts payable to the UAESP on account of the public lighting infrastructure lease VAT, invoiced but not collected since July 2013 and excluding the above interests, are $45,113,690 and $31,064,850, respectively.

Based on the opinion of the external Company lawyers regarding the process' response time of approximately 3 years, the Company reclassified the UAESP VAT portfolio from short to long-term and deducted the portfolio plus present value interests, resulting in a final balance as of December 31 of 2017 and 2016 of $48,509,984 and $33,002,363, respectively. Based on the interpretation from its external lawyers, the administration considers the value of this portfolio as being recoverable.

Public lighting energy service portfolio.

During 2015, the UAESP requested clarifications regarding the energy supply calculation in the March and November 2015 electric bills, with a total value of $17,226,438. In response to this, the Company made the respective clarifications. Based on the replies, on July 17 of 2015 the UAESP paid $8,690,946 in advance, on December 31 of 2015 $8,535,492, $652,264 on account of outstanding late interest charges.

On December 19 of 2016 the UAESP paid $8,535,492.

As of December 31, 2016, the UAESP had $835,052 payable to Codensa on account of late interest charges, which the Company condoned late 2017 as a result of the payment received in 2016.

(c) The agreed portfolio corresponds to agreements between the Company and its clients to pay a certain amount, with pre-established times and interest rates. These agreements apply to clients applying for financing on account of late energy use or being doubtful debts. Following is the detail, by maturity, of the noncurrent portfolio:

Year	As of December 31 of 2017	As of December 31 of 2016
Between 1 and 2 years	$ 3,950,008	$ 4,419,151
More than 3 years	6,720,768	7,542,847
Between 2 and 3 years	1,808,113	2,301,022
	$ 12,478,889	**$ 14,263,020**

(d) As of December 31 of 2017 and 2016, it corresponds mainly to work done for private persons for $26,772,653 and $17,144,370, electric work $27,265,747 and $22,479,404, infrastructure $5,314,830 and $7,209,280, Codensa Services $12,705,539 and $8,725,477 and collection assignments for $6,186,810 and $5,751,814, respectively.

(e) The supplementary business portfolio corresponds to agreements between the Company and its clients in order to pay a certain amount of money, with pre-established times and interest rates, such clients applying for financing for installations, customizations, fines for losses, and other services provided by the Company. Following is the detail, by maturity, of the noncurrent portfolio:

Year	As of December 31 of 2017		As of December 31 of 2016	
Between 1 and 2 years	$	10,660,896	$	7,401,797
Between 2 and 3 years		4,748,484		2,894,473
More than 3 years		1,135,431		294,725
	$	**16,544,811**	**$**	**10,590,995**

The increase between January 1 and December 31 of 2017 corresponds mainly to execution of agreements in the Codensa Services line, including agreements with Universidad Inca for $1,549,487 and Uniaguas E.S.P S.A for $1,326,815.

(f) Energy savings scheme.

On September 12 and 29 of 2016, the audit report issued by SER Servicios Públicos SAS and the certification issued by the statutory auditor regarding the savings scheme through differential rates applicable to electricity established with Resolution 29 of 2016 from the CREG (supplemented by Resolutions 39 and 49 of 2016) was filed before the ASIC. As of December 31, 2016, the ending balance shows an accounts payable before XM of $20,001,714 and $4,593,833 corresponding to the Company and to the former EEC integrated to the Company, respectively. In January and February 2017, XM recognized, as an adjustment to the pool sales invoicing, $20,001,714 and $4,593,833, paying the outstanding balance.

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Grupo Enel

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

Portfolio Impairment

The following are activities related to the commercial accounts impairment reserve:

Debtors on account of sales made but not paid, with impairment	Amount
Balance as of January 1, 2016	**65,598,821**
Increases from business combination (iv)	40,267,788
Year increases (decreases) (i)	6,001,927
Written-off values (ii)	(7,298,817)
Other (iii)	192,658
Balance as of December 31, 2016	**$ 104,762,377**
Year increases (decreases) (i)	9,156,601
Written-off values (ii)	(1,431,851)
Other (iii)	518,463
Balance as of December 31,2017	**$ 113,005,590**

i. During 2017, the Company had a $9,156,601 increase resulting from its portfolio ageing in the following categories: a) public lighting for $3,456,496, mainly by the Agua de Dios municipality for $1,576,212 and the municipality of Sopo for $1,457,986; b) industrial clients for $2,355,071, mainly by Tocagua ESP for $898,305; c) residential clients $2,138,815; d) work for private clients for $1,206,219, mainly by Prodesa S.A. for $784,116, originated from work done to the Chía-Cota housing project which has not been approved by CAR (Corporación Autónoma Regional de Cundinamarca).

Consequently, the Company made an analysis during 2016 based on the nature, impairment, and behavior of payments by type of portfolio and the nature of the clients, as a result of which new provision percentages were established and applied from December of 2016. As a result of this change, the energy portfolio reserve was reduced in ($942,203).

During 2016 there was a $5,059,724 increase, mainly due to a) ageing of the public lighting portfolio for $2,279,370, b) the individual analysis of the Puerto Salgar municipality portfolio for $1,014,864, c) the recognition of the adjustment due to the effects of the merger on the portfolio reserve for $1,311,912 as a result of the application of the Company impairment policy to the EEC portfolio as of September 30 of 2016.

ii. The nonperforming debtors write-off is carried out once all collection possibilities have been exhausted and once all legal activities have been carried out and the debtors insolvency has been demonstrated, such as their financial difficulties, infractions, contractual defaults, and financial reorganization.

As of December 31, 2017, write-offs resulting mainly from the debts statute of limitations correspond to the following clients: municipality of Coello $217,232, Constructora RMG SAS $115,161, and others of lesser values.

As of December 31, 2016, after the above process the main write-offs made by the Company correspond to Supercable Telecomunicaciones S.A. for $2,.658,919, the municipality of Puerto Salgar for $1,217,821, Enermont for $1,149,186, and the massive energy portfolio write-offs.

iii. As of December 31 of 2017 and 2016, corresponds to the energy portfolio reactivations, mainly of massive clients.

iv. Corresponds mainly to loading of the energy massive portfolio reserve balances from the EEC.

(2) As of December 31, 2017 and 2016, corresponds mainly to accounts receivable from employees for a present value of $32,795,453 and $30,074,803, accounts receivable from retired personnel for a present value of $3,286,835 and $3,574,273 on account of housing, appliance, and education loans, among others, respectively. Loans to employees are awarded at rates between 0% and 4.75%, for retired personnel between 0% and 7%, so that the Company discounts future cash flows at the market rate, recognizing as benefits paid in advance the difference between the market rate and the awarded rate and amortizing them during the life of the loan.

Guarantees granted by debtors

For clients with payment agreements and for financing of products other than energy, the Company backs these debts with blank promissory notes. For employee debts, personal guarantees are required (promissory notes and instruction letters) as well as security interests (mortgages and pledges).

8. Investments In Subsidiaries, Joint Businesses, And Associates

The participations the Company has in other associated entities and subsidiaries are entered following the cost method and the participation method, according to the defined policies (see Notes 3.4 and 3.5), as follows:

Share participating titles	Economic activity	Relation	Ordinary shares	% Participation	As of December 31 of 2017	As of December 31 of 2016
Inversora Codensa (1)	Inversión	Subsidiaria	5,000	100,00%	2,276	2,370
					$ 2,276	**$ 2,370**

(1) Article 2.1.2 of part 1 of book 2 of Decree 2420 of 2015, appended by Decree 2496 of 2015, establishes the application of article 35 of Law 222, which sets forth that participations in subsidiaries should be entered in the separate financial statements using the participation method, according to which this method has been applied since 2016. The amendment to NIC 27 came into force in January 2017, which allows recognizing investments with the participation method in the separate financial statements, eliminating the exception to the IFRS that existed in the local system with respect to norms issued by the ISAB.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

9. Balances And Transactions With Related Parties

Accounts receivable from related companies

Company	Type of related company	Country of origin	Transaction type	As of December 31 of 2017	As of December 31 of 2016
Emgesa	Other(*)	Colombia	Energy sales(1)	$ 11,223,241	$ 10,801,226
		Colombia	Other services	922,669	-
Enel SPA	Controller	Italy	Expatriates	2,741,774	989,775
Enel Green Power Col	Other (*)	Colombia	Other services (3)	706,994	-
Enel Energía	Other (*)	Italy	Expatriates	258,650	-
EOSC	Other (*)	España	Other services (2)	222,797	280,431
Endesa Energía	Other (*)	España	Other services (2)	104,630	58,701
Enel Iberia	Other (*)	España	Expatriates	95,450	65,620
Enel Distribuzione	Other (*)	Italy	Expatriates	93,182	-
Energía Nueva	Other (*)	México	Expatriates	86,472	87,428
Enel Américas	Controller	Chile	Other services	64,573	-
Enel Chile S.A.	Other (*)	Chile	Expatriates	47,958	-
Enel Distribución Perú S.A.	Other(*)	Perú	Other services	11,683	
Grupo Energía Bogotá	(**)	Colombia	Other services	44,827	-
	**)	Colombia	Energy sales	-	43,863
	(**)	Colombia	Christmas lighting	-	1,293,104
				$ 16,624,900	**$ 13,620,148**

(*) Corresponds to companies over which Enel SPA has a significant influence or control.

(**) Grupo Energía Bogotá S.A. E.S.P is a Codensa shareholder. As a result of the October 6 of 2017 Empresa de Energía de Bogotá S.A. E.S.P. General Shareholders Assembly extraordinary meeting, the corporate name was changed to Grupo Energía Bogotá S.A. E.S.P.

(1) As of December 31 of 2017 and 2016, the balance is comprised of toll estimates, regional transmission system, and invoicing by distribution areas, for $10,688,689 and $10,424,758, use of lines and grids for $365,619 and $163,714 and energy invoicing for $168,933 and $212,754.

(2) Corresponds to services provided by CAT (call center).

(3) Corresponds to administrative services provided to Enel Green Power Colombia.

The accounts receivable with related companies show no impairment.

(In thousand pesos)

Accounts payable to related companies

Company	Type of related company	Country of origin	Transaction type	As of December 31 of 2017	As of December 31 of 2016
Grupo Energía Bogotá	(**)	Colombia	Dividends	$ 48,009,432	$ 60,237,760
		Colombia	Other services	-	19,526
Enel Américas	Controller	Chile	Dividends	45,185,349	56,694,364
Enel Italia	Other (*)	Italy	Other services (1)	19,414,128	14,728,237
	Other (*)	Italy	Expatriates	1,748,418	-
Enel Chile	Other (*)	Chile	Other services (2)	3,611,602	-
Enel Distribuzione	Other (*)	Italy	Other services (3)	2,432,212	3,267,737
	Other (*)	Italy	Expatriates	245,856	285,854
Emgesa	Other (*)	Colombia	Other services	950,237	202,479
	Other (*)	Colombia	Energy purchases	651,439	-
Enel SPA	Controller	Italy	Expatriates	692,549	959,229
	Other (*)	Italy	Other services	-	578,046
Enel Iberia	Other (*)	España	Expatriates	243,051	192,245
	Other (*)	España	Other services	-	629,072
Enel Green Power	Other (*)	Italy	Expatriates	182,306	874,427
Enel Distribución Chile	Other (*)	Chile	Expatriates	178,336	123,915
				$ 123,544,915	**$ 138,792,891**

(*) Corresponds to companies over which Enel SPA has significant influence or control.
(**) Grupo Energía Bogotá is a Codensa shareholder (see Note 20).

(1) Corresponds mainly to 1) the E4E SAP system's convergence implementation project supporting accounting, asset management, and company operation models and other technology and IT management infrastructure services, and ii) IT services associated to the implementation of the Cloud service.

(2) Corresponds to IT and technology expenses related to support, maintenance and Oracle software licenses. Enel Chile merged with SIEI on September 2017.

(3) Corresponds to the purchase of meters for the Smart Metering project.

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Effects on income with related companies

Company	Transaction type	As of December 31 of 2017	As of December 31 of 2016
Income			
Emgesa S.A. E.S.P.	Tolls and use of lines and grids	$ 133,204,648	$ 119,914,972
	Energy and other services	760,367	627,894
	Other income	790,009	391,185
	Interests (loans) (1)	108,149	-
Enel Spa	Expatriates	1,751,999	466,755
	Exchange differences	8,921	-
Endesa Operaciones y Servicios	Other services	764,505	706,228
	Exchange differences	83,987	132,058
Enel Green Power Colombia	Other services	569,862	-
Endesa Energía	Other services	267,209	198,065
	Exchange differences	29,460	24,700
Enel energía	Expatriates	258,650	-
Enel Italia	Exchange differences	355,227	-
Enel Distribuzione Spa	Expatriates	93,182	-
	Exchange differences	143,842	31,712
Enel Chile S.A.	Expatriates	47,958	-
	Exchange differences	35,101	2,699
Enel Américas	Other services	54,263	-
Enel Distribución	Exchange differences	1,137	-
Enel Iberia	Expatriates	29,830	12,384
	Exchange differences	15,744	72,411
Energía Nueva Energía Limpia	Expatriates	15,663	15,664
	Exchange differences	7,633	7,236
Edelnor	Exchange differences	47	-
Grupo Energía Bogotá	Christmas lighting	1,293,103	1,293,104
	Substation operation, others	-	-27,084
	Leases	-	-9,717
EEC(2)	Energy and Other services	-	72,887
	Use of lines and grids	-	9,405,739
	Equipment rentals and commission	-	675,553
DECSA (2)	Dividends	-	1,129,958
		$ 140,690,496	**$ 135,144,403**

(In thousand pesos)

Company	Transaction type	As of December 31 of 2017	As of December 31 of 2016
Costs and expenses			
Emgesa S.A. E.S.P.	Energy	$ 789,958,065	$ 643,194,763
	Other services	714,969	681,745
	Interests (loans)	-	195,109
Enel Italia Servizi (3)	Computer services	14,742,646	3,158,712
	Expatriates	1,748,418	-
	Exchange differences	674,031	-
Enel Spa	Expatriates	1,249,076	694,266
	Exchange differences	16,579	-
	Investigations and projects	-	578,045
Enel Distribuzione Spa	Expatriates	517,326	285,854
	Exchange differences	93,460	77,855
Enel Iberia	Expatriates	253,449	471,747
	Exchange differences	(5,367)	214
	Computer services	-	989,766
Enel Chile S.A.	Exchange differences	338,745	1,716
Enel Green Power Italia	Expatriates	229,649	585,749
	Exchange differences	40,601	-
Enel Distribución Chile S.A	Expatriates	178,536	188,407
Endesa Operaciones y Servicios	Exchange differences	45,916	174,912
Endesa Energía	Exchange differences	12,326	28,213
Energía Nueva Energía Limpia Mx	Exchange differences	8,589	3,931
EEC. (2)	Use of lines and grids	-	2,054,945
	Other services	-	20,185
		$ 810,817,014	**$ 653,386,134**

(1) In June 2017, the Company made two payments to Emgesa S.A E.S.P for $5,000,000 and $41,808,489 on account of intercompany loans made under the June 16 of 2017 mercantile offer, whose purpose was complying with the purchasing company working capital obligations. The loan was paid on maturity day, on June 30 of 2017, at a rate of 7.55% EA.

(2) Corresponds to recognition of operations and transaction up to September 30 of 2016, after which the merger between Codensa, DECSA, and EEC was formalized.

(3) Corresponds to technology infrastructure and IT systems management services.

Sales and purchases among related parties are carried out under conditions equivalent to those existing for transactions and independent parties.

Board of Directors and key management personnel

Board of Directors

The Company has a Board of Directors comprised of 7 principal members, each of them with a personal alternate member, elected by the General Shareholders Assembly using the electoral quotient system. According to the Company bylaws, during the time the Company is a securities issuer 25% of the members will be independent according to the law. Their appointment is made for 2-year periods, being subject to indefinite reelection without prejudice to the faculty the Shareholders Assembly has to freely remove them at any time.

According to the Shareholders General Assembly Minutes No. 67 of March 28 of 2017, the following directors list was approved:

Line	Principal	Alternate
First	Acosta David Felipe	Restrepo Molina Carlos Mario
Second	Vargas Lleras José Antonio	Lopez Vergara Leonardo
Third	Rubio Díaz Lucio	Pardo Gómez Juan Manuel
Fourth	Álvarez Hernández Astrid	Restrepo Moreno Ernesto
Fifth	Castilla Canales Felipe	Botero Valencia Alejandro
Sixth (independent)	Franco Reyes José Antonio	Rodríguez Rios Daniel
Seventh (independent)	Cabrales Martínez Orlando	Noero Arango Vicente

On December 18 of 2017, during extraordinary meeting No. 68 of the General Shareholders Assembly, the meeting was informed that Mr. Orlando Cabrales Martínez had submitted his resignation as a principal and independent member of the 7th line of the Board of Directors. The Assembly then appointed Mr. Andrés López Valderrama to fill the vacancy.

Line	Principal	Alternate
First	Acosta David Felipe	Restrepo Molina Carlos Mario
Second	Vargas Lleras José Antonio	Lopez Vergara Leonardo
Third	Rubio Díaz Lucio	Pardo Gómez Juan Manuel
Fourth	Álvarez Hernández Astrid	Restrepo Moreno Ernesto
Fifth	Castilla Canales Felipe	Botero Valencia Alejandro
Sixth (independent)	Franco Reyes José Antonio	Rodríguez Rios Daniel
Seventh (independent)	Andrés López Valderrama	Noero Arango Vicente

The Company appoints a chairman, elected by the Board of Directors among its members for a specific time, subject to indefinite reelection or free removal before the end of his time in this position. The Board of Directors has a secretary, who could or not be a Board member. The chairman's appointment was approved by the Board of Directors in May 26 of 2015. The secretary was appointed in November 11 of 2008.

According to Article 55 of the corporate bylaws, the General Shareholders Assembly is responsible for setting the directors' remuneration, which as of December 31 of 2017 and as approved by the Shareholders Assembly during its ordinary March 28 of 2017 meeting is USD $1,000 after taxes, on account of their attendance to each Board of Directors' meeting.

(In thousand pesos)

Following are the fees paid to the directors:

Name	As of December 31 of 2017	As of December 31 of 2016
Rubio Díaz Lucio	$ 46,850	$ 45,331
Cabrales Martínez Orlando	43,415	38,379
Vargas Lleras José Antonio	40,092	45,104
Acosta David Felipe	40,092	41,746
Álvarez Hernández Gloria Astrid	40,056	34,622
Castilla Canales Felipe	30,197	-
Franco Reyes José Antonio	30,197	-
Angulo Gonzalez Maria Victoria	13,229	34,835
Eduardo Aguirre Jose Bernardo	13,229	3,368
Moreno Restrepo Ernesto	6,793	10,225
Restrepo Molina Carlos Mario	6,757	3,329
Lopez Vergara Leonardo	6,757	3,557
Noero Arango Vicente Enrique	3,435	6,914
Botero Valencia Alejandro	3,423	-
Rodríguez Rios Daniel	3,423	-
Bonilla González Ricardo	-	3,814
Herrera Lozano José Alejandro	-	3,814
Pardo Juan Manuel	-	3,585
Gómez Castañeda Iván Darío	-	3,368
Castillo Aguilar Maria Carolina	-	31,545
	$ 327,945	**$ 313,536**

Key management personnel

Following are the key management personnel:

Name	Position
Lucio Rubio Díaz	Country General Director
David Felipe Acosta Correa	Codensa CEO
Daniele Caprini (a)	Administrative and Financial Manager

(a) Daniele Caprini was appointed the new Administration and Finances Manager from June 26 on, replacing Aurelio Bustilho de Oliveira.

The key management personnel fees include salaries and short-term benefits, the most representative being the annual bonus for compliance with objectives.

Following are the fees:

	As of December 31 of 2017	As of December 31 of 2016
Remunerations	$ 1,284,090	$ 1,625,537
Short-term benefits	336,209	595,785
	$ 1,620,299	**$ 2,221,322**

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Key management personnel incentive plans

The Company has an annual bonus for compliance with objectives and level of contribution to the Company for its executives. It corresponds to a certain number of monthly gross fees.

As of December 31, 2017 and 2016, the Company has no outstanding payment benefits based on activities for key management personnel, not having established guaranties in their favor.

As of December 31, 2017, there are no outstanding indemnification payments on account of termination.

10. Inventories, Net

	As of December 31 of 2017	As of December 31 of 2016
Electrical materials, net (1)	$ 84,995,774	$ 71,070,103
Transformers	5,391,458	7,008,882
Non-electrical materials	2,915,072	2,428,665
Value added (2)	492,501	680,243
	$ 93,794,805	**$ 81,187,893**

(1) In 2017 the Company increased its purchases of materials based on projects such as the smart metering project, whose purpose is controlling readings by means of intelligent meters and networks, the lines, grids, and low and intermediate voltage infrastructure maintenance and modernization plan, strengthening the telecontrol grid and equipment, burying of low and mid voltage lines based on the Land Use Plan, and the high voltage capacity expansion plan, among others, whose purposes are improving the service quality and capacity indexes

Following are the activities related to the impairment reserve associated to electric materials:

Balance as of January 1 of 2016	**$ (414,718)**
Reserve use	509,380
Reserve provision	(1,066,399)
Balance as of December 31 of 2016	**$ (971,737)**
Reserve provision	971,737
Balance as of December 31 of 2017	**$ -**

(2) Corresponds mainly to the induction stoves inventory, available for sale since November 2014. There are no impairment indications.

There are no inventories pledged as collateral for debt compliance.

(In thousand pesos)

11. Intangible Assets Other Than Capital Gains, Net.

	As of December 31 of 2017	As of December 31 of 2016
Licenses (1)	$ 66,177,405	$ 44,829,358
Computer programs (2)	56,955,792	46,801,441
Easements (3)	31,833,163	25,328,069
Development costs (4)	3,210,194	1,996,444
Intangible assets, net	**$ 158,176,554**	**$ 118,955,312**
Costs	143,110,407	149,184,009
Computer programs	96,950,609	82,407,580
Licenses	41,294,319	33,596,165
Easements	31,147,905	29,510,717
Intangible assets, gross	**312,503,240**	**294,698,471**
Amortization	(86,154,615)	(102,382,568)
Computer programs Licenses	(30,773,204)	(37,578,222)
Development costs	(27,937,711)	(27,514,273)
Easements	(9,461,156)	(8,268,096)
Intangible assets accumulated amortization	**$ (154,326,686)**	**$ (175,743,159)**

(1) Corresponds mainly to the E4E (Evolution for Energy) project for $42.132.197, whose purpose is standardizing the SAP system that supports the accounting methods models, asset management, and the Company operation. The most significant costs associated to the project include consultancy fees incurred upon rolling out the system.

(2) Corresponds to the following IT programs:

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	Net cost as of December 31 of 2017	Remaining service life (years)	Net cost as of December 31 of 2016	Remaining service life (years)
Administrative management systems	**$ 5,863,703**		**$ 5,270,070**	
SAP Software	2,578,046	2	3,365,069	2
Archibus System	866,650	4	432,252	3
Portal Institucional Latam Project	597,652	2	633,216	3
SAP RRHH Software	579,570	4	-	
Storia System	491,723	4	-	
ABC FlowCharter	441,110	3	453,713	3
Mercurio	308,952	3	317,779	3
Oracle license	-	-	68,041	1
Commercial management systems	**21,844,917**		**26,147,617**	
Fieldwork management E - Order	6,483,260	3	6,935,799	3
Evolución Epica CRM	5,849,844	4	4,099,396	3
Synergia 4J Project	5,227,520	3	7,409,560	4
Online services portal ICT	1,796,738	1	3,290,378	2
Business intelligence Software	1,095,713	2	1,736,484	2
On-site invoicing	989,860	3	1,180,077	3
Automated vehicle recharge system	364,829	1	738,646	2
Large clients commercial system ISU	-		499,146	1
Business associates operation system	37,153	1	162,952	2
Management Software Constructors	-		95,179	2
Distribution management system	**29,247,172**		**15,383,754**	
SIR-regulation information system	5,534,874	4	3,538,407	4
Scada STM Software	8,953,726	4	2,376,901	3
DMS / EMS Software	2,260,260	3	2,196,396	2
Scada - Fronten communication Software	6,774,463	4	2,140,948	3
Oracle License	733,858	3	970,876	3
IBM transformation project	699,953	3	753,627	3
Scada Software	77,224	1	390,148	1
Cas de Proyectos 2015	230,021	1	383,369	2
Effective monitoring of power	179,159	2	297,040	3
Linux License	279,910	3	285,625	3
Service Now project	236,643	3	243,404	3
Novel IDM licenses	66,447	1	110,744	2
Corporate Data Network Metrolan HA	817,851	4	-	
PIM system, power quality	470,480	4	-	
Big Data Analytics and Dashboards	413,787	4	-	
Other minor computer programs	1,518,516		1,696,269	
	$ 56,955,792		**$ 46,801,441**	

(In thousand pesos)

(3) As of December 31, 2017 and 2016, corresponds to 36 and 33 easements, respectively, as follows:

	As of December 31 of 2017	As of December 31 of 2016
Bacatá AT/AT and AT/MT substation	$ 13,941,939	$ 14,619,286
Nueva Esperanza	10,146,170	2,873,184
North East substation AT/AT AT/MT	3,232,528	3,358,387
Other minor easements	2,843,211	2,724,712
Substation easements legalization AT/MT	1,669,315	1,752,500
	$ 31,833,163	**$ 25,328,069**

* AT (high voltage) and MT (mid voltage).

Following is a list of intangible assets:

	Development costs	Ease-ments	Licenses	Computer programs	Intangible assets
Ending balance 01/01/2016	$ 2,168,003	$ 24,975,750	$ 6,240,569	$ 40,008,482	$ 73,392,804
Activities					
Additions	369,596	3,194,974	37,178,586	17,932,738	58,675,894
Additions on account of business combination	-	486,567	1,088,816	282,479	1,857,862
Transfers	(325,367)	(2,323,402)	1,838,674	810,095	-
Amortization (see note 26)	(215,788)	(1,143,409)	(1,517,287)	(12,232,353)	(15,108,837)
Other increases (decreases)	-	137,589	-	-	137,589
	(171,559)	352,319	38,588,789	6,792,959	45,562,508
Ending balance 31/12/2016	**$ 1,996,444**	**$ 25,328,069**	**$ 44,829,358**	**$ 46,801,441**	**$ 118,955,312**
Additions	1,637,187	7,244,505	24,168,158	23,608,420	56,658,270
Withdrawals	-	-	(176,585)	(764,298)	(940,883)
Amortization (see Note 26)	(423,437)	(1,193,060)	(2,643,526)	(12,689,771)	(16,949,794)
Other increases (decreases)	-	453,649	-	-	453,649
Ending balance 31/12/2017	**$ 3,210,194**	**$ 31,833,163**	**$ 66,177,405**	**$ 56,955,792**	**$ 158,176,554**

As of December 31, 2017 and 2016, the Company has no indefinite service life intangible assets.

12. Properties, Plant, And Equipment, Net

	As of December 31 of 2017	As of December 31 of 2016
Constructions in progress (1)	$ 820,496,119	$ 768,482,031
Buildings	187,193,449	118,197,959
Land properties	95,026,725	95,130,567
Improvements to third party properties	2,781,441	9,122,269
Plant and equipment	**3,545,040,509**	**3,214,529,025**
Electrical distribution grids and installations	2,698,392,975	2,475,571,542
Substations and high voltage lines	813,716,052	708,742,115
Central hydraulic power plant	32,931,482	30,215,368
Fixed installations and others	**63,365,970**	**70,225,916**
Other installations	38,112,395	45,181,612
Fixed installations and accessories	25,253,575	25,044,304
Financial leases	2,422,082	5,255,446
Properties, plant and equipment, net	**$ 4,716,326,295**	**4,280,943,213**
Constructions in progress	820,496,119	768,482,031
Buildings	237,400,120	168,922,643
Land properties	95,026,725	95,130,567
Improvements to third party properties	10,128,371	10,128,371
Plant and equipment	**7,676,179,899**	**7,086,532,384**
Electrical distribution grids and installations	5,818,490,058	5,379,400,807
Substations and high voltage lines	1,818,748,396	1,671,556,045
Central hydraulic power plant	38,941,445	35,575,532
Fixed installations and others	**175,236,459**	**199,048,696**
Other installations	105,725,984	134,149,246
Fixed installations and accessories	69,510,475	64,899,450
Financial leases	14,695,992	14,573,574
Properties, plant and equipment, gross	**9,029,163,685**	**8,342,818,266**
Buildings	(50,206,671)	(50,724,684)
Improvements to third party properties	(7,346,930)	(1,006,102)
Plant and equipment	**(4,131,139,390)**	**(3,872,003,359)**
Electrical distribution grids and installations	(3,120,097,083)	(2,903,829,265)
Substations and high voltage lines	(1,005,032,344)	(962,813,930)
Central hydraulic power plant	(6,009,963)	(5,360,164)
Fixed installations and others	**(111,870,489)**	**(128,822,780)**
Other installations	(67,613,589)	(88,967,634)
Fixed installations and accessories	(44,256,900)	(39,855,146)
Financial leases	(12,273,910)	(9,318,128)
Properties, plant and equipment accumulated depreciation	**$ (4,312,837,390)**	**$ (4,061,875,053)**

(In thousand pesos)

(1) Other assets under construction correspond to the following projects:

Proyecto	As of December 31 of 2017	As of December 31 of 2016
Urban massive grids and lines connections	$ 215,144,355	$ 53,415,100
Telecontrol Latam – Codensa Project	126,935,371	133,425,582
Mid-voltage normalization and service quality	69,628,339	27,476,208
Mid-voltage capacity extension	50,298,420	12,957,090
High-voltage capacity extension	47,187,990	-
Construction of the Norte STN-115Kva Substation	37,044,989	26,803,219
Public lighting expansion	32,401,805	30,858,670
Land use plan IDU – municipalities	28,933,127	18,041,244
Bogotá public lighting modernizing	25,959,509	21,998,368
Substations equipment modernizing	25,966,849	-
High-voltage lines quality plan	24,550,189	15,300,973
Other minor projects	24,123,915	37,806,237
Smart Metering	20,287,401	17,053,266
Urban rural equipment and transformers replacement	19,876,756	27,457,757
Adjustment of loss control measurement equipment	15,603,239	55,613,158
Level 2 urban and rural infrastructure replacement	14,997,626	75,562,427
Expansion of MT - BT peripheral grids	7,103,314	-
Level 1 rural infrastructure replacement	6,971,291	65,796,277
Gran Sabana substation construction	6,054,769	-
Customization of commercial facilities	5,612,189	4,948,490
Construction of the Nueva Esperanza 500-115Kva substation	5,273,811	73,413,211
Mid-voltage line concessions	4,403,302	13,764,792
High-voltage service quality and normalization	3,156,800	27,540,487
Rural public lighting	1,766,867	6,054,487
Rionegro hydraulic station modernizing	830,909	5,215,734
Construction of the Compartir 115-11.4Kva substation	375,966	4,213,510
Extension of the Gorgonzola substation	7,021	4,644,508
Mobile substation	-	9,121,236
Total	**$ 820,496,119**	**$ 768,482,031**

Following is a description of properties, plant, and equipment:

					Plant and equipment					
	Construction in progress	Land	Buildings	Improvements to third party properties	Substations and high-voltage lines	Electrical distribution grids and installations	Central hydraulic power plant	Other installations	Financial leases	Properties, plant and equipment
Final balance 01/01/2016	$ 522,807,723	$ 77,511,545	$ 83,096,079	$ 4,793,648	$ 499,799,691	$ 2,256,219,806	$ -	$ 61,127,638	$ 2,510,146	$ 3,507,866,276
Properties, plant and equipment activities										
Additions (a)	602,311,504	88,862	-	-	-	-	-	-	4,503,208	606,903,574
Additions on account of business combination	15,543,448	12,770,086	24,078,827	-	59,753,045	272,437,563	30,376,011	6,283,340	996,120	422,238,440
Transfers	(371,871,331)	4,917,278	14,332,672	5,334,725	194,403,561	135,810,161	-	17,073,021	(87)	-
Withdrawals	(309,313)	(19,615)	(11,685)	-	(1,823,463)	(4,690,406)	-	(1,280)	(124,181)	(6,979,943)
Depreciation expense (see note 26)	-	-	(3,297,934)	(1,006,104)	(43,390,719)	(184,205,582)	(160,643)	(14,256,803)	(2,629,760)	(248,947,545)
Other increases (decreases)	-	(137,589)	-	-	-	-	-	-	-	(137,589)
Year movements	**245,674,308**	**17,619,022**	**35,101,880**	**4,328,621**	**208,942,424**	**219,351,736**	**30,215,368**	**9,098,278**	**2,745,300**	**773,076,937**
Final balance 31/12/2016	**$ 768,482,031**	**$ 95,130,567**	**$ 118,197,959**	**$ 9,122,269**	**$ 708,742,115**	**$ 2,475,571,542**	**$ 30,215,368**	**$ 70,225,916**	**$ 5,255,446**	**$ 4,280,943,213**
Year movements										
Properties, plant and equipment activities										
Additions (a)	738,578,490	7,461	-	-	-	-	-	1,240,616	961,497	740,788,064
Transfers	(685,824,264)	(100,007)	73,516,699	(5,334,724)	151,726,474	451,735,443	3,365,914	10,914,465	-	-
Withdrawals	(286,489)	(11,296)	-	-	(1,400,979)	(6,093,844)	-	(442,890)	(161,408)	(8,396,906)
Depreciation expense (see note 26)	-	-	(4,521,209)	(1,006,104)	(45,351,558)	(222,820,166)	(649,800)	(18,572,137)	(3,633,453)	(296,554,427)
Other increases (decreases)	(453,649)	-	-	-	-	-	-	-	-	(453,649)
Year activities	52,014,088	(103,842)	68,995,490	(6,340,828)	104,973,937	222,821,433	2,716,114	(6,859,946)	(2,833,364)	435,383,082
Ending balance 31/12/2017	**$ 820,496,119**	**95,026,725**	**187,193,449**	**2,781,441**	**813,716,052**	**2,698,392,975**	**32,931,482**	**63,365,970**	**2,422,082**	**$ 4,716,326,295**

(a) As of December 31, 2017 and 2016, $8,786,465 and $11,927,334 were capitalized on account of financial expenses related to assets adequate for the projects, such as replacement and redesign, quality in rural mid-voltage, the Nueva Esperanza substation, and the Norte substation.

Additional information on properties, plant, and equipment, net

Main investments

As of December 31, 2017 and 2016, additions to properties, plant, and equipment correspond to investments made in customizing, modernizing, expanding, and construction of substations, high-, mid-, and low-voltage lines and grids, and in distribution transformers, in order to improve the service level efficiency and quality. The main additions to properties, plant, and equipment are:

(In thousand pesos)

Additions by project	Type	As of December 31 of 2017	As of December 31 of 2016
Expansion of Lines and grids AT, MT and BT*	Lines and grids	$ 255,353,584	$ 267,102,161
Latam Telecontrol	Lines and grids	95,763,109	-
Customization and modernizing in lines and grids AT, MT and BT*	Lines and grids	79,850,462	111,443,607
Urban and rural public lighting modernizing and expansion	Lines and grids	63,376,178	61,369,210
Expansion of the Nueva Esperanza 550/115 Kva substation	Substations	29,886,061	15,861,414
Expansion and Customization of the MT and BT distribution transformers *	Lines and grids	22,944,382	11,808,467
Loss control equipment purchase MT and BT*	Lines and grids	15,018,781	9,642,844
Expansion of the Gran Sabana substation	Substations	13,085,640	-
Expansion of the Norte STN/115 Kva substation	Substations	7,557,888	20,822,455
Customization, modernizing and expansion of substations AT/MT and MT/MT*	Substations	4,032,792	74,667,303
Expansion of substation's second 550/115 Kva transformer Bacatá	Substations	-	9,111

As of December 31, 2017 and 2016, all labor directly related to constructions in progress was capitalized for $54,562,582 and $36,471,315. The change corresponds mainly to the greater execution of the mid-voltage lines, Norte substation, massive urban and rural connections to mid- and low-voltage grids, and compliance with the districts' Land Use Plan.

Main transfers to operation

As of December 31 of 2017, the main commissioned constructions in progress are:

Project	Bogotá urban	Cundinamarca	Total Activation
Modernizing, adjustment and expansion of mid-voltage lines and grids	$ 197,076,665	$ 116,367,138	$ 313,443,803
Modernizing, adjustment compensation of high- and mid-voltage substations (1)	97,870,847	73,718,640	171,589,487
Public lighting modernizing, adjustment, and expansion	63,994,076	1,260,293	65,254,369
Modernizing, adjustment, and expansion of low voltage lines and grids	31,134,304	23,607,973	54,742,277
Modernizing, adjustment, and expansion of high-voltage lines and grids	17,433,723	11,676,368	29,110,091
Modernizing, adjustment, and expansion of distribution transformers	11,009,154	7,056,847	18,066,001

(1) On July 1 of 2017, the Company reported to XM the commissioning of the Nueva Esperanza 500/115 Kv project, comprised mainly of the Nueva Esperanza - Muña 115 Kv line, the reconfigurations to the Nueva Esperanza-Laguneta 115 Kv lines, Nueva Esperanza-Bosa 115 Kv, Nueva Esperanza-La Paz 115 Kv and Tunal - Veraguas 115 Kv, with the respective bays, 500/115 Kv – 450 MVA transformer, and STR lines. The request was approved and notified by the National Dispatch Center. With this communication and according to other requirements considered in the regulation, the Company will start processing the rate application before the CREG to assign charges remunerating the assets. The Company transferred constructions in progress to properties, plant and equipment in operation for an approximate value of $101,000 million.

Currently, the Company is constructing the new Nueva Esperanza - Bosa 2 115 Kv and Nueva Esperanza - Techo 115 Kv lines.

As of December 31, 2016, the main commissioned constructions in progress are:

Project	Bogotá urban	Cundina-marca	Total Activation
Modernizing, adjustment, and expansion of mid-voltage lines	$ 73,006,619	$ 88,367,142	$ 161,373,761
Modernizing, adjustment, and expansion of low- voltage lines and grids	13,186,070	22,690,299	35,876,369
Modernizing, adjustment, and expansion of distribution transformers	12,483,997	26,344,485	38,828,482
Modernizing, adjustment compensation of high- and mid-voltage substations	4,583,893	36,962,420	41,546,313
Modernizing, adjustment, and expansion of public lighting	3,344,979	57,431,896	60,776,875
Modernizing, adjustment, and expansion of high-voltage lines and grids	2,034,899	8,189,935	10,224,834

Fully depreciated assets in use

As of December 31 of 2017 and 2016, the main fully depreciated assets in use are the following:

Fully depreciated	Type	As of December 31 of 2017	As of December 31 of 2016
Lines, grids and mid-voltage equipment	Lines and grids	63,763,502	$ 25,991,755
Lines, supports and public lighting lights	Lines and grids	15,139,926	4,172,341
Substation civil works	Substations	15,098,684	15,119,493
Substation equipment	Substations	13,538,658	11,471,281
High-voltage lines and supports	Lines and grids	11,432,124	8,894,162
Transformers	Lines and grids	9,113,162	-

Financial leasing

As of December 31 of 2017 and 2016, properties, plant and equipment include $2,422,082 and $5,255,446, corresponding to the net accounting value of assets object of financial leasing agreements.

Financial leasing agreements correspond to financial lease agreements of vehicles established mainly with the Rentacol Joint Venture, Consorcio Empresarial, and Transportes Especializados JR S.A.S to support the Company operation, Mareauto Colombia S.A.S., Banco Corpbanca and Equirent for management transportation.

On August 9 of 2017, Codensa and Mareauto Colombia S.A.S. executed a 3-year agreement for $ 11,669,434, whose purpose is using 150 vehicles under the financial leasing mode. The contract will be formalized upon delivery of the vehicles, estimated for February 2018, in order to replace the agreement ending on January 31 of 2018 with the Rentacol Joint Venture, with which close to 70% of the Company operation fleet had been rented.

Present values of future payments from these agreements are the following:

Minimum payments on account of leases, obligations for financial leases	As of December 31 of 2017			As of December 31 of 2016		
	Gross	Interest	Current value	Gross	Interest	Current value
Less than one year	$ 1,754,959	$ 171,013	$ 1,583,946	$ 3,789,325	$ 355,841	$ 3,433,484
Over one year but less than five years (See note 14)	1,036,970	101,299	935,671	2,161,448	173,878	1,987,570
Total	**$ 2,791,929**	**$ 272,312**	**$ 2,519,617**	**$ 5,950,773**	**$ 529,719**	**$ 5,421,054**

Operational leasing

The December 31 of 2017 and 2016 income statements include $11,232,970 and $8,167,119, respectively, mainly corresponding to accruals of real property operational leasing agreements, including:

	Initial date	Final date	Purchase option
Administrative headquarters			
North Point (a)	Jan 10	Jan 18	No
Oficina Q93	Jun-14	May-19	No
Calle 82 Piso 5y6	Jan 10	Dpc-20	No
Calle 82 Piso 7	April-13	Dpc-20	No
Calle 82 Of,801	Aug-11	Dec-20	No
Corporativo torre 93	Oct-09	Sept-18	No
Client services offices			
Calle 80	Jan 04	Dec-22	No
Chapinero	Sep-11	Sep-21	Yes
Suba 91	Oct-14	Oct-24	No
San Diego	Oct-10	Sep-20	No
Kennedy	Aug-13	Jul-23	Yes
Soacha	Oct-11	Oct-21	Yes

(a) The contract is extended for floors 3 and 5 until June 2018, until September 2018 for floors 4 and 6.

As of December 31, 2017, the related agreements are adjusted annually with the Colombian CPI, plus contractually defined points, also contracts establishing the Company purchase options, which it expects not to exercise.

As of December 31, 2017, future payments related to these agreements are the following:

Minimum future payments of of payments not subject to being canceled, leases	As of December 31 of 2017	As of December 31 of 2016
Less than one year	$ 6,702,319	$ 9,042,788
Over one year but less than five years	11,199,244	16,391,482
Over five years	1,034,199	2,060,749
	$ 18,935,762	**$ 27,495,019**

The above information does not include VAT

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Notes to Financial Statements – Separate
(In thousand pesos)

Insurance policies

The following are the Company property insurance policies:

Insured good	Risks covered	Insured value (figures in thousands)	Expiration	Insurance company
Company equity (*)	Extra-contractual civil liability	USD $20,000	1/11/2018	Axa Colpatria
	Extra-contractual civil liability (cap of USD 200 million in excess of USD 20 million)	USD $200,000	1/11/2018	Mapfre Seguros Colombia
Civil works, equipment, contents, warehouses and lost revenues (*)	All risk, material damage, earthquake, tsunami, HMACC – AMIT, lost revenues and machinery damage.	USD $50,000	1/11/2018	Mapfre Seguros Colombia
Vehicles (a)	Extracontractual civil liability	$ 900,000 per vehicle	01/01/2018	Seguros Mundial

(*) The Company policies are executed in American dollars.

(a) The Company renewed its 2018 vehicle policy with the following terms:

Insured good	Risks covered	Insured value (figures in thousands)	Expiration	Insurance company
Vehicles	Extracontractual civil liability	Damages to third-party property: $ 300,000 death or injury 1 person: $ 300,000 Death or injury 2 or more people: $ 600,000	01/01/2019	Seguros Mundial

13. Deferred Taxes, Net

The recovery of deferred tax asset balances depends from achieving sufficient tax profits in the future. Management considers that the future fiscal profits projections include necessary elements to recover the assets.

Following is a description of deferred tax assets/liabilities, net, as of December 31, 2017:

	Ending balance 31-12-2016	Increase (decrease) on account of deferred taxes on income (i)	Increase (decrease) on account of deferred taxes on other comprehensive income (See item 1 note 32) (ii)	Ending balance 31-12-2017
Asset deferred tax				
Provisions and others (1)	$ 70,446,499	(24,079,432)	-	46,367,067
Obligations of defined contribution	17,894,416	(4,463,071)	(339,311)	13,092,034
Total asset deferred tax	**88,340,915**	**(28,542,503)**	**(339,311)**	**59,459,101**
Liability deferred tax				
Excess of fiscal depreciation over the accounting value (2)	69,314,546	8,277,798	-	77,592,344
Others (3)	4,971,029	(3,459,959)	5,524	1,516,594
Total liability deferred tax	**74,285,575**	**4,817,839**	**5,524**	**79,108,938**
Asset (liability) deferred tax, Net	**$ 14,055,340**	**$ (33,360,342)**	**$ (344,835)**	**$ (19,649,837)**

(In thousand pesos)

(i) As of December 31, 2017, the reduction in deferred tax income includes: i) the year's deferred tax ($28,720,448) and ii) deferred taxes of previous years ($4,639,893).

(ii) Deferred tax asset correspond to the difference in the actuarial pensions calculation in Decree 2496 of 2015 for fiscal purposes and the result under the IFRS. The passive deferred tax corresponds to forwards established to hedge the exchange rate risk.

(1) As of December 31, 2017, following are the assets' deferred taxes on account of other reserves:

	Ending balance 31-12-2016	Increase (decrease) on account of deferred taxes on income	Ending balance 31-12-2017
Provision for uncollectible accounts (a)	$ 17,182,182	$ (8,567,132)	$ 8,615,050
Provisions for works and services (b)	14,526,743	(11,743,703)	2,783,040
Provision for Labor obligations	10,034,277	(3,346,873)	6,687,404
Provision for contingent liabilities	9,729,381	1,187,649	10,917,030
Provision for industry and trade (c)	7,487,994	(7,487,994)	-
Provision – claims with third parties	6,000,000	1,302,028	7,302,028
Provision for dismantling	2,831,593	(2,661,980)	169,613
Others (d)	2,654,329	7,238,573	9,892,902
	$ 70,446,499	**$ (24,079,432)**	**$ 46,367,067**

(a) The change corresponds mainly to the reduction in the temporary difference between the fiscal portfolio reserve policy and the accounting portfolio reserve.

(b) The tax reform established for 2017 the deduction of the industry and trade tax at 100%, provided paid prior to submitting the income tax return. However, for 2016 only values actually paid during the year were considered deductible.

(c) For 2016, the deferred tax on outstanding invoices was calculated considering that there was an obligation of having a physical invoice on closing day in order to consider it deductible. However, based on the tax reform, services or goods acquired can be deducted even if the invoice has been issued during the following period.

(d) (d) For 2017 and after, corresponds mainly to the calculation of the deferred tax on reserves for labor and civil litigations, which according to the tax reform are deductible.

(2) As of December 31, 2017, corresponds to the difference in the accounting and fiscal depreciation from i) depreciation requested in excess of additional shifts for 1998, ii) depreciation lower balances from 2014, iii) differences in the cost of the assets from technical re-rating, iv) accounting and fiscal differences from inflation adjustments for 2004, 2005, and 2006.

(3) As of December 31, 2017, corresponds mainly to the deferred tax for the difference in the evaluation of financial obligations.

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The deferred tax as of December 31, 2017, by rate, is the following:

	2018 Income and surcharge	2019 onwards Income and surcharge
Provisions and estimated liabilities	27,813,662	122,046,528
Properties, plant and equipment	-	(237,074,807)
Portfolio	12,307,215	13,148,550
Others	1,554,644	(6,338,825)
	41,675,521	**(108,218,554)**
Rate	37%	33%
	15,419,943	(35,712,123)
Occasional gains	6,423,430	
Rate	10%	
Tax	642,343	
Total	**$ (19,649,837)**	

Following are assets by active deferred tax, net, as of December 31, 2016:

	Ending balance 31-12-2015	Increase (decrease) on account of deferred taxes on income (i)	Increase (decrease) on account of deferred taxes on other comprehensive income (See item 1 note 32) (iii)	Business combination effect	Increase by deferred taxes in the income due to the exchange rate differences (ii)	Ending balance 31-12-2016
Asset deferred tax						
Depreciation and inflation adjustments of properties, plant and equipment	$ 90,780,856	$ (139,341,155)	$ -	$ 48,560,299	$ -	$ -
Provisions and others (1)	49,645,729	(3,367,781)	-	24,996,752	(828,201)	70,446,499
Defined contribution obligations	2,148,565	(3,719,455)	14,459,139	5,146,805	(140,638)	17,894,416
Coverage instruments	35,635	(35,635)	-	-	-	-
Total asset deferred tax	**142,610,785**	**(146,464,026)**	**14,459,139**	**78,703,856**	**(968,839)**	**88,340,915**
Liability deferred tax						
Surplus of fiscal depreciation over the accounting value (2)	107,974,694	(104,935,464)	-	68,891,449	(2,616,133)	69,314,546
Others (3)	1,667,099	(1,256,971)	37,527	4,449,033	74,341	4,971,029
Total liability deferred tax	**$1 09,641,793**	**$ (106,192,435)**	**$ 37,527**	**$ 73,340,482**	**$ (2,541,792)**	**74,285,575**
Asset deferred tax, Net	**$ 32,968,992**	**$ (40,271,591)**	**$ 14,421,612**	**$ 5,363,374**	**$ 1,572,953**	**$14,055,340**

(i) As of December 31 of 2016, the reduction in income from the deferred tax includes i) the year deferred tax ($41,005,119) and the deferred tax of previous years, of $733,528.

(ii) The increase/reduction from deferred taxes in income includes the effect of the tax reform according to Law 1819 of 2016, which eliminated the equity income tax - CREE together with its surcharge and increased the income tax rate from 25% to 33% from 2017 on, also creating the income tax surcharge of 7% and 4% for 2017 and 2018, respectively.

(iii) Corresponds to the actuarial calculation difference on pensions from Decree 2496 of 2015 for fiscal purposes, and that resulting under the IFRS.

(In thousand pesos)

(1) As of December 31, 2016, the following are the asset deferred taxes on account of other reserves:

	Ending balance 31-12-2015	Increase (decrease) on account of deferred taxes on income	Business combination effect	Increase on account of deferred taxes on income due to rate change (*)	Ending balance 31-12-2016
Uncollectible account reserve	$ 12,957,315	$ (8,925,393)	$ 13,170,798	$ (20,538)	$ 17,182,182
Provisions for works and services	12,544,770	5,593,886	(3,232,093)	(379,821)	14,526,743
Provision for Labor obligations	10,139,814	(1,892,935)	2,095,322	(307,924)	10,034,277
Provision – claims with third parties	6,000,000	-	-	-	6,000,000
Provision for industry and trade	5,226,991	697,387	1,563,616	-	7,487,994
Others	1,592,875	(76,386)	1,257,758	(119,918)	2,654,329
Provision for quality compensation	1,183,964	(1,183,964)	-	-	-
Provision for dismantling	-	2,831,593	-	-	2,831,593
(b)	-	($ 411,969)	10,141,351	-	9,729,381
	$ 49,645,729	**$ (3,367,781)**	**$ 24,996,752**	**$ (828,201)**	**$ 70,446,499**

(2) As of December 31, 2016, corresponds to the difference in accounting and fiscal depreciation from i) depreciation requested in excess on account of additional shifts in 1998, ii) depreciation from a reduction in balances from 2014 on, iii) difference in the cost of assets from technical re-rating, iv) accounting and fiscal differences from the 2004, 2005, and 2006 inflation adjustments, among other lesser.

(3) As of December 31, 2016, corresponds mainly to the deferred tax on account of the difference in the valuation of financial obligations.

As of December 31, 2016, the deferred tax by rate is the following:

		2017	2018
	Income	Rent and surcharge	Income and surcharge
Estimated provisions and liabilities	$ 89,329,777	$ 98,412,472	$ (670,083)
Property, plant and equipment	(184,189,648)	(15,903,535)	(7,602,755)
Portfolio	2,053,783	41,261,082	-
Science and technology	(12,082,364)	3,874,798	78,596
	(104,888,452)	**127,644,817**	**(8,194,242)**
Rate	33%	40%	37%
	$ (34,613,189)	$ 51,057,927	$ (3,031,870)
Occasional gains	6,424,717		
Rate	10%		
Tax	642,472		
Total deferred tax debit	**$ 14,055,340**		

codensa Grupo Enel

14. Other Financial Liabilities

	As of December 31 of 2017			As of December 31 of 2016		
	Current		Non Current	Current		Non Current
	Capital	Interests		Capital	Interests	
Issued bonds (1)	$ 261,660,000	$ 22,892,111	$ 1,098,340,000	$ 391,427,451	$ 8,161,747	$ 730,000,000
Bank obligations (2)	42,404,813	6,279,978	402,979,941	44,745,428	6,634,988	435,742,011
Leasing obligations (3)	1,583,945	-	935,671	3,433,484	-	1,987,570
Forwards	-	-	-	-	-	-
	$ 305,648,758	**$ 29,172,089**	**$ 1,502,255,612**	**$ 439,606,363**	**$ 14,796,735**	**$ 1,167,729,581**

(1) The following are bond activities from January to December 2017:

(i) A partial repurchase in the secondary market was made regarding the second issuance of ordinary bonds maturing on March 14; this was done in February for $130,240,000 and in March for $79,780,000 through Valores Bancolombia, Credicorp Capital, and Corredores Davivienda.

The operation was carried out in order to optimize the Company cash flow.

(ii). The balance, $181,480,000, of the second issuance of ordinary bonds was paid on March 14 of 2017.

(iii) The first lot of the 5th tranche of the Codensa Ordinary Bonds Issuance and Placement Program was placed on March 9 of 2017. The award was done as follows:

- a. Subseries E2: $160,000,000 with a 2-year term and a coupon rate of 7.04% E.A.
- b. Subseries E5: $270,000,000 with a 5-year term and a coupon rate of 7.39% E.A.

Resources were used to refinance obligations and to finance the Company investment plan.

(iv) The first lot of the 6th tranche of the Codensa Ordinary Bonds Issuance and Placement Program was placed on June 8 of 2017. The award was made as follows:

- a. Subseries E7: $200,000,000 with a 7-year term and a coupon rate of 6.46% E.A.

(v) The following bonds were reclassified from long to short term:

- Second tranche of the Bonds Program, subseries B5, for $181,660,000 maturing on November 15 of 2018.
- Third issuance of bonds from subseries A10 for $80,000,000 maturing on December 11 of 2018.

All the Company financial debt in bonds is represented by six current bond issuances in the local market. Following are the main financial characteristics of bonds issued since 2008 and current as of December 31, 2017.

(In thousand pesos)

Third bond issuance

With Resolution 332 of March 10 of 2008, the Colombian Financial Superintendence ordered including in the National Securities and Issuers Registry (RNVE) the third issuance of the Codensa ordinary bonds for $350.000.000, authorizing its public offering.

This issuance was placed in two lots, as follows:

Total value placed	$350,000,000, as follows: 1st lot: December 18 of 2008 for $270,000,000 2nd lot: March 27 of 2009 for $80,000,000 The total amount was placed in 4 subseries as follows: Subseries A5: $ 75,500,000 Subseries A10: $80,000,000 Subseries B2: $109,000,000 Subseries: $85,500,000
Balance as of December 31 of 2017	$80,000,000 (Subseries A10)
Bonds face value:	$10,000
Issuance term:	Subseries A5: 5 years Subseries A10: 10 years Subseries B2: 2 years Subseries B5: 5 years
Issuance date:	December 11 of 2008 for all subseries
Maturity date	Subseries A5 and B5: December 11 of 2013 Subseries A10: December 11 of 2018 Subseries B2: December 11 of 2010
Issuance administrator:	Deceval S.A.
Coupon rate:	Subseries A5: CPI + 5.99 % E.A. Subseries A10: CPI + 5.55% E.A.
	Sub–serie B2: DTF T.A. + 2,11%
	Sub–serie B5: DTF T.A. + 2,58%
Rating:	AAA (Triple A)
	Assigned by Duff&Phelps de Colombia S.A. S.C.V. (today Fitch Ratings Colombia S.A. S.C.V.)

Bond Issuance and Placement Program

With Resolution 194 of January 29 of 2010, the Colombian Financial Superintendence ordered registering in the National Securities and Issuers Registry the Codensa ordinary Bond Issuance and Placement Program for up to $600,000,000 and its public offering.

With Resolution 624 of April 3 of 2013, the Colombian Financial Superintendence authorized renewing the term of the authorization for the public offering of the program's ordinary bonds for 3 years from the date of such Resolution, i.e. until April 30 of 2016. After meeting the applicable requirements, the issuance and placement program quota was ex increased on March 13 of 2014 with Resolution 407 of 2014 to $185,000,000, bringing the total global quota to $785,000,000. It was again increased in October 7 of 2014 with Resolution 1780 of 2014 for $165,000,000, bringing the quota to $950,000,000. With Resolution 623 of May 23 of 2016, an additional increase of $560,000,000 was made, bringing the total quota to $1,510,000,000, at the same time the public offering authorization term being extended for 3 additional years from

the execution date of such resolution, i.e. until June 3 of 2019. Finally, on December 28 of 2017, with Resolution 1893, the following changes to the Company ordinary bonds issuance and placement program were approved: i) inclusion of Papeles Comerciales in the Company ordinary bonds issuance and placement program, its registration before the RNVE, and its public offering, and ii) inclusion of changes arising from article 6.1.1.1.5 of Decree 2555 of 2010 regarding the mechanism used to issue securities, the securities' amortization plan, and the possibility of publishing the offered interest rate separately from the offering notice.

As of December 31, 2017, six issuances have been made under the program. The first tranche was issued on February 17 of 2010, the second on November 15 of 2013, the third on September 25 of 2014, the 4th on September 15 of 2016, the 5th on March 9 of 2017, and the 6th on June 8 of 2017. Following is a description of the current issuances:

Second program tranche

Total value placed	$375,000,000, as follows: Subseries B5: $181,660,000 Subseries B12: $193,340,000
Balance as of December 31, 2017	$375,000,000
Bond face value	$10,000
Issuance term	Subseries B5: 5 years Subseries B12: 12 years
Issuance date	November 15 of 2013 for all series
Maturity date	Subseries B5: November 15 of 2018 Subseries B12: November 15 of 2025
Issuance administrator	Deceval S.A.
Coupon rate	Sub–serie B5: IPC + 3,92% E.A. Sub–serie B12: IPC + 4,80% E.A.
Rating	AAA (Triple A) Assigned by Fitch Ratings Colombia S.A. S.C.V.).

Third program tranche

Total value placed	$185,000,000, as follows: Sub–serie B7: $185,000,000
Current value as of December 31, 2017	$185,000,000
Bond face value	$10,000
Issuance term	Sub–serie B7: 7 years
Issuance date	September 25 of 2014
Maturity date	Subseries B7: September 25 of 2021
Issuance administrator	Deceval S.A.
Coupon rate:	Subseries B7: CPI + 3.53% E.A.
Rating	AAA (Triple A)
	Assigned by Fitch Ratings Colombia S.A. S.C.V.).

Fourth program tranche

Total value placed	$90,000,000, as follows: Sub–serie E4: $90,000,000
Current balance as of December 31 of 2017	$90,000,000
Bond face value	$10,000
Issuance term	Subseries E4: 4 years
Issuance date	September 15 of 2016
Maturity date	Subseries E4: September 15 of 2020
Issuance administrator	Deceval S.A.
Coupon rate:	Subseries E4: 7.70% E.A.
Rating	AAA (Triple A)
	Assigned by Fitch Ratings Colombia S.A. S.C.V.

Fifth program tranche

Total value placed	$430,000,000, as follows:
Current balance as of December 31, 2017	Subseries E2: $160,000,000
Bond face value	Subseries E5: $270,000,000
Issuance term	$430,000,000
Issuance date	$10,000
Maturity date	Subseries E2: 2 years
Issuance administrator	Subseries E5: 5 years
Coupon rate:	March 9 of 2017
Rating	Subseries E2: March 9 of 2019
	Subseries E5: March 9 of 2022
	Deceval S.A.
	Subseries E2: 7.04% E.A.
	Subseries E5: 7.39% E.A.
	AAA (Triple A)
	Assigned by Fitch Ratings Colombia S.A. S.C.V.

Sixth program tranche

Total value placed	$200,000,000, as follows:
Current balance as of December 31 of 2017	Subseries E7: $200,000,000
Bond face value	$200,000,000
Issuance term	$10,000
Issuance date	Subseries E7: 7 years
Maturity date	June 8 of 2017
Issuance administrator	Subseries E7: June 8 of 2024
Coupon rate:	Deceval S.A.
Rating	Subseries E7: 6.46% E.A.
	AAA (Triple A)
	Assigned by Fitch Ratings Colombia S.A. S.C.V.

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Grupo Enel

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

Payment of subseries A10 of the second Company bond issuance, issued in 2007 for $391,500,000, was made on March 14 of 2017. All subseries issued under this issuance were canceled with this payment, as of today there being no outstanding payments.

Following are obligations on account of debt bonds as of December 31 of 2017:

Series	EA Rate	Rate Type	Current			Non Current			
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	3 to 5 years	5 to 10 years	Total Non Current
Bonds A10-08	9,90%	Variable	$ 439,563	$ 80,000,000	$ 80,439,563	-	-	-	$ -
Bonds B5-13	8,20%	Variable	1,862,031	181,660,000	183,522,031	-	-	-	-
Bonds B12-13	9,12%	Variable	2,195,790	-	2,195,790	-	-	193,340,000	193,340,000
Bonds B7-14	7,80%	Variable	268,928	-	268,928	-	185,000,000	-	185,000,000
Bonds E4-16	7,70%	Fixed	313,956	-	313,956		90,000,000	-	90,000,000
Bonds E2-17	7,04%	Fixed	691,636	-	691,636	160,000,000	-	-	160,000,000
Bonds E5-17 (*)	7,39%	Fixed	16,290,394	-	16,290,394	-	270,000,000	-	270,000,000
Bonds E7-17	6,46%	Fixed	829,813	-	829,813	-	-	200,000,000	200,000,000
Total Bonds			**$ 22,892,111**	**$ 261,660,000**	**$ 284,552,111**	**$ 160,000,000**	**$ 545,000,000**	**$ 393,340,000**	**$ 1,098,340,000**

Interest payments are made quarterly, capital being amortized upon the issuance maturing.

(*) Interests are paid annually on 3/9/2018.

Following are obligations on account of debt bonds as of December 31 of 2016:

Series	EA Rate	Rate Type	Current			Non Current			
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	3 to 5 years	5 to 10 years	Total Non Current
Bonds B102 Trench 1	11,58%	Variable	$ 147,732,129	$ -	$ 147,732,129	$ -	$ -	$ -	$ -
Bonds B102 Trench 2	11,58%	Variable	245,764,039	-	245,764,039	-	-	-	-
Bonds A10	11,84%	Variable	522,405	-	522,405	80,000,000	-	-	80,000,000
Bonds B5-13	10,11%	Variable	2,280,672	-	2,280,672	181,660,000	-	-	181,660,000
Bonds B12-13	11,05%	Variable	2,643,916	-	2,643,916	-	-	193,340,000	193,340,000
Bonds B7-14	9,70%	Variable	332,081	-	332,081	-	185,000,000	-	185,000,000
Bonds E4-16	7,70%	Fija	313,956	-	313,956	-	90,000,000	-	90,000,000
Total Bonds			**$ 399,589,198**	**$ -**	**$ 399,589,198**	**$ 261,660,000**	**$ 275,000,000**	**$ 193,340,000**	**$ 730,000,000**

Interests are paid quarterly, capital being amortized upon the issuance maturing.

(2) On March 17 of 2016, the Company received a loan from The Bank of Tokyo Mitsubishi UFJ for $200,000,000 and an 8.4931% E.A rate, maturing on March 17 of 2019. On June 10 of 2016, another loan from the same bank entity was obtained for $162,000,000, with an 8.815% E.A rate, maturing on June 10 of 2020. These funds were used for general Company purposes.

Additionally, as a result of the business combination process the Company recognized 13 treasury loans for $138,098,600 with Banco de Bogotá, AV Villas, Popular, BBVA, and Agrario, regarding which an appraisal was made of each financial obligation with applicable market rates based on the nature of the loans (13.08% EA), showing a reasonable value of $128,511,053.

(In thousand pesos)

Capital amortizations for $39,782,607 were made during 2017.

Following is a description of bank loans as of December 31, 2017:

Description	Maturity Date	EA Rate	Current			Non Current			
			Less than 90 days	Over 90 days	Total Current	1 to 2 years	2 to 3 years	4 to 5 years	Total Non Current
The Bank of Tokyo Mitsubishi UFJ	18/03/2019	8,49%	$ 4,853,333	$ -	$ 4,853,333	$ 200,000,000	$ -	$ -	$ 200,000,000
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9,01%	-	833,018	833,018	-	162,000,000	-	162,000,000
Banco de Bogotá	12/03/2019	7,72%	2,497,631	7,348,175	9,845,806	2,155,890	-	-	2,155,890
Banco AV Villas	12/03/2019	7,50%	1,271,588	3,742,966	5,014,554	1,099,476	-	-	1,099,476
Banco Popular	01/12/2019	7,45%	724,533	1,977,986	2,702,519	1,660,286	-	-	1,660,286
Banco Popular	01/12/2019	7,44%	1,382,588	3,966,739	5,349,327	4,335,123	-	-	4,335,123
Banco BBVA	21/01/2020	6,21%	285,864	779,997	1,065,861	842,815	210,704	-	1,053,519
Banco BBVA	23/02/2020	6,10%	234,839	668,640	903,479	722,479	180,620	-	903,099
Banco BBVA	25/03/2020	5,96%	122,144	363,390	485,534	392,673	98,168	-	490,841
Banco BBVA	21/04/2020	6,21%	486,232	1,315,405	1,801,637	1,390,183	695,091	-	2,085,274
Banco BBVA	21/05/2020	6,07%	303,742	858,427	1,162,169	907,248	453,624	-	1,360,872
Banco BBVA	22/06/2020	6,03%	277,610	821,416	1,099,026	868,130	434,065	-	1,302,195
Banco BBVA	17/03/2021	6,72%	724,260	2,110,626	2,834,886	2,075,387	2,075,387	518,847	4,669,621
Banco BBVA	21/04/2021	6,86%	393,939	1,021,970	1,415,909	983,696	983,696	491,848	2,459,240
Banco BBVA	23/05/2021	6,75%	566,221	1,566,338	2,132,559	1,507,676	1,507,676	753,838	3,769,190
Banco Agrario	22/08/2021	7,15%	1,923,639	5,261,534	7,185,173	4,958,297	4,958,296	3,718,722	13,635,315
Total bank loans			**$ 16,048,163**	**$ 32,636,627**	**$ 48,684,790**	**$ 223,899,359**	**$ 173,597,327**	**$ 5,483,255**	**$ 402,979,941**

Following is a description of bank loans as of December 31, 2016:

Description	Maturity Date	EA Rate	Less than 90 days	More than 90 days	Total Current	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total Non Current
The Bank of Tokyo Mitsubishi UFJ	18/03/2019	8,49%	$ 4,807,111	$ -	$ 4,807,111	$ -	$ 200,000,000	$ -	$ -	$ 200,000,000
The Bank of Tokyo Mitsubishi UFJ	10/06/2020	9,01%	793,350	-	793,350	-	-	162,000,000	-	162,000,000
Banco de Bogotá	12/03/2019	9,46%	2,555,421	8,073,669	10,629,090	8,121,328	2,449,811	-	-	10,571,139
Banco AV Villas	12/03/2019	9,24%	1,302,642	4,102,172	5,404,814	4,135,829	1,250,000	-	-	5,385,829
Banco Popular	01/12/2019	9,13%	748,902	2,105,995	2,854,897	1,925,620	1,875,000	-	-	3,800,620
Banco Popular	01/12/2019	9,20%	1,360,414	4,359,829	5,720,243	3,511,162	5,000,000	-	-	8,511,162
Banco BBVA	21/01/2020	7,73%	289,455	825,154	1,114,609	633,967	973,960	243,490	-	1,851,417
Banco BBVA	23/02/2020	7,85%	232,996	723,886	956,882	531,876	844,168	211,042	-	1,587,086
Banco BBVA	25/03/2020	7,66%	117,796	401,281	519,077	166,946	463,749	231,875	-	862,570
Banco BBVA	21/04/2020	7,73%	486,950	1,392,860	1,879,810	967,103	1,618,720	809,360	-	3,395,183
Banco BBVA	21/05/2020	7,85%	298,308	929,492	1,227,800	614,667	1,067,360	533,680	-	2,215,707
Banco BBVA	22/06/2020	7,74%	264,763	908,609	1,173,372	314,100	1,032,043	774,033	-	2,120,176
Banco BBVA	17/03/2021	8,49%	658,779	2,362,313	3,021,092	993,351	1,875,000	2,500,000	1,250,000	6,618,351
Banco BBVA	21/04/2021	8,39%	375,319	1,090,673	1,465,992	454,200	1,170,280	1,170,280	585,140	3,379,900
Banco BBVA	23/05/2021	8,51%	523,837	1,727,167	2,251,004	647,562	1,813,077	1,813,077	906,538	5,180,254
Banco Agrario	22/08/2021	8,91%	1,764,599	5,796,674	7,561,273	1,762,617	6,000,000	6,000,000	4,500,000	18,262,617
Total Préstamos Bancarios			**$ 16,580,642**	**$34,799,774**	**$ 51,380,416**	**$24,780,328**	**$ 227,433,168**	**$ 176,286,837**	**$ 7,241,678**	**$ 435,742,011**

(3) Following is a description of commercial leasing obligations as of December 31 of 2017:

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Grupo Enel

Description	Rate	Rate type	Current			Non Current			Total Non Current
			Less than 90 days	More than 90 days	Total Current	1 to 2years	2 to 3years	3 to 4 years	
Banco Corpobanca (Helm)	7,36%	Fija	$ 20,442	$ 27,701	$ 48,143	$ -	$ -	$ -	$ -
Consorcio Empresarial	7,08%	Fija	288,151	591,194	879,345	-	-	-	-
Equirent S.A.	9,54%	Fija	29,495	92,791	122,286	134,426	96,853	-	231,279
Mareauto Colombia SAS	11,78%	Fija	90,559	268,264	358,823	384,393	299,611	-	684,004
Transportes Especializados JR S.A.S.	9,48%	Fija	6,044	19,011	25,055	20,388	-	-	20,388
Unión Temporal Rentacol	10,80%	Fija	150,294	-	150,294	-	-	-	-
Total Obligaciones por Leasing			**$ 584,985**	**$ 998,961**	**$ 1,583,946**	**$ 539,207**	**$ 396,464**	**$ -**	**$ 935,671**

Following is a description of commercial leasing obligations as of December 31 of 2016:

Description	Rate	Rate type	Current			Non Current			Total Non Current
			Less than 90 days	More than 90 days	Total Current	1 to 2years	2 to 3years	3 to 4 years	
Banco Corpobanca (Helm)	7,36%	Fija	$ 51,314	$ 105,524	$156,838	$ 61,949	$ -	$ -	$ 61,949
Consorcio Empresarial	7,08%	Fija	275,927	849,775	1,125,702	902,075	-	-	902,075
Equirent S.A.	9,54%	Fija	26,832	84,411	111,243	114,534	133,370	108,548	356,452
Mareauto Colombia SAS	10,98%	Fija	52,783	167,672	220,455	205,408	209,558	153,921	568,887
Transportes Especializados JR S.A.S.	9,48%	Fija	11,732	36,903	48,635	50,063	48,144	-	98,207
Unión Temporal Rentacol	10,80%	Fija	548,203	1,222,408	1,770,611	-	-	-	-
Total leasing obligations			**$ 966,791**	**$ 2,466,693**	**$3,433,484**	**$ 1,334,029**	**$ 391,072**	**$262,469**	**$1,987,570**

As of December 31, 2017, the Company had $3,688,382 in loan facilities authorized and not used, jointly with Emgesa S.A. E.S.P. and subject to reassignment among the two companies, regarding which and as required the respective financial entities will update the approval and payment conditions.

Additionally, there is an intercompany loan facility approved with Emgesa S.A. E.S.P. for USD $100 million, for general Company purposes.

15. Commercial Accounts And Other Accounts Payable

	As of December 31 of 2017	As of December 31 of 2016
Commercial accounts payable	$ 186,949,180	$ 195,679,684
Other Accounts Payable	843,199,871	690,223,659
	$ 1,030,149,051	**$ 885,903,343**

(In thousand pesos)

Following are the Company commercial accounts payable and other accounts payable as of December 31 and 17:

	As of December 31 of 2017	As of December 31 of 2016
Accounts Payable for goods and services (1)	$ 695,215,100	$ 550,292,958
Energy purchases suppliers (2)	186,949,180	195,679,684
Taxes other than income tax(3)	49,377,510	46,868,306
Collection in favor of third parties (4)	47,576,297	40,834,696
Other accounts payable (5)	34,293,924	35,841,489
Balances in favor of clients (6)	15,564,786	13,579,233
Fees	1,172,254	2,806,977
	$ 1,030,149,051	**$ 885,903,343**

(1) As of December 31, 2017, corresponds mainly to Emgesa S.A E.S.P invoices on account of energy purchases for $131,100,411, transferred by this generator to Sumitomo Mitsui Banking Corporatión through factoring operations, with no responsibility for the seller.

As of December 31 of 2017 and 2016, corresponds mainly to the accounts payable to Banco Colpatria Red Multibanca Colpatria S.A. on account of portfolio collection of the "Crédito Fácil Codensa" business, conciliated and outstanding for $154,804,892 and $236,425,940, respectively. This was paid the first week of January 2018 and 2017, respectively.

(2) Following are the main energy providers:

	As of December 31 of 2017	As of December 31 of 2016
XM SA E.S.P. (Compras bolsa de energía)	$ 71,481,972	$ 46,353,807
Isagen SA E.S.P.	59,429,400	74,815,308
AES Chivor y Cía. SCA E.S.P.	20,689,320	6,550,149
EBSA S.A. E.S.P.	6,235,878	5,949,737
Empresa URRA S.A. E.S.P.	5,852,817	5,446,401
EPSA S.A E.S.P.	5,138,305	2,451,380
Empresas Públicas de Medellín S.A. E.S.P.	3,812,414	13,364,512
Generarco S.A E.S.P.	4,061,502	-
Electrificadora del Meta S.A E.S.P	473,566	24,859,517
Termotasajero S.A E.S.P	-	8,430,567

(3) As of December 31, 2017 and 2016, taxes other than income correspond to:

	As of December 31 of 2017	As of December 31 of 2016
Tax payment provisions (a)	$ 26,321,979	$ 24,609,391
Territory taxes, municipal and related contributions (b)	23,055,531	22,258,915
	$ 49,377,510	**$ 46,868,306**

(a) As of December 31 of 2017 and 2016, correspond to tax withholding to third parties for $8,510,604 and $7,839,995 and self withholdings for $17,811,376 and $16,769,396, respectively.

codensa
Grupo Enel

(b) As of December 31 of 2017 and 2016, corresponds mainly to the industry and trade tax of $13,569,824 and $16,213,596, respectively. The Company is subject to the 0.966% industry and trade tax in Bogotá on its operational revenues, 1.104% on other nonoperational revenues, and 15% for notices and billboards. In other municipalities in which the Company is responsible for the industry and trade tax, payments are made according to rates established by each municipality.

(4) As of December 31 of 2017 and 2016, corresponds mainly to the liability from agency agreements from subscriptions to newspapers, magazines, and insurance policies for $23,693,189 and $21,445,442; Banco Colpatria Red Multibanca Colpatria S.A. for $13,644,331 and $10.175.046 for the collection process in the conciliation process carried out by the Company regarding the "Crédito Fácil Codensa" business loan portfolio, sold to the Bank, according to the corporate collaboration agreement. The collection made by the Company is periodically conciliated between the parties, subsequently being transferred.

In November 2017, the first joint garbage removal invoicing agreement was executed with Trash Global S.A, which provides the basic service in the municipality of Facatativá and has 2105 clients. This agreement will allow evaluating the manner in which to implement joint invoicing in other municipalities in the Codensa area of coverage, so that its development will be carried out according to variables allowing validating the clients' behavior and the Company image and reputation. The agreement's term is 3 years. The outstanding balance pending conciliation as of December 31 of 2017 is $ 67,135.

(5) As of December 31 of 2017 and 2016, corresponds mainly to the liability on account of energy distribution areas (ADDs) for $21,072,936 and $18,168,022, respectively. The ADDs correspond to the distribution charge of other network operators which, according to regulatory orders, has to be invoiced and collected by the Company from its end users under the distribution area scheme. The distribution area scheme is a regulatory mechanism included in Colombia with Resolution CREG 58-68 and 70 of 2008, whose purpose is fairly distributing the distribution cost end users have to assume in the various regions of the country among all users.

(6) Corresponds to client positive balances mainly, on account of the greater value paid by them and for invoicing adjustments. During 2016, positive balances correspond mainly to positive adjustments made on account of Resolution 29 of 2016 of the CREG (see paragraph f of Note 7).

(In thousand pesos)

16. Provisions

	As of December 31 of 2017		As of December 31 of 2016	
	Current	Non Current	Current	Non Current
Legal claims provision	**$ -**	**$ 14,374,556**	**$ -**	**$ 14,388,531**
Labor (1)	-	6,238,500	-	6,402,834
Civil (1)	-	8,136,056	-	7,985,697
Dismantling, rehabilitation and restoration costs (2)	7,636,536	12,606,527	10,635,026	11,064,507
Other provisions	**837,172**	**23,075,612**	**16,422,638**	**1,375,057**
Public lighting (3)	-	22,127,357	15,000,000	-
Nueva Esperanza environmental compensation (4)	808,785	65,159	1,422,638	812,173
Gran Sabana environmental compensation (5)	28,387	-	-	-
Other provisions	-	883,096	-	562,884
Total provisions	**$ 8,473,708**	**$ 50,056,695**	**$ 27,057,664**	**$ 26,828,095**

(1) As of December 31 of 2017, the value of the claims before the Company for administrative, civil, and labor litigations and constitutional actions is $675,539,602 Based on the success probability in the defense of this case, $14,374,556 have been reserved to cover possible losses. The administration considers that the results of these litigations, corresponding to the non-reserved part, will be favorable to the Company and will not result in significant liabilities that should be accounted for, or which, if so accounted, will not significantly affect the Company's financial position.

Considering the characteristics of risks covered by these reserves, it is not possible to establish reasonable payment times.

Following is the value of claims for administrative, civil and labor litigations and from contractors:

Processes	Rating	No. of processes	Number of processes (undetermined value	Contingency value (a)	Provision value
Civil	Probable	38	3	8,331,869	$ 8,136,056
	Possible	158	76	406,706,159	-
	Remote	33	26	1,600,000	-
Total Civil		**229**	**105**	**416,638,028**	**8,136,056**
Labor	Probable	38	-	6,855,993	6,238,500
	Possible	83	31	7,205,722	-
	Remote	9	-	580,000	-
Total Labor		**130**	**31**	**14,641,715**	**6,238,500**
Total processes		**359**	**136**	**$ 431,279,743**	**$ 14,374,556**

a) The value of the contingency corresponds to the amount that, according to the lawyers' experience, is the best estimate should the ruling be against the Company. The reserve is established by the lawyers as the value of the loss should the ruling be probable. Processes considered probable are reserved at 100% of the actual contingency value.

Following are the main processes the Company has as of December 31 of 2017, considered probable:

a. Rita Saboya Cabrera process

Starting date: 2010
Value sought: $2.156.963
Value reserved: $500.000
Reason for the trial: Injuries from electrocution
Current status: Ready to be sent to the Supreme Court of Justice to resolve the appeal filed against the second instance ruling against the Company.

b. Gloria Amparo Betancourt process

Starting date: 2010
Value sought: $925.000
Value reserved: $300.000
Reason for the trial: death by electrocution
Current status: Payment of the ruling is being made upon having been confirmed by the Supreme Court of Justice while resolving the appeal filed against the second instance ruling.

c. Lisandro Burgos Mayorga process

Starting date: 2009
Value sought: $500.025
Value reserved: $500.025
Reason for the trial: Death by electrocution
Payment of equity damages and non-equity damages caused by the death of Henry Burgos Mayorga upon touching the distribution g test rid.
Current status: Second instance ruling pending.

d. Edificio Calle 100 P.H. process

Starting date: 2005
Value sought: $160.000
Value reserved: $360.000
Reason for the trial: User claim on account of values charged in the electric bill on account of contribution of common areas.
The second instance ruling ordered refunding values charged on account of the contribution, properly indexed. Codensa made a $297,074 refund, however the building attorney not being in agreement with such payment and requesting the court to calculate amounts owed.
Current status: At he court's office, pending resolution of the counterpart request related to calculation of amounts owed.

e. Jhon Fredy Reina Villar and others process

Starting date: 2016
Value sought: $1.200.000
Value reserved: $1.200.000
Reason for the trial: Electrocution
Current status: Process conciliated and paid. Pending filing by the office.

f. Luz Angela Álvarez Berrio process

Starting date: 2010
Value sought: $356.786
Value reserved: $356.786
Reason for the trial: Death by electrocution
Current status: Second instance ruling by the Contentious Administrative Court pending.

g. Maria Cecilia Guerrero y Otros process

Starting date: 2011
Value sought: $700.000
Provisionado: $500.000
Reason for the trial: Injuries from electrocution
Current status: Evidence producing phase.

h. Maria de Jesús Segura process

Starting date: 2012
Value sought: $1.067.000
Value reserved: $400.000
Reason for the trial: Injuries from electrocution
Current status: Evidence producing phase

i. Narda Ruth Botero process

Starting date: 2014
Value sought: $444.000
Value reserved: $444.000
Reason for the trial: Death by electrocution
Current status: Evidence producing phase

j. Olga Josefina Nieto Avendaño process

Starting date: 2011
Value sought: $3.825.824
Value reserved: $1.000.000
Reason for the trial: Death by electrocution
Current status: Unfavorable first instance ruling. Appealed on time. Second instance ruling pending.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

k. Arnold Arnulfo Rincón process

Starting date: 2009
Value sought: $500.000
Value reserved: $500.000
Reason for the trial: Recognition and payment of conventional pension.
Current status: First and second instance rulings in favor of the Company. We acted as opponent parties in court.

On November 30 of 2017 the order was given to forward the file to distribution in order for the Supreme Court of Justice to assume it. On December 14 of 2017 the magistrate was changed.

l. Clara Inés Porras de Forero process

Starting date: 2009
Value sought: $500.000
Value reserved: $500.000
Reason for the trial: Recognition and payment of conventional pension
Current status: Favorable court ruling. The process is now before the Supreme Court of Justice. We are acting as opponents. On May 30 of 2017 instructions were given to send the file to the Labor Decongestion Room.

m. Elcy Marlen Ayala Anzola process

Starting date: 2009
Value sought: $500.000
Value reserved: $500.000
Reason for the trial:Recognition and payment of conventional pension
Current status: Favorable court ruling. The process is now before the Supreme Court of Justice. We are acting as opponents.
On November 30 of 2017 the order was given to deliver the file to the labor decongestion room.

n. Guillermo Mejía Rodriguez process

Starting date: 2008
Value sought: $300.000
Value reserved: $300.000
Reason for the trial: Readmission/indemnification for being laid off with no justified reason.
Current status: First and second instance ruling favoring the Company. Currently before the Supreme Court of Justice; we are acting as opponents.

On November 30 of 2017 the order was given to deliver the file to the labor decongestion room.

o. Henry Alonso Velasquez process

Starting date: 2008
Value sought: $300.000
Value reserved: $300.000
Reason for the trial: Readmission/indemnification for being laid off with no justified reason.
Current status:First and second instance ruling favoring the Company. Currently in the Supreme Court of Justice; we are acting as opponents.

p. Jose Gustavo Veloza Zea process

Starting date: 2009
Value sought: $500.000
Value reserved: $500.000
Reason for the trial:: Recognition and payment of conventional pension.
Current status: Currently before the Court (returned from Court on January 17 of 2018), the Supreme Court of Justice on August 1 of 2017 issued a ruling regarding the ruling issued on August 20 of 2010 by the Bogotá Judicial District Higher Court Labor Room, also ordering the Company to pay the appeal charges of $7 million.

On November 21, 2017, the Supreme Court of Justice liquidated the August 1 ruling.

q. Adriana Pereira Carrillo and others process

Starting date: 2010
Value sought:$1.000.000
Value reserved: $650.000
Reason for the trial: *Joint and several payment, work accident.*
Current status: On June 29 of 2012 a first instance ruling was issued against the Company. In June 13 of 2013 a second instance ruling was issued, revoking item 2 of the first instance ruling and declaring the exception not to cover the generating fact from the defendant for the insurance policy issued from the Liberty Seguros guarantee call-in and partially revoking items 6, 7, and 8 in order to acquit Liberty Seguros and confirm the rest. An extraordinary appeal was filed against this ruling, regarding which we were successful.
The file is currently at the office, pending a final ruling.

r. Luis Eduardo Sarmiento process

Starting date: 2010
Value sought:$400.000
Value reserved: $400.000
Reason for the trial: Recognition and payment of conventional pension.
Current status: On May 10 of 2016 and within times allowed the respective arguments were presented by the Company. The issue is awaiting final decision.

s. Sonia Gualteros process

Starting date: 2010
Value sought: $300.000
Value reserved: $300.000
Reason for the trial: Recognition and payment of conventional pension.
Current status: On September 11 of 2013 the appeal before the Supreme Court of Justice was supported, qualified by that office with a document dated November 26 of 2013. On January 13 of 2014, the plaintiff presented its arguments regarding the extraordinary appeal filed by the Company. The issue is currently awaiting a final decision.

t. José Domingo Hernández process

Starting date: 2017
Value sought: $16.000
Value reserved: $300.000

Reason for the trial: Solidarity and payment of labor disbursements and payment of objective liability on account of a work accident.
Current status: The Company replied on time. We are expecting that the reply will be accepted and the guaranty called in.

On December 7 of 2017 the Cenercol S.A. ad litem curator was notified of the demand.

u. Ernesto Arias Olaya process

Starting date: 2017
Value sought: $16.000
Value reserved: $300.000
Reason for the trial: Payment of old age pension, Law 33 of 1985.
Current status: Currently in first instance. The Company replied and was admitted.

On September 21, 2017 the court considered the demand replied and called the parties to an audience on April 18 of 2018.

v. Aristóbulo Gamboa Patiño and others process

Starting date: 2010
Value sought: $300,000
Value reserved: $57,000
Reason for the trial: Recognition of pension benefits.
Current status: First instance ruling favorable to the Company on September 16 of 2011, against the Company on December 14 of 2012. The Company filed an appeal, which was not accepted. It then filed another appeal and a complaint, which were rejected. An executive process was initiated against the Company, the parties reaching an agreement which, on October 24 of 2017, was sent to the office including the transactional agreement executed by the plaintiffs.

With a document dated November 14 of 2017, the court concluded the process upon payment having been made.
On November 24 of 2017 and order was issued to deliver the payment vouchers to the plaintiffs.

w. Betty del Carmen Ramírez Corredor process

Starting date: 2012
Value sought: $267.800
Value reserved: $250.271
Reason for the trial: Electrocution. Payment of equity and extra-equity damages on account of the death of Pedro Agustín Plata Ortiz upon having touched the distribution grid.
Current status: On February 24 of 2015 a first instance ruling was issued against the Company. Previsora SA Compañía de Seguros was required to make the respective payment to Codensa.

On July 24, a second instance ruling favoring the Company was issued, revoking the first ruling and rejecting the plaintiff's requests.

On September 11 of 2017, sent to the office of magistrate Ramiro de Jesús Pasos Guerrero from the State Council to decide on the admission of the extraordinary jurisprudence unification remedy filed by the plaintiff.

x. Maria Janeth Pasives Rincón process

Starting date: 2012
Value sought: $238.745
Value reserved: $238.745
Reason for the trial: Indemnification for the death of a minor.
Current status: Favorable first instance ruling. In a second instance, the Bogotá Higher Court revoked the ruling and ruled against the Company. Not all deposits or legal titles have been recovered from the court. The process is still before the secretary's office.

y. Gilberto Garcia López process

Starting date: 2013
Value sought: $500.000
Value reserved: $500.000
Reason for the trial: The contractor worker claims payments for salaries and social benefits from the Company (work accident).
Current status: on January 24 of 2017 and within the time allowed, the extraordinary appeal was supported before the Supreme Court of Justice, considered by the office on March 15 of 2017. An order was issued, ordering transferring the plaintiff as an opponent, which was appealed by the plaintiff and rejected by the office on August 9 of 2017.

On October 9 of 2017, the plaintiff presented its allegations. The file was transferred to ARL Colpatria on October 13 of 2017. The Supreme Court of Justice rejected the appeal filed by the plaintiff.

The file is currently pending transfer to the defendant ARL Colpatria as of October 13 of 2017 as an opposing party. On October 27 of 2017, Court 27 of the Bogotá Circuit sent a letter signed by Nelson Augusto Roza Salazar. The process was admitted on November 24 of 2017.

z. Sandra Liliana Lancheros process

Starting date: 2003
Value sought: $400.000
Value reserved: $240.000
Reason for the trial: Full indemnification for damages caused by the employer's negligence.
Current status: On July 21 of 2011 the appeal was supported by the Company; on August 9 of 2011 the office considered the appeal filed by Codensa. The issue is awaiting final decision.

(2) Considering that, with Law 1196 of 2008, Colombia joined the Stockholm Agreement and that this fact was regulated with Resolution 222 of December 15 of 2011 from the Ministry of the Environment, amended by Resolution 1741 of 2016, the Company recognized the reserve for disposal of transformers contaminated with PCB from 2012, subsequently having updated the obligation considering changes to financial variables and the main assumptions.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

Export of contaminated transformers.

An agreement was executed with Lito S.A.S on November 11, 2014, whose purpose was disposing transformers contaminated with PCB, subject to prior authorization to cross the border from the National Environmental Licenses authority. However, in 2015 the shipping Company MAERSK found itself limited during the authorization time to provide the required transportation, considering the existence of the restrictions period related to exclusive transportation of food with destination Europe.

Looking for cost efficiencies and in order to export such transformers, the Company implemented the ultrasound washing technology for such equipment, approved by the Ministry of the Environment and Sustainable Development on a large scale, as a result of the pilot project carried out by the Company together with its collaborating company LITO S.A.S. As such, in August 2016 amendment No. 1 to the agreement with LITO S.A.S. was executed, including handling, packing, loading, transportation, treatment, and final disposal of electric equipment contaminated with PCB with no oil, using the ultrasound washing technique.

On September 9 of 2016, the National Environmental Licenses Authority authorized the cross-border transfer of waste, so that during the last quarter 164 contaminated transformers, with a weight equivalent to 65 tons, were decontaminated using such new technology and representing a 31% savings in costs compared to the traditional export alternative. 23 tons were exported in the traditional manner, which due to their characteristics could not be washed. The export and washing costs during 2016 were $461,067.

During 2017, the Company washed casings weighing 4.7 tons, with a cost of $17,256; however, no exports were made taking into account that the contract had expired. LITO S.A.S. was awarded a new contract for handling, packing, loading, transportation, treatment, and final disposal of waste polluted with PCB, for a base value of $531,220 and a 3-year term. The Company moved its export activities for 2017 to the following periods.

Marking and sampling of inventories.

On December 21 of 2015 agreement No. 5600014180 was executed with Colombia Multiservicios S.A. (hereinafter CAM), with a 3-year term and whose purpose is taking, handling, analyzing, and recording samples and marking equipment in general. On February 2 of 2016, the marking and sampling of mid voltage equipment was started.

In early 2016, the actual norms were updated after the award of this agreement, with an approximate cost of $4,419 million.

On April 26 of 2016, the EEC signed agreement No. 5600014342 with a 3-year term, whose purpose is taking inventories of the Cundinamarca area. Marking and sampling of mid tension equipment in the area started on September 5 of 2016

On November 2 of 2017, the Company and CAM executed an agreement for each of the above contracts, whose purpose was i) early termination with an ending date of July 31, 2017, ii) recognition of extra costs assumed by CAM with regards to transportation of crews, availability of crews for the service, and equipment. The transaction agreements' value is $658,123 and $282,463 of contracts executed by the Company and EEC, respectively.

(In thousand pesos)

As of December 31 of 2017 and 2016, expenditures associated to sampling and marking, including the transaction agreements, are $3.459.666 and $3.080.574, respectively.

Regulatory changes.

The Ministry of the Environment issued Resolution 1741 of October 2017, amending articles 4, 5, 6, 7, 8, 9, 14, 26, 29 and 34 of Resolution 222 of 2011 regarding identification, marking, and other aspects associated to obtaining information on equipment held by third parties. This was evaluated and included by the Company in the reserve, for $962,238.

Changes to other assumptions

During 2016, the reserve had significant changes, associated to the following assumptions: i) savings from the Cundinamarca area assets' stratification implementation, ii) inclusion of costs associated to visits made during the marking activities, iii) inclusion of quality control activities included in the integrated supervision framework, iv) inclusion of labor required for the project, v) price updates on account of the change of the VAT from 16% to 19%, among others.

As of December 31 of 2017 and 2016, following are the projected non-discounted current cash flows:

Year	As of December 31 of 2017	As of December 31 of 2016
2017	-	10,372,306
2018	7,319,367	6,357,168
2019	7,554,627	2,378,154
2020 onwards	6,298,725	3,481,236
	$ 21,172,719	**$ 22,588,864**

As of December 31 of 2017 and 2016, the Company updated the reserve and deducted future cash flows to net present value, at a rate of 6.09% and 7.25% each, generating a financial effect of $1,068,337 and $195,698, the most adequate discount rate, considering interest rates of government bonds with maturity times similar to those of the obligation.

(3) As of December 31, 2017, corresponds to the noncurrent reserve made for the public lighting litigation, of $22.127.356. Following is a brief description of the main facts the litigation is based on:

On April 20 of 1997 an inter-administrative agreement was executed between the District and the BBB (Grupo Energía de Bogotá), guaranteeing to the city the supply of electricity for public lighting, agreement that was assigned to the Company on October 23 of 1997. During that same year, through resolution 99/97 the CREG changed the service rate for the household electric power, explicitly excluding public lighting, regarding which the Company delivered to the District, for 1998 and 1999, invoices in which the Company was making its own and unilateral calculation of the value of the electric power it supplied. The district discussed the rate but paid what it considered to be the fair price. On January 25 of 2002, the parties established a methodology applicable in the future and decided to make a georeferenced inventory, whose result was compared to the existing census so that, in case of differences, the costs and the remuneration for applicable periods of time would be recalculated. The georeferenced inventory (prepared between 2000 and 2003) resulted in 8,661 less lighting fixtures than those the Company charged the district, so that the Company is being required to make a recalculation including late interest charges generated by the greater values paid between 1998 and 2004.

A first instance ruling was issued on November 9 of 2009, ordering the UAESP and the Company to, within the two months following the date of the ruling, to take the necessary steps to finally establish negative or positive balances, properly updated with the DTF plus interests. Should no agreement be reached, within the following two months the UAESP will make a calculation for the Company's consideration, which may avail of pertinent legal remedies, in case of a nonpayment enforcing the ruling. The second instance ruling confirms what had already been declared and is currently firm, no other remedies being available.

On August 26 of 2014, the UAESP and the Company executed an agreement according to which they made a calculation according to which the Company assumed 50%, equivalent to $14,432,754. In addition to the Company, this agreement should be authorized by the UAESP Director and confirmed by the Administrative Judge No. 10 of Bogotá.

On June 1 of 2017, the Administrative Judge 14 of the Bogotá Circuit decided not to consider the above agreement considering that it had not been executed within the two months following the date of the September 29 of 2011 ruling, which expired on February 2 of 2012. He requested the UAESP to make a unilateral calculation. However, considering that the judge did not make a decision regarding the approval/rejection of the agreement, it continues to be opposable among the parties.

On August 31, 2017, according to the order of the Administrative Judge the UAESP issued Resolution 412 of 2017, again calculating the public lighting invoicing object of the process for $141,016,977. The Company filed an appeal as a result of the above.

On December 29 of 2017, the Company was notified of Resolution 730 of 2017 issued on December 18 by the UAESP, with which the appeal filed by the Company was resolved, confirming the decision and reconsidering the recalculation notified in August, using the DTF update according to the decision of the judge in the September 2009 ruling. The new UAESP value is 113,082,893.

The Company lawyers consider that the amount notified by the UAESP is eventual and is not subject to negotiation according to previous agreements and negotiations.

According to the above and the 2014 liquidation agreement, the probable loss under this process is $14,432,754 plus its update to date. It is expected that it will be resolved during a maximum of 3 years. The Company updated the reserve to net present value, with a 7.33% discount rate, and reclassified the reserve from short to long-term. The value as of December 31 of 2017 is $22,127,357.

On January 25 of 2018, the UAESP unexpectedly requested the Company to pay the recalculated value of $113,082,893.

The Company and its legal advisors consider that this requirement is non-applicable. The necessary steps were taken while showing good will to resolve this through conciliation. Codensa will offer paying the UAESP a fair value, i.e. $22,127,357.

According to its rights and de facto arguments, the Company is currently preparing its case against the decisions made, exercising its validity and reestablishment of rights right against the UAESP.

(In thousand pesos)

(4) Corresponds to compensations included in Resolution 1061 and in Agreement 17 of 2013 from the Ministry of the Environment and Corporación Autónoma Regional de Cundinamarca, respectively, approving the substitution of the protective and producing forest reserve of the Bogotá River high basin, committing the Company to perform a compensation and reforestation plan in the construction area of the Nueva Esperanza substation.

Environmental license.

On July 31, 2014, with Resolution 1679 Corporación Autónoma Regional de Cundinamarca – CAR issued an environmental license for the development of the project "Construction of the 500/115 kV Nueva Esperanza Substation, its 115 kV lines, and its connecting modules". However, on August 8 of 2014, the Company filed an appeal against such act based on article 55 of the above Resolution, requesting clarifying and including issues associated to the geographical area, compensations, the census, and others.

On December 30 of 2014, the Company was notified of Resolution 3788 of December 24 of 2014 resolving the appeal and issuing the environmental license for the above. The appeal corrects basic aspects and favorably restores all issues presented by the Company in its appeal. This is essential for the project and allows continuing with the construction license application.

Lifting of the prohibition and reforestation.

On February 20 of 2015 the purchase-sale document between the Company and Álvaro Eduardo Convers for $1,350,000 was signed for the environmental compensation obligations associated to the construction of the Nueva Esperanza substation. Payment was made 50% in 2015 and 50% in 2016, in compliance with requirements from the competent authorities to obtain the clearance, canceling notes 2 and 3 in the registry affecting the property, and meeting milestones associated to deeds and registration in favor of the Company. The El Pireo property legalization was made on October 4 of 2016 with public deed No. 3333 of Notary 11 of the Bogotá Circle.

Prohibition lifting: Resolution 1702 of July 17 of 2015 "Partially lifting the prohibition and making other decisions", issued by the Ministry of the Environment and Sustainable Development. It partially lifts the prohibition for the taxonomic groups of Bromelias, Orquídeas, Musgos, Líquenes, and Hepáticas and for 5 individuals from the Cyatheacarasacana species, found in the Nueva Esperanza project area of influence, according to the provided coordinates.

The Company was notified of Resolution 2128 of September 30 of 2015 resolving the appeal, associated to the lifting of the prohibition of the Nueva Esperanza project. It corrects essential aspects and favorably resolves all issues included by the Company in the appeal. This fact is essential for the project and allows continuing with the construction of the 115 kV transmission lines.

On December 1, 2015, the environmental compensation agreement between the Company and the Geosíntesis Consortium was executed, whose purpose is using 3,600 trees, establishing, isolating, and maintaining protective forest issues, and ecologically restoring 0.5 ha, the forest management plan of the El Pireo lot, and the design, establishing, and maintenance of a live barrier for the Nueva Esperanza substation, among others. The remaining contract term is 12 months, payments made to date being $3,718,609, of which $1,366,606 were made in 2017.

On December 23 of 2016 the purchase-sale document between the Company and Anselmo Ibañez Leónc was signed for $433,000, for the purchase of the San Gregorio lot located in the municipality of Sibaté, in order to continue with the reforestation activity requested in the environmental license. 50% was paid on the purchase-sale agreement date, the balance in the first two months of 2017.

Protection of species.

As included in the environmental license commitments, the Company is responsible for protecting the Choloepus Hoffmanni bear species during the construction of the high voltage lines. On December 18 of 2015, an agreement was executed to implement the respective protection plan between the Company and ANTEA Colombia S.A.S, with a 12-month term. As of December 31, 2016 the Company had carried out all activities required, in 2016 having paid $1,056,729.

Following are the undiscounted projected cash flows:

Year	As of December 31 of 2017	As of December 31 of 2016
2017	$ -	$ 1,422,638
2018	808,784	841,945
2019	69,885	72,401
	$ 878,669	**$ 2,336,984**

As of December 31, 2017 and 2016, the Nueva Esperanza reserve was updated to net present value, at a rate of 7.25 EA (IBR + 2,55%) and 11.65% EA (IBR + 4,25%) with a financial effect of ($92,331) and ($521,987). The applicable discount rates are interest rates with similar maturity dates as those of the obligation.

(5) On February 6 of 2017, with resolution 263 Corporación Autónoma Regional de Cundinamarca – CAR issued an environmental license for the project "Construction of the Gran Sabana substation, 115 kV lines and connecting modules". The license mainly commits the Company to implement a compensation and reforestation plan in the substation construction area.

In October 2017, Codensa and the Jaime Duque Park signed an agreement according to which the park will use the land for reforestation of 1,100 trees, this way allowing Codensa to meet its environmental obligations.

(In thousand pesos)

Following are reserves between January 1 of 2016 and December 31 of 2017:

	Legal claims provision	Dismantling, restoration and rehabilitation costs	Archaeological rescue (b)	Gran Sabana	Nueva Esperanza	Public lighting and others	Total
Balance as of January 1, 2016	**$ 4,627,055**	**10,942,972**	**$ 297,976**	**-**	**$ 6,053,482**	**$ 15,549,441**	**$ 37,470,926**
Increase (Decrease) in provisions (a)	10,388,006	6,986,326	-	-	1,415,862	13,443	18,803,637
Increase (Decrease) in provisions on account of business combination	1,812,937	7,320,818	-	-	-	-	9,133,755
Provision used	(1,781,168)	(3,772,826)	(292,413)	-	(4,712,546)	-	(10,558,953)
Financial effect update	-	222,243	-	-	(521,987)	-	(299,744)
Recoveries	(658,299)	-	(5,563)	-	-	-	(663,862)
Total movements and provisions	**9,761,476**	**10,756,561**	**(297,976)**	**-**	**(3,818,671)**	**13,443**	**16,414,833**
Ending balance As of December 31 of 2016	**14,388,531**	**21,699,533**	**-**	**-**	**2,234,811**	**15,562,884**	**53,885,759**
Increase (Decrease) in provisions	1,894,674	1,572,916	-	455,585	147,718	430,301	4,501,194
Provision used	(955,814)	(3,839,176)	-	(428,907)	(1,416,254)	(110,089)	(6,750,240)
Financial effect update	-	1,068,337	-	1,709	(92,331)	7,127,357	8,105,072
Recoveries	(952,835)	(258,547)	-	-	-	-	(1,211,382)
Total movements and provisions	**(13,975)**	**(1,456,470)**	**-**	**28,387**	**(1,360,867)**	**7,447,569**	**4,644,644**
Ending balance As of December 31 of 2017	**$ 14,374,556**	**$ 20,243,063**	**$ -**	**$ 28,387**	**$ 873,944**	**$ 23,010,453**	**$ 58,530,403**

(a) Following are the activities of the legal claims reserve:

Process type	Plaintiff	Purpose of the claim	Value
Adm. direct repair	Omar Elías Ribero Jiménez	Invoicing indemnification	250,000
Adm. direct repair	Hermencia Holguín Álvarez	Death by electrocution	145,000
Ordinary Civil	Maria de Jesús Segura	Injuries by electrocution	400,000
Ordinary Civil	Maria Cecilia Guerrero Rodriguez y Otros	Injuries by electrocution	500,000
Ordinary Civil	Narda Ruth Botero	Death by electrocution	444,000
Ordinary Civil	Jhon Fredy Reina Villar y Otros	Death by electrocution	1,200,000
Labor	Esteban Ramírez Triana	Solidarity salaries and social benefits	300,000
Labor	Freddy Zapata Cubides	Solidarity salaries and social benefits	996,121
Labor	Luis Eduardo Sarmiento	Recognition and payment of conventional pension	400,000
Labor	Sonia Gualteros	Recognition and payment of conventional pension	300,000
Labor	Gilberto Garcia Lopez	Solidarity salaries and social benefits	500,000
Labor	Arnol Arnulfo Rincón	Recognition and payment of conventional pension	500,000
Labor	Clara Inés Porras de Forero	Recognition and payment of conventional pension	500,000
Labor	Elcy Marlen Ayala Anzola	Recognition and payment of conventional pension	500,000
Labor	Guillermo Mejía Rodriguez	Refund / compensation for dismissal without just cause	300,000
Labor	Henry Alonso Velasquez	Refund / compensation for dismissal without just cause	300,000
Labor	Jose Gustavo Veloza Zea	Recognition and payment of conventional pension	500,000
Labor	Oscar Antonio Caicedo Suescun	Pensions law 33	130,000
Ordinary Civil	Ignacio Matamala Señor	Death of livestock	350,000
Ordinary Civil	Lisandro Burgos Mayorga	Death by electrocution	500,025

(b) As of December 31, 2016, the Company has concluded its archaeological rescue activities related to findings in the land property where the Nueva Esperanza substation is being built. The main activities include archaeological monitoring, execution of the public archaeology program, and the holding plan in the project area.

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17. Employee Benefit Provisions

	As of December 31 of 2017		As of December 31 of 2016	
	Current	Non Current	Current	Non Current
Social benefits and contributions to social security(2)	$ 38,156,278	$ -	$ 40,866,571	-
Obligations for defined post-employment and long-term benefits. (1)	33,949,786	261,120,766	39,432,712	$ 272,323,501
Retirement plan benefits (3)	6,825	-	521,515	-
	$ 72,112,889	**$ 261,120,766**	**$ 80,820,798**	**$ 272,323,501**

(1) The Company has various benefit plans, postemployment obligations, and long-term benefits defined for its active or retired workers, according to previously defined requirements relating to:

Retirement pensions.

The Company has a pension plan that includes defined benefits, regarding which there are no specific assets, except for own resources originating from the Company operational activities. Such plans establish the value of the benefit an employee will receive upon retiring, which usually depends on one or more circumstances such as age, years of service, and salary.

The liability entered in the financial statements with respect to the above plans is the present value of the benefit defined as of the date of the financial statements, together with adjustments made on account of non-recognized actuarial gains or losses. The obligation is calculated by independent actuaries using the projected credit unit method. The present value of the obligation is established by deducting outgoing cash flows, estimated using interest rates obtained from the performance curve of the Colombian government public debt titles denominated in real value units, with terms approximating the terms of the pension obligation until its expiration.

Actuarial gains and losses from adjustments made according to experience, and changes between the actuarial assumptions, are charged or credited to net equity in other comprehensive income during the applicable period of time.

The retired employee base to which this benefit is paid is:

Item	As of December 31 of 2017	As of December 31 of 2016
Retired	1,166	1,167
Average age	66,2	65,6

(In thousand pesos)

Other postemployment obligations.

Benefits to retired employees.

The Company gives the following subsidies to its retired employees: i) education subsidy, ii) energy subsidy, and iii) health subsidy according to the collective workers labor agreement.

The above benefits are in general given to independent employees having worked until their retirement age. Costs expected from these benefits are accrued during the employment time, using a method similar to that of the defined benefit plans. Actuarial gains and losses arising from adjustments from experience and from changes in actuarial assumptions are charged or credited to other comprehensive income during the applicable period of time. These obligations are valued annually by qualified independent actuaries.

The retired employee base to which this benefit applies is:

	As of December 31 of 2017	As of December 31 of 2016
Education subsidy		
Retired employees	201	237
Average age	18,8	18,4
	As of December 31 of 2017	**As of December 31 of 2016**
Energy subsidy		
Retired employees	1,010	998
Average age	65,9	64,8
Health subsidy		
Retired employees	1520	1,679
Average age	59,5	54,3

Retroactive severance.

Retroactive severance payments, considered being postemployment benefits, are paid to workers belonging to the labor system prior to Law 50 of 1990 and who decided not to participate in the new system. This benefit is calculated for the entire time worked, based on the most recent salary, and is paid regardless of the employee having been dismissed or retired. Actuarial gains and losses arising from adjustments from experience and from changes in actuarial assumptions are charged or credited to other comprehensive income in the applicable period of time.

The employee base to which this benefit applies is:

Item	As of December 31 of 2017	As of December 31 of 2016
Employees	69	70
Average age	52,9	51,9
Seniority	26,6	25,6

Long-term benefits.

The Company pays to its active employees benefits associated to their time worked, such as every 5 years, consisting in payments made every 5 uninterrupted years of service to workers having been hired prior to September 21, 2005, and to employees previously having worked with the EEC, payable as of the second year according to the collective workers labor agreement.

Costs expected from these benefits accrue during the employment time, using a method similar to that of the defined benefit plans. Actuarial gains and losses arising from adjustments from experience and from changes in actuarial assumptions are charged or credited to other comprehensive income in the applicable period of time. These obligations are valued annually by qualified independent actuaries.

The employee base to which this benefit applies is:

Item	As of December 31 of 2017	As of December 31 of 2016
Employees	173	180
Average age	50,29	49,2
Time worked	23,04	21,9

As of December 31, 2017 and 2016, the actuarial calculation of postemployment benefits was made by Aon Hewitt México, which used the following hypotheses:

Financial hypotheses:

Type of rate	As of December 31 of 2017	As of December 31 of 2016
Discount rate	6,82%	6,54%
Salary increase rate (active personnel)	4,50%	4,50%
Pensions increased rate	3,50%	3,50%
Estimated inflation	3,50%	3,50%
Medical service inflation	8,00%	9,00%

Demographical hypotheses:

Biometric base	
Mortality rate	2008 Colombian mortality rate (valid pensioners)
Disability mortality rate	Internal Enel Table
Total and permanent disability	EISS
Turnover	Eternal Enel Table
Retirement	Men: 62 Women: 57

(In thousand pesos)

Following are benefits obligations defined as of December 31 of 2017:

	Retired personnel		Active personnel		
	Pensions (a)	Benefits	Retroactive severance	5 year priods	Defined benefit plan
Initial balance as of December 31 of 2016	**$ 230,395,861**	**$ 73,258,809**	**$ 2,698,139**	**$ 5,403,405**	**$ 311,756,214**
Normal service cost	-	-	119,341	268,132	387,473
Interests cost	14,325,623	4,684,105	175,744	338,262	19,523,734
Contributions paid	(23,729,882)	(3,401,628)	(451,659)	(762,637)	(28,345,806)
(Gains) actuarial losses that arise from changes in financial assumptions	(6,565,033)	(7,397,061)	(64,310)	(75,214)	(14,101,618)
(Gains) actuarial losses that arise from changes in adjustments based on experience	8,398,234	(3,787,556)	436,328	803,549	5,850,555
Ending balance as of December 31 of 2017	**$ 222,824,803**	**$ 63,356,669**	**$ 2,913,583**	**$ 5,975,497**	**$ 295,070,552**

(a) According to article 4 of Decree 2131 of 2016, which allows applying NIC 19 in order to establish the postemployment benefits liability on account of future retirement pensions, which additionally requires disclosing calculations of pension liabilities according to parameters in Decree 1625 of 2016, which re-assumes conditions in Decree 2783 of 2001, we see that, by applying these parameters as of December 31, 2017 and 2016, the postemployment benefits liability on account of future retirement pensions is $189,367,502 and $190,988,274, respectively. The above sensitivity was carried out by Aon Hewitt México, which used the following hypotheses:

Type of rate	As of December 31 of 2017	As of December 31 of 2016
Discount rate	10,82%	9,96%
Technical interest	4,80%	4,80%
Estimated inflation	5,74%	4,93%

Following are obligations on account of defined benefits as of December 31, 2016:

	Retired personnel		Active personnel		
	Pensions (a)	Benefits	Retroactive severance	5 year priods	Defined benefit plan
Initial balance as of December 31 of 2015	**$ 152,204,641**	**$ 53,178,270**	**$ 1,720,959**	**$ 3,827,932**	**$ 210,931,802**
Normal service cost	-	-	111,126	1,660,346	1,771,472
Interest costs	11,577,404	3,935,203	190,655	273,712	15,976,974
Contributions paid	(18,093,876)	(3,239,103)	(677,497)	(304,014)	(22,314,490)
Increase on account of business combination	57,582,379	17,152,499	1,133,537	527,614	76,396,029
(Gains) actuarial losses that arise from changes in financial assumptions	25,639,285	12,222,305	298,072	264,783	38,424,445
(Gains) actuarial losses that arise from changes in adjustments based on experience	1,486,028	(9,990,365)	(78,713)	(846,968)	(9,430,018)
Ending balance as of December 31 of 2016	**$ 230,395,861**	**$ 73,258,809**	**$ 2,698,139**	**$ 5,403,405**	**$ 311,756,214**

(a) According to article 4 of Decree 2131 of 2016, which allows applying NIC 19 to establish the postemployment benefits liability on account of future retirement pensions, which additionally requires disclosing calculations of pension liabilities according to parameters in Decree 1625 of 2016, which again assumes conditions in Decree 2783 of 2001, we see that, by applying these parameters as of December 31, 2017 and 2016, the postemployment benefits liability on account of future retirement pensions is $190,988,274 and $145,357,996, respectively. The above sensitivity was carried out by Aon Hewitt México, which used the following hypotheses:

Rate type	As of December 31 of 2016	As of December 31 of 2015
Discount rate	9,96%	7,82%
Technical interest	4,80%	4,80%
Estimated inflation	4,93%	2,88%

The following chart shows the behavior of the present value of the obligation for each benefit defined, with respect to the percentage variation in 100 basic points above or under the discount rate used for the actual calculation.

As of December 31, 2017:

Discount rate change	Retired personnel		Active personnel		Defined benefit plan
	Pensions (a)	Benefits	Retroactive severance	5 year priods	
- 100 basic points	$ 248,011,629	$ 70,479,460	$ 3,152,300	$ 6,253,034	$ 327,896,423
+ 100 basic points	$ 201,999,266	$ 57,400,862	$ 2,698,664	$ 5,721,540	$ 267,820,332

As of December 31, 2016:

Discount rate change	Retired personnel		Active personnel		Defined benefit plan
	Pensions (a)	Benefits	Retroactive severance	5 year priods	
- 100 basic points	$ 256,671,661	$ 82,625,529	$ 2,945,754	$ 5,718,548	$ 347,961,492
+ 100 basic points	$ 208,189,707	$ 65,571,237	$ 2,476,898	$ 5,182,110	$ 281,419,952

(2) As of December 31 of 2017 and 2016, corresponds mainly to bonuses for $18,530,109 and $ 24,016,639, vacation and vacation bonuses for $11,570,623 and $9,290545. The Company makes periodical legal payments on account of severances and integral social security: health, professional risks, and pensions, to the respective private funds and to ColPensions, which assumed these obligations in full. As of December 31 of 2017 and 2016, these payments were $3,966,372 and $4,167,482, severances and severance interests $3,866,417 and $3,261,774, respectively.

(3) Voluntary retirement plans.

(a) San Jose Retirement Plan.

In November 2015 the Company started communicating and implementing the San Jose Retirement Plan. During its implementation, the plan was presented to 159 workers under an indefinite term work contract and meeting the following group characteristics:

Group 1: Employees participating in the collective workers labor agreement who i) joined the Company prior to January 1 of 1992, ii) have not met pension requirements as of July 31 of 2010 (Legislative Act 1 of 2015), iii) as of the date of the San Jose Retirement Plan still have between 0 and 10 years to reach the legal retirement age.

Group 2: Integral workers and workers participating in the collective workers labor agreement who still have between 0 and 10 years to reach the legal retirement age.

Group 3: Integral workers and workers participating in the collective workers labor agreement who qualify according to the new Company organizational structure.

Between November 2015 and May 2016, 66 workers decided to participate in this plan and initiated their retirement process from December 15 of 2015 to May 31 of 2016, subject to prior conciliation before a labor judge.

The benefits given under this plan are the following:

Temporary income: Consists of a monthly payment of between 70% and 90% of the employee's salary, from the moment the work contract is terminated by mutual agreement until 4 months after the worker meets the age requirement established by the law (62 years for men, 57 years for women). This benefit was paid in full to each participant through the Proteccion S.A pension fund and is not considered a Company asset.

This benefit was offered to workers meeting the Group 1 and Group 2 requirements. As of December 31, 2015, 13 workers accepted the proposal, the Company having made a reserve based on the acceptance probability during Q1 2016. As of March 31, 2016, 3 additional workers had accepted the proposal.

For workers having accepted the liability entered in the financial statements regarding the temporary income, it is the present value of the obligation defined as of the date of the financial statements minus payments made to the pension fund. The defined obligation is calculated by independent actuaries using the projected credit unit method. The present value of the obligation is established by deducting outgoing cash flows, estimated using interest rates calculated based on the Colombian government public debt titles yield curve denominated in real value units, with terms approximating those of the obligation.

As of December 31 of 2017 and 2016, the actuarial calculation of the temporary income was made by Aon Hewitt México, which used hypotheses mentioned in the postemployment benefit plans.

Retirement bonus: Consists of a single payment made to the worker upon the respective conciliation document being signed and the work contract being terminated by mutual agreement and being liquidated considering the worker's salary

and seniority. This benefit was offered to workers meeting the Group 3 requirements. As of December 31, 2015, 45 workers had accepted the proposal, the Company creating a reserve according to the acceptance probability during Q1 2016. As of March 31 of 2016, 5 additional workers had accepted the proposal. For workers having accepted the proposal, the Company recognized the effect in the income statement according to the liquidation and the retirement bonus paid.

Other benefits: In addition to the above, the Company offered common benefits to integral workers covered by the collective workers labor agreement after work contract termination by mutual agreement and until December 31, 2016, including prepaid medicine and life insurance benefits, among others.

(b) EEC Voluntary Retirement Plan (hereinafter the PRV for its Spanish acronym).

On August 10 of 2016, EEC started communicating and implementing the voluntary retirement plan, addressed to 96 workers under an indefinite term work contracts and meeting the following group characteristics:

Group 1: Workers participating in the collective workers labor agreement, who on the date of the plan still had between 0 and 10 years to reach the legal retirement age (62 years men, 57 years women) as of the date of the offer and with seniorities of 10 years or more.
Group 2: Integral workers participating in the collective workers labor agreement with variables including basic salary and seniority.

The Company provided a reasonable time for the workers to analyze and accept the offer. As of November 5 of 2016, 72 workers had accepted the offer (70 workers having accepted it as of September 30), who started their retirement process between August 30 of 2016 and March 31 of 2017, subject to prior conciliation before a labor judge.

Following are the benefits offered under the PRV:

Temporary income: Consists of a monthly payment between 90% and 100% of the average salary, from the moment the work contract is terminated by mutual agreement until 6 months after the worker meets the age requirement established by the law (62 years for men, 57 years for women). This benefit was paid in full to each participant through the Proteccion S.A pension fund and is not considered a Company asset.

This benefit was offered to workers meeting the Group 1 requirements. As of November 5 of 2016, 40 workers had accepted the proposal (38 as of September 30), out of 51 offers made. .

Retirement bonus: Consists of a single payment made to the worker upon the respective conciliation document that terminates the work contract by mutual agreement being signed, calculated considering the worker's salary and seniority. This benefit was offered to workers meeting requirements for Group 2. As of November 5 of 2016, 32 workers had accepted the proposal, out of 45 offers made.

Other benefits: In addition to the above, the Company offered common benefits to integral workers covered by the collective workers labor agreement after their work contract termination by mutual agreement and until December 31, 2017, including prepaid medicine and life insurance benefits, among others.

(In thousand pesos)

As of December 31 of 2017 and 2016, the actuarial calculation of the temporary income was made by Aon Hewitt México, which used hypotheses mentioned in the postemployment benefit plans.

Following are the figures for the retirement plans between January 1 of 2016 and December 31 of 2017:

	Temporary income	Retirement bonus	Other benefits	Total benefits voluntary retirement plan
Ending balance As of December 31 of 2015	**3,468,646**	**691,685**	**72,327**	**4,232,658**
Year cost (recovery) on account of offer acceptances	(2,325,915)	(1,133,397)	(174,816)	(3,634,128)
Year financial cost	222,079	-	-	222,079
Employer contributions	(8,347,848)	(6,513,909)	(136,207)	(14,997,964)
Increase on account of business combination	2,855,359	6,487,154	648,826	9,991,339
Actuarial (Gains) losses	4,707,531	-	-	4,707,531
Other activities	(579,852)	579,852	-	-
Ending balance as of December 31 of 2016	**$ -**	**$ 111,385**	**$ 410,130**	**$ 521,515**
Year cost (recovery) on account of offer acceptances	-	(111,385)		(111,385)
Employer contributions	79,102	-	(403,305)	(324,203)
Actuarial (Gains) losses	(79,102)	-	-	(79,102)
Ending balance as of December 31 of 2017	**$ -**	**-**	**$ 6,825**	**$ 6,825**

Collective Workers Labor Agreements

2015-2018 Collective Workers Labor Agreement.

The direct arrangement phase between the Company and Sindicato de Trabajadores de la Energía de Colombia (hereinafter Sintraelecol) ended on July 24 of 2015, with a full agreement between the parties. The collective workers labor agreement was signed on August 5 of 2015 and filed before the Ministry of Work on that same day, when it became effective. The main aspects agreed include a 3-year term for the collective workers labor agreement (2015-2018), keeping the same field of application of the current agreement (beneficiary workers), making an increase to the value of current conventional benefits, and recognizing prerogatives related to savings, free investment, and health.

SINTRAELECOL - EEC 2016- 2018 Collective Workers Labor Agreement

The negotiation process with Sintraelecol took place between March and September 2016 (with suspension periods for various legal and extralegal reasons), concluding with the execution of the collective workers labor agreement on September 30 of 2016.
The agreement term goes from January 1 of 2016 until June 30 of 2018 and applies to relations with unionized workers from the EEC, according to international and internal norms. The main purpose of the negotiation was standardizing the conventional benefits the Company had. The 7th and 8th 5-year periods were added to this group of employees.

Codensa Collective Workers Labor Agreement - ASIEB
On May 1 of 2016, the Collective Workers Labor Agreement with the ASIEB Labor Union was signed. This agreement applies to all engineers working for the Company and being affiliated to the engineers union that provides services to energy companies, ASIEB. The agreement's term goes from May 1 of 2016 until December 31, 2019.

18. Taxes Payable

Income tax

The 2015 and 2016 income tax returns are available for review by the tax authorities, together with the 2015 and 2016 CREE income tax returns. Management considers that there will be no significant differences.

Following is the income tax information:

	As of December 31 of 2017	As of December 31 of 2016
Current income tax (1)	$ 401,408,330	$ 388,462,916
Advance income payments	(112,264,651)	(100,997,515)
Withholdings and self withholdings	(124,099,211)	(119,431,345)
Tax discount (2)	(580,540)	(762,595)
Positive balance	-	(812,288)
CREE self-withholdings	(73,079,290)	(71,774,654)
	$ 91,384,638	**$ 94,684,519**

(1) The current income tax liability is comprised of:

	As of December 31 of 2017	As of December 31 of 2016
Taxes on gains related to the year income the year income (See note 30)	$ 397,928,267	$ 371,164,690
Tax on gains from the business combination	-	13,485,655
Tax on gains related to components of other comprehensive income (See Item 1 Note 32)	3,087,479	3,812,571
Tax discounts on account of investments in science and technology (2)	392,584	-
	$ 401,408,330	**$ 388,462,916**

(2) As of December 31, 2017, corresponds to tax deductions included in the tax reform - Law 1819 of 2016: i) donations to nonprofit organizations according to article 257 of the Tax Code for $187,956, corresponding to the lesser value of the registered donation; ii) investments in investigation, technological development, or innovation according to article 257 of the Tax Code for $392,584, corresponding to the lesser value of the current income expense.

As of December 31, 2016, corresponds to the tax deduction on account of the sales tax from the import/purchase of fixed assets and heavy machinery for the basic industry, according to articles 258-1 and 258-2 of the Tax Code.
The main conciliation items between profits before taxes and taxable net income are:

(In thousand pesos)

Item	As of December 31 of 2017	As of December 31 of 2016
Accounting profit before income tax	**$ 1,051,498,610**	**$ 953,467,766**
Accounting profit before income tax registered in equity on account of business combination	-	27,026,577
Items increasing net income		
Wealth tax	7,796,019	21,305,136
Nondeductible expenses (1)	3,426,856	4,581,549
Nondeductible provisions (2)	(25,568,533)	40,170,167
Contribution to financial transactions	11,433,356	11,253,350
Other items increasing net income	1,725,045	671,202
Nondeductible taxes	31,106	115,909
Presumed interests	32,223	26,509
Total items that increase net income	**(1,123,928)**	**78,123,822**
Items that decrease net income		
Fiscal amortization and depreciation	(44,003,982)	(64,897,219)
Gains (losses) on account of new estimations of defined benefits plan and other adjustments made with the NCIF implementation	3,244,682	(5,716,617)
Business combination (3)	-	(3,282,666)
Special deductions	(14,778)	(4,794,676)
Difference of parafiscal contributions and Pensions	(1,833,501)	-
Fiscal profit in the sale of fixed assets	(194,827)	(44,293)
Deductions for hiring disabled	(174,313)	(174,328)
Other items that decrease net income	(3,805,681)	(1,130,522)
Income not taxed (4)	(164)	(8,526,672)
Total items that decrease net income	**(46,782,564)**	**(88,566,993)**
Taxable Net income	**1,003,592,118**	**970,051,172**
Income tax rate	34%	25%
Income tax	**341,221,320**	**242,512,793**
Occasional gains	194,827	44,293
Occasional gains tax rate	10%	10%
Vocational gains tax	**19,483**	**4,429**
Total income tax	**$ 341,240,803**	**$ 242,517,222**

(1) As of December 31, 2017, corresponds to expenses with no cause-effect relationship, such as loan remissions for $1,435,572, nondeductible expenses from donations for $563,867, financial expenses from the previous year for $411,172, and others for $1,016,246.

As of December 31, 2016, corresponds to expenses with no cause-effect relationship, such as entertainment to employees, sports-related expenses, recreation, and welfare expenses for $2,276,672, loan remissions for $525,189, disposal of obsolete materials for $448,122, subscriptions and affiliations for $34,167, and others for $1,297,399.

(2) The change corresponds mainly to i) the industry and trade tax; the 2017 tax reform established the deduction of the industry and trade tax at 100%, provided paid prior to submittal of the income tax return. However, for 2016 only amounts actually paid for the year are considered deductible, i.e. ($18,719,984) for 2017 and $5,652,408 for 2016; ii) in 2016 there was the obligation to have a physical invoice on closing day in order to consider it deductible. However, from the effective date of the tax reform services or goods purchased can be deducted even if the invoice is issued during the following period. Values are $0 for 2017 and $23,655,726 for 2016.

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Grupo Enel

(3) Corresponds to negative goodwill for ($21,244,288) and to the loss of the EEC's prior investment participation valuation for $17,961,622.

(4) As of December 31, 2016, corresponds mainly to the DECSA accounting participation method on the EEC before the business combination, for $7,503,095, recuperation of non-taxed costs and expenses for $672,072, and others for $261,505.

As a result of the tax reform, Law 1819 of 2016, as of 2017 the equity income tax - CREE was eliminated, the CREE tax surcharge of 6% being replaced by a current surcharge for 2017 equivalent to 6%. Considering the above, the tax effects are shown in a comparatively manner for 2016 and 2017.

Equity Income Tax - CREE

Item	As of December 31 of 2017	As of December 31 of 2016
Ordinary taxable net income	**$ 1,003,592,118**	**$ 970,051,172**
Plus special deductions		
Donations	-	632,000
Disabled hires	-	174,328
Special deduction investment in science and technology	-	4,794,675
Minus income not taxed and deductible expenses		
Amortization of investment in science and technology	-	(2,334,364)
Presumed interests	-	(26,509)
Taxable net income CREE	**1,003,592,118**	**973,291,302**
CREE Tax rate	0%	9%
CREE income tax	-	87,596,217
CREE taxable net income	**1,003,592,118**	**973,291,302**
Income overcharge exemption - CREE	(800,000)	(800,000)
Net Taxable income tax on rent - CREE	**1,002,792,118**	**972,491,302**
Income overcharge - CREE	6%	6%
Income tax overcharge - CREE	**60,167,526**	**58,349,477**
CREE income tax and overcharge	**60,167,526**	**145,945,694**
Total income tax, CREE and overcharge payable	**$ 401,408,329**	**$ 388,462,916**

Equity conciliation

	As of December 31 of 2017	As of December 31 of 2016
Accounting equity	**$ 2,648,818,705**	**$ 2,546,177,553**
Estimated liabilities and provisions	210,823,821	245,645,727
Fiscal adjustment of assets	(230,651,378)	(201,973,064)
Debtors provision	24,983,221	14,517,512
Others	1,870,002	9,568,211
Monetary correction	(1,428,417)	(1,503,597)
Debit deferred tax	19,649,837	(14,055,340)
Fiscal equity	**$ 2,674,065,791**	**$ 2,598,377,003**

(In thousand pesos)

Transfer prices

Those responsible for the income tax and performing activities with economic or related parties abroad are required to establish, for the purpose of the income tax, their ordinary and extraordinary revenues, their costs and deductions, and their assets and liabilities, for this considering profit prices and margins used in comparable operations with independent entities. The external advisors prepared the study and the supporting documents related to process corresponding to the 2016 tax year, included with no adjustments in the income tax return. Such information and documents were submitted on July 13 of 2017.

For the 2017 tax year, the external advisors confirmed the operations carried out with each economic related party, starting their studies and preparing the documents in 2017 for submittal in September 2018, the due date.

Management and their advisors consider that the study will be concluded on time and will not involve significant changes in the base used to establish the income tax reserve for 2017.

19. Other Nonfinancial Liabilities

	As of December 31 of 2017		As of December 31 of 2016	
	Current	Non Current	Current	Non Current
Advance payments from clients for network use (2)	$ 8,278,678	$ -	$ 8,613,013	$ -
Deferred income	437,500	-	1,187,500	-
Contingent liabilities (1)	-	33,081,908	-	29,877,512
	$ 8,716,178	**$ 33,081,908**	**$ 9,800,513**	**$ 29,877,512**

(1) The EEC recognized labor and civil contingencies for processes considered probable in case of a decision against the Company. According to the IFRS 3 guidelines, those with a possible (low probability) rating should be considered in a business combination. Additionally, fiscal contingencies were fully included considering their nature. Following are the main processes considered:

a. Cooperativa de Ingeniería ISECOOP Process.

Starting date:: 2013
Value sought: $2.916.000
Value reserved: $2.916.000
Reason for the trial: For item 5 of clause 2 of service provision agreement 37 of October 2 of 2016, executed with the EPC, to be considered null.
Current status: The claim was timely responded. Awaiting a first instance ruling.

b. Cooperativa de Trabajo Asociado SERVICOMTREC Process.

Starting date:: 2013
Value sought: $1.740.380
Value reserved: $1.740.380

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Object of the trial: Declare that there was a mathematical error in Transportation Service Provision Agreement CPS-019-06 and request its change, clarification, and correction in the amendment and extension executed between SERVICOMTREC and the Company. As a result of the above, adjust the contract value in $944,341 and other values.
Current status: The claim was timely responded. The Company is in the evidence-provision phase.

c. Dalia Mercedes Lasso and Others Process.

Starting date: 2016
Value sought: $1.037.000
Value reserved: $1.037.000
Object of the trial: Carlos Arturo Cortes Sanchez injuries from electrocution.
Current status: The claim was timely responded. The Company is in the evidence-provision phase.

d. Diana Patricia Quintero Osorio Process.

Starting date: 2016
Value sought: $1.030.000
Value reserved: $1.030.000
Object of the trial:: Nelson de Jesús death by electrocution.
Current status: First instance ruling against the Company. The office declared shared negligence upon the victim being reckless, ordering the Company to pay $75,757 to the plaintiffs on the following accounts:

$33.189 for material damages
$36.886 for moral damages in favor to the plaintiff's wife
$ 5.533 for moral damages to the minor son
$ 149 on account of costs.

We appealed the first instance ruling. The office accepted it and forwarded the case to the State Council for its respective process.

e. Luis Humberto Hernandez and Others Process.

Starting date: 2016
Value sought: $500.000
Value reserved: $500.000
Object of the trial: There was a fire in August 29 and 30 of 2015 in the rural area of Nocaima, Cundinamarca, due to an alleged short circuit in the low voltage lines in the Loma Larga, Cuñaral, el Cajón, la Florida, Tobia Alta, Conchue, and Baquero sectors. The electric infrastructure is the property of the Company and there were 50 people affected.
Current status: In the evidence phase.

f. Agua de Dios Municipality Fiscal Processes.

The main fiscal litigations the Company had as of December 31, 2017, considered probable, are 6 processes between the municipality of Agua de Dios and the EEC on account of the public lighting tax.

Object of the trial: The municipality believes the Company is a passive subject of the public lighting tax upon having a substation in its jurisdiction. However, the tax obligation is disproportionate with respect to the cost the municipality incurs from the provision of the service. The rate charged based on the substation installed capacity is $12,000, which is being updated every year. The above seeks to void the public lighting tax invoices issued by the municipality.

(In thousand pesos)

Value sought: $2.147.082.
Value reserved: $2.147.182.
Current status:

i. A favorable ruling was obtained for two of the 2015 processes, on October 10 and December 4 of 2017, one for procedural arguments and the other declaring that the Company is not responsible for the industry and trade tax. The municipality filed an appeal in one of these processes; we are waiting for the second appeal.
ii. For a 2015 process, on June 13 of 2017 the evidence audience was held, transferred for conclusion purposes and filed on June 27 of 2017.
iii. The temporary suspension was refused in May 3 of 2017 for the 2016 process, regarding the appealed acts, accepting a change in the October 18 of 2017 claim.
iv. On June 2 and December 18 of 2017, two new claims regarding the March through December 2016 suits were filed. The claim was accepted in one process; for the other, we are waiting for the claim to be accepted. .

(2) Corresponds to advance payments made by the traders according to Resolution 159 of 2018 from the CREG, regulating the hedging mechanisms for payment of charges related to the regional transmission system and the local distribution system. The resolution came into force on July 2016 and its purpose is i) mitigating the risk of payment defaults related to use charges associated to the energy transported by the regional and local transmission systems and ii) ensure service continuity to the end users.

20. Equity

Capital

The authorized capital is represented by 28,378,952,140 shares with a face value of $100 each. As of December 31 of 2017 and 2016, there are 134,875,450 subscribed and paid shares.

During 2016, the main milestones changing the Company capital structure were the following:

Enersis S.A and Chilectra S.A reorganization

As a result of the Enersis S.A and Chilectra S.A reorganization (Codensa Chilean shareholders), on July 8 of 2016 companies resulting from the spinoff carried out in Chile (Enersis Américas S.A. and Chilectra Américas S.A) were entered to the Codensa shareholders book, managed by Deceval S.A. On December 1 of 2016, the Enersis Américas S.A. y Chilectra Américas S.A. reorganization was formalized, according to which Enersis Américas absorbed Chilectra Américas S.A. and subsequently changed its corporate name to Enel Américas S.A. The entry in the shareholders book was made on January 16 of 2017.

Business combination

As part of the merger process between the Company, EEC, and DECSA, an exchange ratio of 0.000691636463474128 Company shares for each EEC share, and of 0.0000109067464256447 Company shares for each DECSA share was established, equivalent to issuance of 1,668,377 Company shares, formalized on September 30 of 2016 with public deed

4063 of Notary 1 of the Bogotá Circle, registered before the Bogotá Chamber of Commerce on that same day.

As a result of the merger, the new Company subscribed and paid capital was increased from $13,209,327 to $13,376,165, divided into 133,761,651 shares with a face value of $100 pesos each.

A share placement premium was recognized for $105,365,631 as a result of the valuation of the consideration received after deducting the above shares.

Capitalization

On November 11, during an extraordinary meeting the Company General Shareholders Assembly ordered issuing 2,326,747 ordinary shares with a face value of $100 each, taken from the reserve, to be placed exclusively among the shareholders according to the Shares Placement and Subscription Regulation approved by the Board of Directors.

The shares were offered for subscription in a single round, for $64,612.56 each, of which $100 correspond to the ordinary shares face value and $64,512.56 to the share placement premium. The shares issuance publication was made on November 15, valid until December 5 of 2016.

As a result of the above share issuance process, the subscribed and paid capital was increased by 1,113,799 shares, as follows:

Shareholders	Shares	Subscribed and paid capital	Stock placement premium
Enersis Américas S.A. (a)	898,995	89,900	57,996,469
Chilectra Américas S.A. (a)	214,804	21,480	13,857,556
	1,113,799	111,380	71,854,025

Currently, Enel Américas S.A according to the above reorganization process.

Following is the shareholding composition as of December 31 of 2017 and 2016:

	Ordinary shares with no voting rights		Preferential shares with no voting rights		Shareholding composition	
Shareholders	(%) Participation	Number of shares	(%) Participation	Number of shares	(%) Participation	Number of shares
Grupo Energía Bogotá S.A. E.S.P.	42,84%	49,209,331	100%	20,010,799	51,32%	69,220,130
Enel Américas S.A	56,72%	65,148,360			48,30%	65,148,360
Other minoritary	0,44%	506,960			0,38%	506,960
	100%	114,864,651	100%	20,010,799	100%	134,875,450

(1) The name change to Grupo Energía Bogotá S.A. E.S.P was approved during the October 6 of 2017 Empresa de Energía de Bogotá S.A. E.S.P. General Shareholders Assembly extraordinary meeting.

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

Distribution of dividends

The March 28 of 2017 General Shareholders Assembly, according to Minutes No. 67, ordered distributing dividends for $526,470,858 against net profits as of December 31 of 2016.

The 2016 profits dividends, of $526,470,858 (3,860.16 (*) per ordinary share) were paid as follows: 100% of the preferential dividend and 28.39% of the ordinary dividend on April 27 of 2017, 26.85% was paid on of 2017, 26.85% on October 27 of 2017 and 17.91% on January 15 of 2018.

On March 29 of 2016, the General Shareholders Assembly (Minutes 64) ordered distributing dividends for $473,905,380 against net profits as of December 31 of 2015.

The 2015 dividends on profits, for $473,905,380 (3,541.49 (*) per ordinary share) were paid as follows: 100% of the preferential dividend and 40.78% of the ordinary dividend on June 28 of 2016, 34.54% on October 26 of 2016 and 24.68% on January 27 of 2017.
(*) Colombian pesos

Grupo Energía Bogotá S.A E.S.P VS. Enel Américas SA Arbitration Court

On December 4 of 2017, Enel Américas S.A was notified of the Grupo Energía Bogotá S.A E.S.P request to initiate an arbitration proceeding regarding differences related to the 2016 profits distribution to Emgesa S.A E.S.P and Codensa S.A E.S.P, as indicated in the Framework Investment Agreement - AMI.

Grupo Energía Bogotá S.A. E.S.P. S.A argues that Enel Américas acted against its own acts (?) upon voting for a 70% profit distribution, in disagreement with clause 3.8 of the AMI which establishes the manner in which to distribute profits and requires the parties to favorably vote a 100% distribution, as applicable during each year.

Following are the claims in this process: i) declare an Enel Américas S.AAMI default, ii) declare the Grupo Energía Bogotá S.A E.S.P faculty to convene an extraordinary Shareholders Assembly, including in the day's agenda the distribution of the outstanding distribution percentage for 2016; and iii) distribution of 100% of the outstanding distribution for each Company.

The court arbitrators were publicly selected on December 12 of 2017. However, the parties wish to elect their own arbitrators, as indicated in the AMI.

This process is being directly handled by the Enel Américas lawyers. Considering the initial phase of the process, the contingency is considered eventual. The administration considers that this situation does not affect the December 31 of 2017 financial statements.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

Other reserves

	As of December 31 of 2017		As of December 31 of 2016	
Deferred depreciation reserve (Art. 130 of the Tax Code)	$	209,885,531	$	170,987,380
Legal reserve		26,454,481		26,454,481
	$	**236,340,012**	**$**	**197,441,861**

Legal reserve

According to the Colombian law, the Company must transfer, as a minimum, 10% of the annual profits to a legal reserve until reaching 50% of the subscribed capital. The mandatory legal reserve cannot be distributed before Company liquidation, but can be used to absorb or reduce net annual losses. Amounts in excess of 50% of the subscribed capital can be distributed among the shareholders.

Deferred depreciation reserve (article 130 of the Tax Code)

On March 28 of 2017, the General Shareholders Assembly (Minutes 67) ordered creating a reserve on account of the accelerated depreciation established according to article 130 of the Tax Code, for $38,898,151 against the 2016 net profits.

On March 29 of 2016, the General Shareholders Assembly (Minutes 64) ordered creating a reserve on account of the accelerated depreciation established according to article 130 of the Tax Code, for $43,029,236 against the 2015 net profits.

On March 26 of 2015, the General Shareholders Assembly (Minutes 60) ordered creating a reserve on account of the accelerated depreciation established according to article 130 of the Tax Code, for $76,995,746 against the net profits of the period between September 1 and December 31 of 2014

For fiscal purposes, the balance reduction depreciation method will be used from 2014 on, for accounting purposes using the straight line system. Additionally, a 70% reserve was created for previous years regarding the depreciation requested in excess, from 1998 on for tax purposes and for $50,962,398.

The tax reform, Law 1819 of 2016, derogated article 130 of the Tax Code, so that reserves established up to December 31 of 2016 will revert as the accounting depreciation converges to fiscal depreciation.

(In thousand pesos)

21. Revenues From Ordinary Activities

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Regulated markets (1)	$ 3,639,009,704	$ 3,342,985,947
Public lighting (2)	109,764,445	93,884,765
Unregulated market (3)	623,088	2,543,635
Spot market (4)	182,637	1,248,831
Energy sales	**3,749,579,874**	**3,440,663,178**
Tolls and transmission	429,759,293	404,153,702
Public lighting infrastructure lease	101,305,245	89,176,910
Provision of goods and services to individuals (5)	79,893,461	72,800,406
Mutual support (6)	77,816,704	71,726,394
Commissions (7)	51,977,161	34,212,393
Public lighting infrastructure maintenance	12,411,100	10,616,575
Three connections	12,294,161	6,450,856
Connection service	8,253,936	6,675,150
Sales of measurement equipment	8,132,073	10,979,530
Others	2,105,346	1,458,876
Equipment rentals	1,563,624	1,238,859
Other services provided	**785,512,104**	**709,489,651**
	$ 4,535,091,978	**$ 4,150,152,829**

(1) As of December 31 of 2017 and 2016, energy sales in the regulated market were 8,790 and 8,097 Gwh, of which 5,000 and 4,569 Gwh, commercial clients 2,453 and 2,258 Gwh, industrial clients 1,066 and 1,038 Gwh, and official clients 270 and 231 Gwh, respectively. The change corresponds mainly to rate increases during 2017 and to the Empresa de Energía de Cundinamarca client integration, which served 297,716 clients in the regulated market as indicated in the business combination note (see Note 1.5).

(2) As of December 31 of 2017 and 2016, energy sales on account of public lighting were 301.1 and 252.5 Gwh, mainly on account of the capital district's consumption of 216.3 and 213.3 Gwh and other municipalities of 84.8 and 49.2 Gwh, respectively.

(3) As of December 31 of 2017, corresponds to 2.2 Gwh used by the six clients in the non-regulated market, in the portfolio managed by the EEC, which were integrated into Codensa from September 30 of 2016 on upon the merger being formalized. As of today, contracts with non-regulated clients have been terminated.

(4) As of December 31 of 2017 and 2016, energy sales on account of the energy pool are 0.5 and 4.2 Gwh, respectively.

(5) Supplies of goods and services to private persons are:

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Collaboration agreements and goods and services financing (a)	$ 38,763,067	$ 37,771,405
Electrical works	13,629,264	10,039,155
Technical checks	9,341,799	7,498,901
Christmas lighting	7,586,039	7,574,441
Other aggregate value services (b)	4,250,676	4,847,113
Equipment installations	2,913,846	2,331,583
Seal installation and and the calibration	2,200,188	1,882,452
Electric mobility services and energy efficiency	875,293	360,842
Induction stoves	333,289	494,514
	$ 79,893,461	**$ 72,800,406**

(a) As of December 31 of 2017 and 2016, corresponds to revenues from invoicing and collection of the "Crédito Fácil Codensa" program, according to the corporate collaboration agreement executed with Banco Colpatria Red Multibanca Colpatria S.A. for $31,916,367 and $32,387,917, respectively. It also includes revenues from financing services and electric work provided by the Company to third parties, for $6,846,700 and $5,383,488, respectively.

(b) As of December 31 of 2017 and 2016, corresponds mainly to the "product in your hands", for $3,896,381 and $2,202,097, respectively (the purpose of the service is offering a 24 additional hours payment commitment to clients the moment the technician suspends the service. Additionally, it includes the provision service recognition in order to guarantee service availability, for $270,231 and $2,310,230, respectively. The change corresponds to construction and installation work in 2016 for the Productos Naturales de la Sabana (Alquería) clients, for $ 736,510, Edificio 100 Street for $414,101 and Citibank for $310,576.

(6) Corresponds to revenues from the lease of electrical infrastructure, such as posts and inspection manholes, mainly to Empresa de Telecomunicaciones, in order to allow service line installation. The change is the result of an increase in the number of leased posts and the increase in the lease rate, resulting mainly from the increase in the CPI.

(7) Corresponds mainly to commissions recognized under the agency agreement the Company has with the subscription business partners. On February 1 of 2017, Mapfre and Codensa amended the mercantile offer accepted on December 2016, eliminating the marketing fund created with a Mapfre contribution, whose purpose was performing promotional activities allowing to commercially develop the insurance product. From that moment on, Codensa assumed the promotional activities and the advertising deployment, according to which the remuneration percentage increased by 6.81% on the received collections.

(In thousand pesos)

22. Other Operational Revenues

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Recovery of energy losses (1)	8,042,055	4,897,894
Others (2)	5,680,652	7,791,179
Fines and penalties (3)	4,350,582	2,198,952
Sale of obsolete materials	3,442,838	2,565,861
Compensation for claims (4)	-	844,920
Negative Goodwill (See note 1.5.5.)	-	21,244,288
	$ 21,516,127	**$ 39,543,094**

(1) The change corresponds mainly to i) implementation of Unified Opinion No. 34 from the Superintendence of Public Household Utility Services on November 10 of 2016, extending the recovery cost in case of willful misconduct and reducing due process times, and ii) greater effectiveness upon recovering energy losses.

(2) Corresponds mainly to the contractors' recognition of the operation's missing materials.

(3) As of December 31 of 2017 and 2016, corresponds mainly to fines and sanctions applied to contractors for contractual defaults, for $4,308,263 and $2,216,903, respectively.

(4) Corresponds mainly to the insurance companies' recognition of the following claims during 2016:

Claim	Claim date	Insurance company	Type of claim	Value in pesos
Guacheta substation	June/2014	Mapfre	Construction	$ 150,160
Concordia substation	November/2013	Seguros Bolivar	Fire	170,421
Inmel merchandise	June/2015	Mapfre	Theft	472,095

23. Supplies And Services

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Energy purchases (1)	$ 1,874,417,202	$ 1,792,225,688
Transportation costs (tolls and transmission)	468,024,137	405,884,761
Other variable supplies and services (2)	234,731,883	203,843,541
	$ 2,577,173,222	**$ 2,401,953,990**

(1) As of December 31 of 2017 and 2016, energy purchases are 10,330 and 9,597 Gwh; purchases for the regulated market have a 97.5% participation, resulting in contracts with 8,002 and 8,073 Gwh and pool purchases for 2,064.3 and 1,279 Gwh. The remaining 2.5% corresponds to purchases for the non-regulated market, with 263 and 245 Gwh, respectively.

(2) Following is a description of other variable supplies and services:

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Costs of providing goods and services to individuals (a)	$ 73,686,295	$ 48,026,849
Industry and trade tax	52,615,464	51,200,554
Public lighting maintenance and others	39,985,569	39,070,570
Costs related to measurements equipment	33,824,764	31,817,871
Quality service compensation	15,036,327	16,755,027
Cut and reconnection costs	12,112,650	11,086,000
Contributions of regulation entities	5,733,995	4,061,803
Other local taxes related to sales	1,736,819	1,824,867
	$ 234,731,883	**$ 203,843,541**

(a) As of December 31 of 2017 and 2016, corresponds mainly to costs associated to value added service deals, such as electric work, Christmas lighting, and subscriptions to magazines, insurance, and other products. On February 1 of 2017, Mapfre and Codensa amended the mercantile offer accepted on December 2016, eliminating the marketing fund created with Mapfre contributions, whose purpose was performing promotional activities allowing to commercially develop the insurance product. From that moment on, Codensa assumed promotional and advertising activities, as a result of this new activity the remuneration percentage having increased by 6.81%. The contractual change has increased costs, in addition to payments resulting from the growth of the above products and the update of supplier prices.

(In thousand pesos)

24. Personnel Expenses

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Wages and salaries (1)	$ 146,865,321	$ 127,563,574
Social security service and other social charges	34,788,485	30,420,399
Expense (income) on account of the post-employment	1,191,022	924,504
benefits obligation(2)	-	(3,634,128)
Expense (income) for retirement plans obligation (3)	656,915	5,858,192
Other personnel expenses (4)	**$ 183,501,743**	**$ 161,132,541**

(1) As of December 31 of 2017 and 2016, corresponds to wages and salaries, for $113,314,456 and $95,706,541, bonuses for $10,028,989 and $13,126,550, vacation and vacation bonus for $10,813,892 and $8,711,938, service bonus for $4,642,575 and $3,669,541, severance and severance interests for $4,028,745 and $3,007,591, amortization of employee benefits for $4,036,665 and $3,341,411, respectively.

(2) As of December 31 of 2017 and 2016, corresponds to the cost of the current service of active personnel associated to the retroactive severance benefit for $119,341 and $111,126, 5-year periods for $268,132 and $1,660,346, respectively. As of December 31 of 2017 and 2016, as a result of the actuarial calculation made by Aon Hewitt, México the effect of actuarial losses is included in 5-year periods, arising from changes of variables for $803,549 and $(846,968), respectively.

3) As of December 31 of 2016, corresponds to expenses (recoveries) associated to voluntary retirement plans (see Note 17).

(4) The change corresponds mainly to payments recognized in 2016 under labor litigations susceptible to rating changes according to the analysis made by the lawyers, for $5,093,121 (see Note 16).

25. Other Fixed Operational Expenses

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
External, Independent and other professional services (1)	$ 171,113,116	$ 132,972,418
Repairs and conservation (2)	76,746,047	57,170,651
Other supplies and services (3)	19,830,263	20,658,171
Leases and rent	11,232,970	8,167,119
Taxes and fees (4)	9,914,849	21,703,952
Insurance premiums	4,642,866	6,405,766
Advertising, promotion and public relations	4,267,319	4,159,303
Transportation and travel expenses	2,672,016	2,363,997
	$ 300,419,446	**$ 253,601,377**

(1) Following are the itemized independent professional services, outsourced services, and others:

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Maintenance services, software and computer applications development (a)	$ 29,435,701	$ 13,030,997
Market recovery agreements (b)	26,333,313	16,442,015
Readings (b)	21,281,726	17,649,701
General Management Expenses	16,645,217	17,566,351
Collection Agrrements (b)	14,274,371	11,927,471
Client service agreements (b)	13,541,111	9,543,969
Other management and operation agrrements	9,855,919	8,370,375
Diagnosticts, inspection and maintenance of substations, grids and electrical installations.	8,200,950	8,713,954
Inventories and materials logistic operator agreements	4,727,279	3,167,613
Telecommunications services	4,149,636	2,296,489
Transportation services management (b)	4,172,773	2,959,279
Fees	4,070,283	4,960,745
Invoices delivery	3,943,909	3,823,728
Industrial safety	3,078,726	2,118,773
Unpaid management contracts (b)	2,650,764	1,248,266
Losses in claims	1,816,825	1,042,611
Mess hall and cafeteria	994,051	483,406
Temporary personnel service	988,467	846,584
Office supplies and materials	856,864	858,285
Civil and administrative litigations (c)	95,231	5,921,806
	$ 171,113,116	**$ 132,972,418**

(a) The 2017 increase corresponds mainly to the contracting and implementation of services associated to cloud architecture, resulting in benefits for the Company regarding end user availability, portability, and flexibility. For the provision of the service, in 2017 the Company made agreements with Amazon Web Services and Enel Italia.

(In thousand pesos)

(b) The increase in these items corresponds mainly to operations carried out in the Cundinamarca area, integrated to Codensa, which up to September 30 of 2017 had been managed by the former EEC.

(c) The change corresponds mainly to the 2016 payments under civil litigations subject to changes in their rating according to the analysis made by the attorneys, for $5,765,768 (see Note 16).

(2) Corresponds mainly to grid, line, and duct maintenance of the Cundinamarca area operations integrated to Codensa, which as of September 30 of 2016 were managed by the former EEC.

(3) As of December 31 of 2017 and 2016, corresponds mainly to electrical material for $2,569,609 and $4,451,780, security and surveillance services for $6,557,111 and $7,166,226, mail services for $2,329,191 and $1,139,256, studies and projects for $649,702 and $919,797, respectively.

(4) As of December 31 of 2017 and 2016, corresponds mainly to the 2015 wealth tax of $7,796,019 and $19,539,631, respectively, according to Law 1739 of 2014 which created the wealth tax for 2015 through 2017 for legal persons. The reduction of the wealth tax for 2017 and 2016 corresponds to the change to the 0.4% and 1% rates, respectively.

26. Depreciation, Amortization, And Impairment Loss Expenses

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Depreciations (Nota 12)	$ 296,554,427	$ 248,947,545
Amortizations (Nota 11)	16,949,794	15,108,837
Depreciations and amortizations	**313,504,221**	**264,056,382**
Reversion from impairment of financial assets (1)	9,174,751	6,075,377
	$ 322,678,972	**$ 270,131,759**

(1) As of December 31 of 2017 and 2016, corresponds mainly to i) the energy pool for $7,664,830 and $5,692,793, variation of the public lighting clients' aging. Among the most important clients are the municipality of Agua de Dios for $1,576,212, (ii) the supplementary business portfolio for $1,491,771 and $309,135. Included in this change is the client Prodesa S.A. for $784,116, debt that originated from work carried out in the Chía-Cota housing project, not approved by CAR (Corporación Autónoma Regional de Cundinamarca); according to the legal area's opinion, it is not possible to pursue legal actions.

27. Net Financial Income

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Cash revenues and other equivalent revenues(1)	$ 13,789,298	$ 11,952,666
Interest on arrears	8,619,453	8,058,690
Interests on employee loans (2)	5,149,899	4,214,690
Other financial income (3)	1,699,335	3,238,345
Interests on client financing	1,167,587	1,565,675
Financial income	**30,425,572**	**29,030,066**
Financial obligations (4)	(136,795,987)	(141,942,003)
Post employment benefits obligation	(19,448,520)	(16,463,837)
Tax on financial transactions	(22,866,713)	(21,288,534)
Other financial costs (5)	(13,754,284)	(6,070,323)
Financial leases (Leasing)	(320,234)	(572,335)
Financial expenses	**$ (193,185,738)**	**$ (186,337,032)**
Revenues from exchange rate differences	3,291,773	7,135,966
Expenses from exchange rate differences	(5,191,513)	(8,039,038)
Net exchange rate difference (6)	**(1,899,740)**	**(903,072)**
Total financial result, net	**$ (164,659,906)**	**$ (158,210,038)**

(1) Corresponds mainly to financial revenues, in national currency, from deposits and investments in various entities such as Alianza Fiduciaria, Avvillas, BBVA, Banco Bogotá, Caja Social, Citibank, Colpatria, Corficolombiana, Corpbanca, Corredores, Pichincha, and Valores Bancolombia.

(2) As of December 31 of 2017 and 2016, corresponds to financial interests from housing loans for $894,195 and $804,084 and the financial effect of loans to employees, at differential market rates, for $4,255,703 and $3,410,605, respectively.

(3) As of December 31 of 2017, corresponds mainly to the VAT portfolio's financial update for public lighting infrastructure for $1,131,387. As of December 31 of 2016, corresponds mainly to the contingent liability update of the Rio Negro hydroelectric station for $1,525,536 and the financial update of the Nueva Esperanza substation environmental compensation for $521,986.

(4) Corresponds to interests from bonds issued and generated under the Company issuance and placement bond program, as follows:

(In thousand pesos)

Issuance	Year ending on December 31 of 2017	Year ending on December 31 of 2016
A10-07 bonds interest	$ 7,360,081	$ 49,067,912
Bank of Tokyo loans (a)	31,349,749	21,536,282
B12 bonds interests	17,117,586	23,665,543
E5-17 bonds interests (c)	16,236,395	-
B5-13 bonds interests	14,523,620	20,657,828
B7-14 bonds interests	14,425,122	19,985,257
Other commercial loans (b)	13,936,425	4,122,648
E2-17 bonds interests (c)	8,932,436	-
A10-08 bonds interests	7,764,277	10,221,851
E7-17 (c) bonds interests	7,123,213	-
E4-16 bonds interests	6,741,000	1,976,616
B604 bonds interests	-	2,271,661
Total	**145,509,904**	**153,505,598**
Interest capitalization	(8,786,465)	(11,927,334)
A10-07 bond issuance premium amortization	72,548	363,739
	$ 136,795,987	**$ 141,942,003**

(a) Corresponds to interests of credits obtained from The Bank of Tokyo Mitsubishi UFJ on March 17 of 2016 for $200,000,000 with an agreed effective annual rate of 8.4931%, on June 10 of 2016 for $162,000,000 with an effective rate of 8.8150%.

(b) Corresponds to interests from bank loans secured for the business combination (see Note 14).

(c) Corresponds to interests from the 2017 bond issuances (see Note 14).

As of December 31 of 2017, corresponds mainly to the financial updates of: i) the provision for the public lighting litigation for $7,127,356, ii) the contingent liability of the Rio Negro hydroelectric station for $2,416,788, and iii) the financial update of the PCB dismantling compensation for $ 953,509 (see Note 16).

(5) As of December 31 of 2016, corresponds mainly to the update to the public lighting VAT current value for $3,943,093 as a result of the reclassification from short to long-term (see Note 7).

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Grupo Enel

(6) The origin of the effects on income from exchange differences corresponds to:

	Year ending on December 31 of 2017	
	Revenues from exchange rate differences	Expenses from exchange rate differences
Cash on hand	$ 28,118	$ (113,619)
Balance in banks	67,173	(274,075)
Cash and cash equivalents	**95,291**	**(387,694)**
Current accounts receivable	178,973	(124,735)
Inventories	-	(2)
Total assets	**274,264**	**(512,431)**
Accounts payable for goods and services	1,813,303	(2,685,821)
Commercial creditors	1,204,206	(1,993,261)
Total liabilities	**3,017,509**	**(4,679,082)**
Net income	**$ 3,291,773**	**$ (5,191,513)**

	Year ending on December 31 of 2017	
	Revenues from exchange rate differences	Expenses from exchange rate differences
Cash on hand	$ 8,114	$ (36,313)
Balance in banks	832,135	(90,408)
Cash and cash equivalents	**840,249**	**(126,721)**
Cuentas por cobrar Currents	265,876	(114,492)
Total assets	**1,106,125**	**(241,213)**
Accounts payable for goods and services	5,929,359	(7,652,825)
Advance payments to clients	100,482	(145,000)
Total liabilities	**6,029,841**	**(7,797,825)**
Net income	**$ 7,135,966**	**$ (8,039,038)**

(In thousand pesos)

28. Income From Other Investments

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Loss on account of previous participation (1)	$ -	$ (17,961,622)
Dividends of associated investments (2)	164	1,129,958
Participation method (3)	(94)	(2,629)
	$ 69	**$ (16,834,293)**

(1) On September 30 of 2016, the Company recognized a loss from its previous participation in DECSA for $(17,961,622) as a result of the evaluation at reasonable value required by IFRS 3 "Business Combination" (see Note 1.5.2).

(2) As of December 31 of 2016, corresponds to dividends declared on March 2016 by DECSA S.A E.S.P in favor of the Company.

(3) Corresponde al método de participación aplicado sobre Inversora Codensa S.A.S.

29. Income From The Sale And Disposal Of Assets

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Property, plant and equipment(1)	$ 8,000,887	$ 6,635,740
Materials (2)	2,521,020	4,186,291
Intangible assets	716,950	-
Others	-	13,443
	$ 11,238,857	**$ 10,835,474**

(1) Corresponds mainly to disposal of equipment from substations, lines, and grids, distribution transformers, and public lighting fixtures on account of obsolescence, damages, and replacement.

(2) Corresponds mainly to invoicing of materials to collaborating companies as a result of a physical inventory.

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30.Gains Tax Expense

The provision for the year income, for income tax purposes, CREE, and the income surcharge is the following:

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Income current tax	$ 397,928,267	$ 231,673,758
CREE current tax	-	139,490,932
	397,928,267	**371,164,690**
Previous years' income tax (1)	(3,275,949)	724,882
Deferred tax (1) (See note 13)	28,720,448	39,432,166
Previous years' deferred tax (1) (See note 13)	4,639,893	(733,528)
	$ 428,012,659	**$ 410,588,210**

(1) As of December 31 of 2017 and 2016, corresponds to the reduction of the net deferred tax for $33,360,341 and $38,698,638, which includes (i) the year's deferred tax for $28,720,448 and $41,005,119 (ii) the deferred tax of previous years for $4,639,893 and ($733,528) (iii) the effect from rate changes as a result of the tax reform for $- and ($1,572,953), respectively.

Following is the conciliation between the income tax that would result from applying the current general tax rate to the "income before taxes" and the entered expense equivalent to an effective rate on profits as of December 31 of 2017 and 2016 of 40.71% and 43.6%, respectively:

Effective tax rate reconciliation	Year ending on December 31 of 2017	Rate	Year ending on December 31 of 2016	Rate
Year profits	$ 623,485,951		$ 542,879,556	
Gains tax expense	428,012,659		410,588,210	
Gains before tax	**1,051,498,610**		**953,467,766**	
Legal rate of current tax	40%		40%	
Tax according to current legal rate	**(420,599,444)**	(40%)	**(381,387,106)**	(40%)
Permanent differences:				
Nondeductible taxes (1)	(4,585,785)	(0,44%)	(4,547,704)	(0,48%)
Nondeductible wealth tax (2)	(3,118,408)	(0,30%)	(8,522,055)	(0,89%)
Expenses without a causal relationship and other non-deductibles (3)	(1,019,728)	(0,10%)	(1,524,709)	(0,16%)
Expenses from previous years	(164,469)	(0,02%)	(307,910)	(0,03%)
Net effect estimated liabilities movement and permanent provisions	1,713,985	0,16%	(4,818,749)	(0,51%)
Presumed interests	(12,889)	0%	(6,627)	0%
Additional disabled persons deduction	69,725	0,01%	43,582	0%
Dividends not taxed	66	0%	452,209	0,05%
ot tax-related revenues and greater science and technology tax deduction (4)	-	0%	3,937,239	0,41%
Business combination (5)	-	0%	1,313,067	(0.14%)
Other permanent differences (6)	83,842	0,01%	(16,841,045)	(1,77%)
Rate differences adjustment - previous years deferred adjustment	936,390	0,09%	1,572,952	0,16%
Income statement adjustments (7)	(1,363,944)	(0,13%)	8,646	0%
CREE Overcharge of adjustment effect	48,000	0%	40,000	0%
Total permanent differences	**(7,413,215)**	**(0,71%)**	**(29,201,104)**	**(3,06%)**
Gains tax expense	**$ (428,012,659)**	**(40,71%)**	**$ (410,588,210)**	**(43,06%)**

(1) As of December 31 of 2017 and 2016, corresponds to the effect on the income tax and the CREE from the tax on financial activities for $4,573,342 and $4,499,967 and the vehicles tax for $12,443 and $47,737, respectively.

(2) The reduction in the wealth tax for 2017 and 2016 corresponds to the change to the 0.4% and 1% rate, respectively.

(3) As of December 31 of 2017 and 2016, corresponds mainly to the effect on the income tax, the CREE, and surcharges from expenses with no cause-effect relationship, such as donations, loan remissions, and others.

(4) For 2016, corresponds to the tax benefit from science and technology, representing an additional deduction of 75% of the value invested, for $513,715, non-taxed revenues from profits using the participation method for $3,001,238, among others.

(5) Corresponds to the tax associated to business combination items, negative goodwill for $8,497,716, and the loss of the prior participation valuation of the EEC investment for ($7,184,649).

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

(6) As of December 31, other permanent differences correspond to i) the non-offset deferred tax for $18,451,535, ii) adjustments to other permanent losses entered to equity from the business combination, for $1,055,546, and iii) the recalculation of deferred taxes, for $554,944.

(7) The variation corresponds to the difference between the income provision calculation and values included in the income tax return. These differences result in changes both in the current tax and in the deferred tax. The main items causing the variation are i) the difference between the accounting and the fiscal depreciation, ii) invoices arriving before the income tax return being filed and having been previously considered not deductible in the income provision, and iii) differences between the fiscal and accounting portfolio provisions.

31. Per-Share Profits

The basic per-share profits are calculated by dividing profits attributable to the shareholders, adjusted with preferential dividends after taxes, by the weighted average of common outstanding shares in the year. As of December 31 of 2017 and 2016, common and diluted shares are the same, there being no shares acquired by the Company.

	Year ending on December 31 of 2017	Year ending on December 31 of 2016
Year profits attributable to owners	$ 623,485,951	$ 542,879,556
Preferential dividends (1)	5,971,222	6,004,661
Year profits attributable to owners adjusted by preferential dividends	617,514,729	536,874,895
Weighted average of outstanding shares	134,875,450	134,875,450
Per basic and diluted share profits (*)	**$ 4,578,41**	**$ 3,980,52**
(*) In COP		

(1) Of the total number of Grupo de Energía de Bogotá S.A. ESP shares, 20,010,799 correspond to shares with no voting rights and annual preferential dividends of US $0.10 per share.

32. Other Compressive Income

		Year ending on December 31 of 2017		Year ending on December 31 of 2016
Components of other comprehensive income that will not be reclassified to the year income				
Losses on account of new defined benefits plan measurements (1)	$	9,058,500	$	(34,284,141)
Losses from new measurements of financial instruments, measured at reasonable value with changes in the ORI (2)		(15,441)		18,080
Gains (losses) for cash flow hedges		-		29,247
Other comprehensive income that will not be reclassified to the year income, tax net		**9,043,059**		**(34,236,814)**
Components of other comprehensive income that will be reclassified to the year income, before taxes				
Gains (losses) for cash flow hedges		15,314		64,570
other comprehensive income that will be reclassified to the year income, before taxes		**15,314**		**64,570**
Deferred and gains tax related to the components of other comprehensive income that will not be reclassified to the year income				
Tax effect due to losses in new measurements of defined benefit plans (1)		(3,426,791)		10,646,567
Cash flow hedges tax effect		-		(11,699)
Total gains tax related to the components of other comprehensive income that will not be reclassified to the year income		**(3,426,791)**		**10,634,868**
Gains tax related to the components of other comprehensive income that will be reclassified to the year income				
Cash flow hedges tax effect		(5,524)		(25,828)
Total gains tax related to the components of other comprehensive income that will be reclassified to the year income		**(5,524)**		**(25,828)**
Total other comprehensive income	**$**	**5,626,058**	**$**	**(23,563,204)**

(1) Corresponds to the effect of actuarial losses determined by Aon Hewitt México. As of December 31 of 2017 and 2016,

codensa
Grupo Enel

losses affecting equity are the following:

	Year ending on December 31 of 2017			Year ending on December 31 of 2016		
	Pensions and Benefits	Retroactive severance	Temporary income	Pensions y Benefits	Retroactive severance	Temporary income
Initial balance	**$ (61,311,831)**	**$ 303,394**	**$ (2,824,518)**	**$ (27,917,885)**	**$ (957,467)**	**$ -**
Increases (Decreases) on account of business combination (See note 1,5,6)	-	-	-	(12,727,861)	1,407,832	-
Actuarial Gain (loss)	9,351,416	(372,017)	79,101	(29,357,251)	(219,359)	(4,707,531)
Current tax	(3,087,480)	-	-	(5,695,584)	-	1,883,013
Deferred	(462,077)	122,766	-	14,386,750	72,388	-
Ending Balance	**$ (55,509,972)**	**$ 54,143**	**$ (2,745,417)**	**$ (61,311,831)**	**$ 303,394**	**$(2,824,518)**

The value of losses is directly transferred to accrued gains, not being reclassified to the equivalent annual income.

(2) As of December 31 of 2017 and 2016, gains/losses from the investment in Electricaribe S.A E.S.P as a result of the valuation were entered to comprehensive income, for ($15,441) and $18,080, respectively. The value of the losses is directly transferred to accrued gains, not being reclassified to the equivalent annual income.

33. Assets And Liabilities In Foreign Currency

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

Summary of assets and liabilities presented in foreign currency:

	As of December 31 of 2017					
	(EUR)		(USD)		(Thousand pesos)	
Cash and cash equivalents	€	5,411	US$	23,812,762	$	71,076,669
Debtors		94,042		53,999		498,101
Accounts payable		(2,692,117)		(2,526,354)		(17,184,981)
Net active (passive), position	**€**	**(2,592,664)**	**US$**	**21,340,407**	**$**	**54,389,789**

	As of December 31 of 2017					
	(EUR)		(USD)		(Thousand pesos)	
Cash and cash equivalents	€	5,743	US$	715,592	$	2,165,465
Debtors		110,714		27,285		432,334
Accounts payable		(4,280,631)		(3,816,649)		(25,002,738)
Net (passive) position	**€**	**(4,164,174)**	**US$**	**(3,073,772)**	**$**	**(22,404,939)**

34. Sanctions

The Company was notified of the following sanctions between January 1 and December 31 of 2017:

> On February 2017, the Company was notified the sanction applied through Resolution 85653 of 2016 from the Industry and Trade Superintendence, for 350 minimum current monthly legal salaries, equivalent to $241,309, as a result of a complaint filed by Claudia Milena Muñoz Triviño upon considering that the Company had violated the personal data protection norms by publishing in Twitter personal information. On March 6 of 2017, an appeal was filed against such sanction. On July 14, the Superintendence of Industry and Trade notified the Company the resolution confirming the sanction applied to Codensa, continuing with the appeal. On December 13 of 2017, the Superintendence notified Resolution 6323 of October 4 of 2017 deciding on the appeals filed against Resolution 85653 of 2016 and confirming the fine for COP $241,309. This fine was paid on December 20 of 2017.

> On June 2017, the Superintendence of Public Utility Services revoked the fine applied on May 24 of 2016 for $160,643, included in file 2015240350600100E, related to problems with the electric power service. The entity considered that the ITAD and IRAD quality indicators, reported by the Company, were not affected, so that there had been no problem with the electric power service.

> On June 2017, the Superintendence of Industry and Trade confirmed the sanction against Codensa for not following instructions given by such entity regarding the information requirement of 2013 related to the terms and conditions of the coupon called 24 hours 7454-123 free home delivery service. As a result of the above, Codensa paid $11,031.

> On July 26 of 2017, the Superintendence of Public Utility Services decided to apply a fine of $1,475,434 (approx. US$491,811.33) upon considering that the quality indicators had been indeed violated, as included in file 2016240350600015E and established in Resolution CREG 097 of 2008. The sanction was appealed and is currently awaiting a decision.

On October 3 of 2017, the Company was notified of the following sanctions by the Superintendence of Public Utility Services:

> Tha sanction applied through resolution 20172400171635 of 2017 for $ 1,490,188 upon considering that the Company had defaulted its obligation to report fatal accidents to the SUI Information System, related to the death by electrocution of a pedestrian upon falling into a public lighting manhole and considering that electric safety norms had not been followed, as established in the Technical Regulation of Electric Installations, and the existence of a problem with the service upon a manhole missing the cover and not having protections to prevent electrocution. The sanction was appealed and is awaiting a decision.

> The Superintendence of Public Utility Services decided to apply the fine according to resolution 20172400172775 of 2017 for $ 981,163, upon considering that the fall of a wooden post and its respective live electric lines in the rural area of Sasaima failed to meet the electric risk mitigation and safety obligations contained in the RETIE risk prevention norms, as well as a problem with the service upon the Company not having acted diligently to prevent it. The sanction was appealed and is awaiting a decision.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

As of December 31 of 2016, the Company was notified of the following sanctions:

> On June 8 of 2016, the Superintendence of Industry and Trade applied a sanction for $11.031 as a result of late delivery of the information required by such entity. An appeal was filed.

> On December 2 of 2016, through resolution 20162400064595 the Superintendence of Public Utility Services confirmed a fine for $20,619, applied on November 17 of 2015 with resolution 20152400051515, upon considering the inadequate application of the rate to the "Hardbody" gym and considering that the Company, as grid operator, should have had information on the assets' ownership from the moment the service was connected.

35. Other Insurance Policies

In addition to policies mentioned in the properties, plant, and equipment note (see Note 12), the Company has the following policies:

Good/person insured	Covered risks	Insured value Figures in thousands	Maturity	Insurance company
Transportation of merchandise	Loss or damage of transported goods	Limit $5,000	31/07/2018	Generali Colombia
Employees with direct contract (a)	Death, permanent and total disability	Maximum individual insured value: $1,800	01/01/2019	Generali Colombia
Counselors or managers	Civil responsibility of directors and managers	USD $ 5,000	10/11/2018	SBS Seguros (formerly AIG Seguros)

(a) The Company renewed the employees' policy with a direct contract for 2018, according to the following:

Insured good	Covered risks	Insured value (figures in thousands)	Maturity	Insurance company
Employees with direct contract (a)	Death, permanent and total disability	Maximum individual insured value: $1,800	01/01/2019	Generali Colombia

36. Commitments And Contingencies

I. Purchase commitments

As of December 31 of 2017, the Company had the following energy purchase commitments:

Year	Commitments with third parties	Commitments with Emgesa S.A. E.S.P.	Total
2018	1,078,559,028	681,144,228	1,759,703,256
2019	666,600,542	1,018,517,775	1,685,118,317
2020	754,113,961	919,651,301	1,673,765,262
2021	697,984,303	1,109,934,943	1,807,919,246
	$ 3,197,257,834	**$ 3,729,248,247**	**$ 6,926,506,081**

The purchase commitments related to the supply of materials as of December 31 and 2017 are the following:

Period	Value
2018	$ 51,188,223
From 2019 to 2020	92,286,360
	$ 143,474,583

Following is the summary of the service purchase commitments:

Year	Commitments with third parties
2018	$ 22,834,077
From 2019 to 2020	170,421,555
From 2021 to 2022	3,916,941
From 2023 to 2024	352,539
	$ 197,525,112

II. Litigations and arbitration

The Company is subject to litigations, considered possible or eventual and regarding which management - with the support of its internal and external counsel - estimates that the results corresponding to the non-provisioned portion will be favorable for the Company and will not result in significant liabilities that should be accounted for, or if so that they will not significantly affect its financial situation.

Litigations considered eventual

The main litigations the Company is subject to as of December 31 of 2017, considered eventual, are:

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

a.Centro Médico de la Sabana PH and others process

Starting date: 2014

Value sought: $337.000.000

Object of the trial: For the Company to refund amounts allegedly charged in excess upon not applying rate benefits to such users belonging to the Voltage One Level, which in addition are the owners of the distribution assets.

The claim itself is based on the fact that the Company is illegally getting rich upon not affording any rate benefit to users belonging to this level and being the owners of the infrastructure, according to Resolution 82 of 2002, amended by Resolution 97 of 2008. The plaintiff establishes the value of this process based on the fact that the situation affects some 550,000 users, each one being entitled to indemnification.

Current situation: A conciliation audience was held, which failed. The evidence decree is pending.

On September 8 of 2017, the office accepted the plaintiff's request to include in the initial group of plaintiffs four legal representatives of Edificio Office Class, Centro Comercial Minicentro, Edificio Santa Ana II, and Edificio Beatriz, which are included in the group not as direct plaintiffs but as the group affected by the circumstance, entitling them to benefits possibly achieved by the claim in case of a favorable decision.

The process is in progress and the evidence decree is pending.

b. Asociación de Propietarios del Centro Urbano Antonio Nariño process

Starting date: 2009

Value sought: $15.000.000

Object of the trial: The Association demands reappraisal of a land property located inside its facilities, where a Codensa power substation operated. Codensa answered by demanding application of statute of limitations regarding the land property or the easement.

Current situation: Persons with unknown addresses, and unspecified persons, were summoned in order to apply the effects of an eventual decision to all those subject to claiming real rights in the process. The judge is currently reviewing this.

c. Asociación de Propietarios del Centro Urbano Antonio Nariño process

Starting date: 2011.

Value sought: $15.000.000

Object of the trial: Asocuán demands annulment of the permit granted by the Ministry of Culture to Codensa to intervene a cultural interest property, alleging that Codensa was not the property owner.

Current situation: The demand was replied to. We are currently in the evidence phase.

(In thousand pesos)

Litigations as plaintiffs

As of December 31 of 2017, the Company is acting as a plaintiff in four litigations that, if successful, could generate assets. These litigations correspond to annulment and reestablishment of rights claims filed against resolutions based on which the Superintendence of Public Household Utility Services calculated the special contribution mentioned in article 85 of Law 142/9090 for the tax years of 2013, 2014, and 2015 involving a taxable base in excess of that contained in the law. In case of a favorable decision, this Superintendence will refund amounts indicated by the judge. The values under discussion are: for 2013 $3,237,619; for 2014 $3,339,604, and for 2015 $5,102,330.

On November 8 and 29 of 2017, section 4 of the Contentious Administrative made a decision favorable for the Company regarding the 2014 special contribution and the 2012 special contribution calculations. According to the above, in 2018 the Company will start collecting these values, for $679,853 and $2,571,395, respectively.

37. Risk Management

The Company is exposed to several risks, which are managed by applying identification, measurement, concentration limitation, and supervision mechanisms.

Included in the basic principles defined by the Company for its risk management policy are the following:

- Meeting good corporate governance norms.
- Strictly following all Company norms.
- Each manager, corporate area, and business line defines:
  - a. The markets they may operate in, based on their knowledge and sufficient capabilities to guarantee an effective risk management.
  - b. Criteria on counterparts.
  - c. Authorized operators.
- The managers, the corporate areas, and the business lines establish their risk exposure for each market they operate in, in a manner coherent with the defined strategy.
- All activities by the managers, the corporate areas, and the business lines are carried out according to limits approved for each case.
- The managers, the corporate areas, and the business lines establish management controls for identified risks in order to ensure that all transactions in the markets will be carried out according to Company policies, norms, and procedures.

Interest rate risk

Interest rate variations change the reasonable value of assets and liabilities subject to fixed interest rates, as well as cash flows of assets and liabilities referenced to a variable interest rate.

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The purpose of the interest rate risk management is reducing the volatility of the financial expense reported in the income statements.

Depending on Company estimates and the objectives of the debt structure, hedging activities are carried out by contracting derivatives in order to mitigate these risks. Instruments that can be used are rate swaps establishing variable and fixed rates. Currently, the Company has no interest rate hedges.

Following is a sensitivity analysis of the financial expense associated to the issued debt with respect to the percentage variation of the interest rate indexes:

Interest rate	As of December 31 of 2017		As of December 31 of 2016	
	Variation (pbs)*	Sensibility and thousand COP	Variation (pbs)*	Sensibility and thousand COP
IPC	+/- 5,59 %	(+/-)$ 37,318,249	+/- 2,69 %	(+/-)$ 29,041,815
DTF	+/- 2,76 %	(+/-)$ 2,479,664	+/- 2,19 %	(+/-)$ 2,858,859

(*) The changes in the interest rates are calculated based on their historical volatility during a 3-year period (2015-2017 and 2014-2016 for the 2017 and 2016 calculations, respectively), using twice the standard variation of the series.

Exchange rate risk

Exchange rate risks could basically arise in the following cases:

a) Company debts in currencies other than the one its cash flows are indexed to.
b) Payments to be made from the purchase of materials associated to projects, in currencies other than the one its cash flows are indexed to.
c) Revenues directly related to the evolution of currencies other than the one its cash flows are indexed to.

Considering that the Company's functional currency is the Colombian peso, it is necessary to mitigate this risk by minimizing the exposure of its cash flows to the exchange rate variation risk.

Instruments that can be used are exchange rate forwards and swaps. The Company currently has exchange rate hedging in place to cover invoice payments from the purchase of assets in foreign currency.

Commodities risk

The Company is exposed to the commodities price variation risk, basically on account of energy purchase-sell operations carried out in local markets.

The Company makes most of its energy purchases under contracts, for which a price has been previously agreed, this way mitigating this risk.

Liquidity risk

The Company has a liquidity policy consisting in obtaining long-term credit facilities, cash flows, and temporary financial investments in amounts sufficient to support the expected needs during the respective period of time, according to the debt and capital markets' expectations.

The available resources should cover the financial debt service expected needs (principal plus interests), net, i.e. after financial derivatives.

Following are contractual cash flows from financial liabilities with third parties until their maturity dates, not discounted.

Concept	Current			Non Current			
	Less than 90 days	More than 90 days	Total Current	1 a 3 years	3 a 5 years	5 a 10 years	Total Non Current
Issued bonds (capital + Interests)	$ 40,250,196	$ 324,067,669	$ 364,317865	$ 389,128,270	$ 561,660,435	$ 440,115,717	$ 1,390,904,422
Bank loans (capital + Interests)	20,508,468	58,318,427	78,826,895	423,547,796	5,679,044	-	429,226,840
Financial Leasing obligations (capital + Interests)	642,283	1,112,676	1,754,959	1,036,971	-	-	1,036,971
Commercial accounts payable and other Accounts payable	1,030,149,051	-	1,030,149,051	-	-	-	-
Total	**$ 1,091,549,998**	**$ 383,498,772**	**$ 1,475,048,770**	**$ 813,713,037**	**$ 567,339,479**	**$ 440,115,717**	**$ 1,821,168,233**

Credit risk

The Company has carefully followed up its credit risk.

Commercial accounts receivable

In order to mitigate significant non-payment risks in the electric business, we have implemented a robust preventive payment system, based on which our clients prioritize payments with no delays. In case of nonpayment, the electric service will be suspended and direct collection activities initiated in case of high values, subsequently assigning such collection to specialized firms, this way diminishing the possibility of significant portfolio impairment. The portfolio evolution is followed up, this way allowing defining special recovery management plans for values and situations subject to causing significant damages to the Company.

Financial assets

Investment of resources available for the Company (treasury investments), generated by the operation, in other nonoperational revenues, and operations of financial derivatives, will be carried out with first rate national and foreign financial entities meeting the minimum risk rating required by the Company.

The minimum risk rating of the Company's financial counterparts should be international long-term investment grade, or its equivalent in the local scale, taking into account the minimum international rating in foreign currency of the Republic of Colombia. Investments will be made in counterparts with lower ratings only according to limits established for risks for counterparts not with investment grade, or subject to prior approval with a current risk waiver. Local risk ratings should be made by a recognized risk rating agency legally established in Colombia, for international risk ratings those from Moody's, S&P, and Fitch being acceptable. Should a financial counterpart have more than one rating, the lowest will be used.

Codensa S.A. E.S.P.
Notes to Financial Statements – Separate
(In thousand pesos)

Surplus liquidity operations will meet the following general criteria:

Security: In order to protect the investment portfolio value, resources to be placed will meet credit rating requirements contained in this document.

Liquidity: Instruments being part of the investment will have high liquidity in the market.

Profitability: The highest ROI should be sought for all investments, within the allowed risk limits.

Diversification: Avoid risk concentrations in a specific type of issuer or counterpart.

Transparency: All operations and commitments involving available resources will be explicitly recorded and supported and will be subject to current norms and procedures.

Risk measurement:

Regarding the exchange rate risk, the Company calculates the effectiveness of currency forwards, 100% replicating the underlying cash flows and covering the Colombian peso variation risk with respect to foreign currency.

The effectiveness is calculated with a retroactive and prospective test. The prospective test is defined as the quotient between the quarterly difference of the fair value of the actual forward and the quarterly difference of the fair value of the hypothetical forward.

The hypothetical derivative is defined as the forward that, on contracting day, fully diminishes the exchange rate risk and fully replicates the underlying cash flows for the respective period. On each evaluation, i.e. quarterly, the quotient should be within the range of 80-185% for the forward to be considered effective, consequently being considered an accounting hedge.

The prospective effectiveness test is made by comparing changes in the fair value and the actual derivative that has been contracted and a hypothetical derivative, for various cases of exchange rates. This simulation consists in taking the forward exchange rate to two hypothetical scenarios: +20% and -20%. The variations in the fair value of both instruments will be compared, having to be within a range of 80%-125% in order to apply accounting hedging. This will demonstrate that changes in the exchange rate will affect the fair value of the hypothetical derivative and the actual derivative in the same manner.

(In thousand pesos)

38. Information On Reasonable Values

The reasonable value of financial assets and liabilities is entered as the value at which an instrument could be exchanged in a current transaction between the parties, by mutual agreement, and not in a forced or liquidation transaction, according to the defined policy.

Following are financial assets and liabilities with differences between their book value and their reasonable value, as of December 31 of 2017:

Financial assets (1)	Value and books	Reasonable value
Commercial accounts and other accounts receivable, net	$ 611,235,794	$ 611,667,461

	Values and accounting books	Reasonable values
	As of December 31 of 2017	
Financial liabilities (2)		
Issued bonds	$ 1,382,892,111	$ 1,466,093,849
Bank loans	451,664,732	478,903,850
Leasing obligations	2,519,616	2,763,124
Total liabilities	**$ 1,837,076,459**	**$ 1,947,760,823**

(1) The Company evaluates accounts receivable and other long-term accounts receivable based on parameters such as interest rates, the risk factors of each particular country, client solvency, and the risk characteristics of each financed portfolio. Based on this evaluation, provisions are made to account for expected losses.

(2) Financial obligations and leases are estimated by deducting future cash flows, using rates available for debts with similar risk conditions and maturities. The Company uses discount rates of the 0 coupon curves according to each issuance maturity.

Reasonable values of cash flows and cash equivalents, and of commercial accounts payable, are

As of December 31 of 2017, the Company reports the following financial assets and liabilities in its financial statements, measured at reasonable value and classified by levels according to the defined policy (see Note 3.14):

Financial assets	Level 3
Financial investments - companies not listed or with low liquidity levels	$ 21,341
	Level 2
Derivative instruments (see Note 5)	$ 20,044

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39. Subsequent Events

On January 29 of 2018, the Energy and Gas Regulatory Commission - CREG, issued Resolution 15 of 2018 establishing the methodology to remunerate the electric distribution activity in the national interconnected system and respecting the existing assets base remuneration and remunerating the execution of investments, improving the remuneration of operation and maintenance expenses, and defining attainable and profitable paths to reduce losses and improve the service quality.

40. Financial Statements' Approval

The Company December 31 of 2017 general-purpose financial statements were approved by the Board of Directors in Minutes No. 269 of February 22 of 2018, for submittal to the General Shareholders Assembly according to the Trade Code.

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