

Annual Report



Emgesa
Annual Report and
Financial Statements

2013

emgesa

Table of Contents

4	•	BOARD OF DIRECTORS
4	•	MANAGEMENT
5	•	SHAREHOLDING STRUCTURE
6	•	LETTER TO SHAREHOLDERS
12	•	MACROECONOMIC OUTLOOK
14	•	SALES MANAGEMENT
32	•	PRODUCTION MANAGEMENT
46	•	FINANCIAL MANAGEMENT
56	•	EL QUIMBO HYDROELECTRIC PLANT
76	•	BUSINESS DEVELOPMENT MANAGEMENT
80	•	REGULATORY MANAGEMENT
82	•	EQUITY AND GENERAL SERVICES MANAGEMENT
88	•	SUPPLY MANAGEMENT
92	•	LEGAL MANAGEMENT
94	•	HUMAN RESOURCE MANAGEMENT
106	•	INSTITUTIONAL RELATIONS AND COMMUNICATIONS MANAGEMENT
120	•	FINANCIAL STATEMENTS

Board of Directors

Primary Member	Alternate Member
Joaquín Galindo Vélez	Omar Serrano Rueda
Lucio Rubio Díaz	Carlos Alberto Luna Restrepo
José Antonio Vargas Lleras	Juan Manuel Pardo Gómez
Sandra Stella Fonseca Arenas	Ernesto Moreno Restrepo
Ricardo Roa Barragán	Álvaro Torres Macías
Ricardo Bonilla González	Jose Alejandro Herrera Lozano
Luisa Fernanda Lafaurie	Andrés López Valderrama

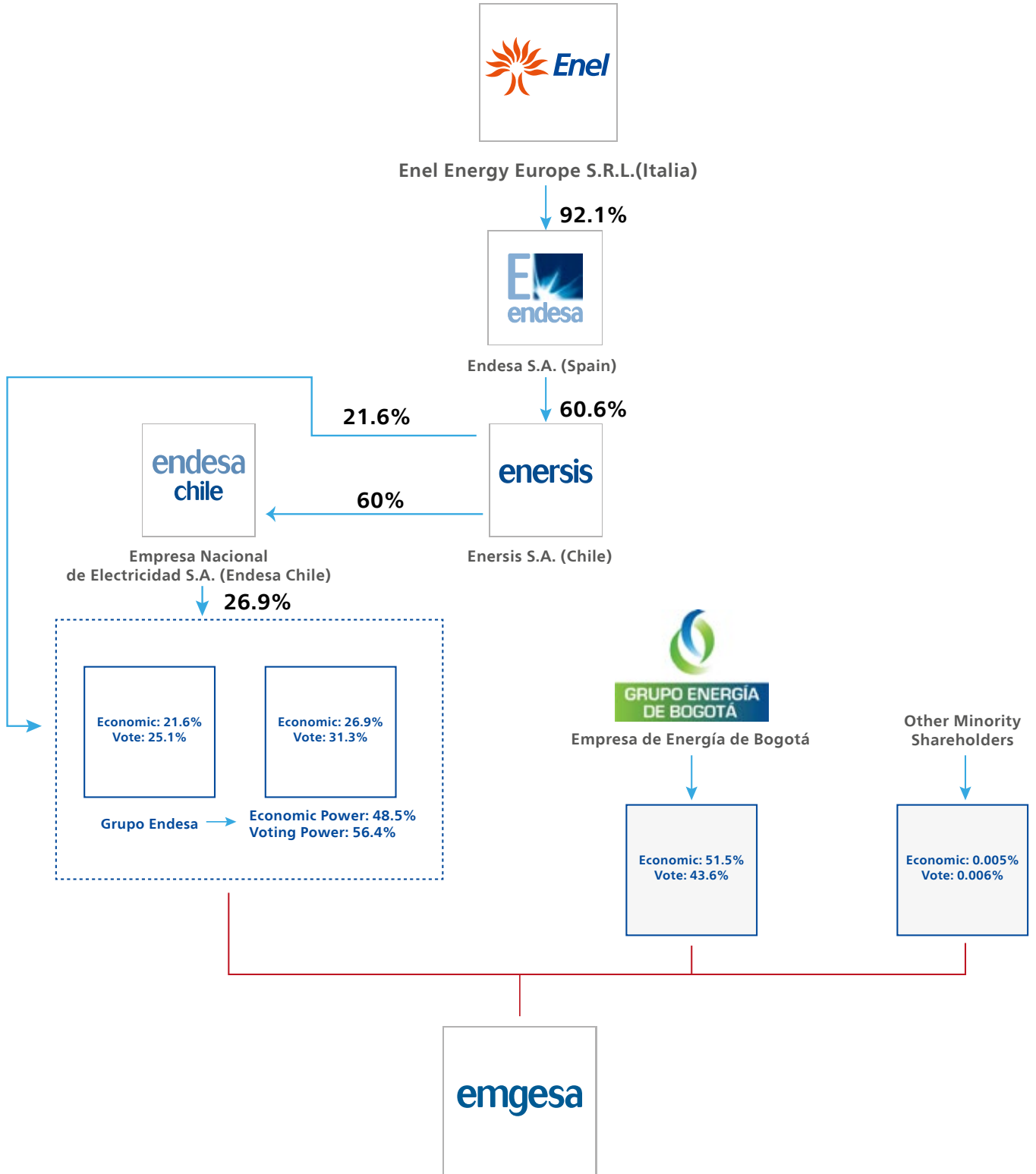
CHAIRMAN OF THE BOARD	Lucio Rubio Díaz
FIRST ALTERNATE CHAIRMAN	Carlos Alberto Luna Restrepo
SECOND ALTERNATE CHAIRMAN	Fernando Javier Gutiérrez Medina

Management

Chief Executive Officer	Lucio Rubio Díaz
Generation Manager Colombia	Carlos Alberto Luna Cabrera
Administration, Finance and Control Manager	Aurelio Ricardo Bustilho de Oliveira
Supply Manager	Raúl Gonzalo Puentes Barrera
Legal and Corporate Affairs Manager	Andrés Caldas Rico
Audit Manager	Mauricio Carvajal García
Business Development Manager	Diana Marcela Jiménez Rodríguez
Energy and Sales Manager	Fernando Javier Gutiérrez Medina
Production Manager	Carlos Alberto Mancilla Flores
Human Resources and Organizational Manager	Rafael Carbonell Blanco
Environment and Regulations Manager	Omar Serrano Rueda
Institutional Relations Manager	María Celina Restrepo Santamaría
Occupational Health and Safety Manager for Colombia	Robert Camilo Torres Vega
Equity and General Services Manager	Ana Lucía Moreno Moreno
ICT Systems and Telecommunications Manager	Ana Patricia Delgado Meza

Shareholder Structure

Sound and Reliable Controlling Group



Letter to Shareholders

Dear Shareholders:

We are pleased to present the Company's results and the most important management events in 2013.

With regard to the macroeconomic environment of our business, it is important to point out that in 2013 Colombia began to see a deceleration in Gross Domestic Product (GDP) growth. This began to show in the second half of 2012, although the year ended on a positive growth trend. While the Colombian economy had been growing at rates of 5.9% and 4.9% in the first and second quarters of 2012, respectively, this deceleration was reflected in growth rates of 2.8% and 3.3% in the third and fourth quarters of the same year. The growth rate hit its lowest point in the third quarter of 2013 (2.6%). Since then, the Colombian economy's performance has been improving, with growth rates of 3.9% and 5.1% in the second and third quarter of 2013. The latter was above the expectations of most economic analysts in the country.

In the last quarter of 2013, although we do not yet have official data, the Colombian economy is expected to have continued performing strongly. Therefore, the technical team at the Central Bank of Colombia did not change its estimated growth range for 2013, between 3.5% and 4.5%, with a growth rate of around 4% being the most likely. Unlike the conditions that lead to the Colombian economic trends in the last couple of quarters of 2012 and the first months of 2013, marked by circumstantial restrictions on investments in civil works and construction, as well as uncertainty and weakening performance of the main developed economies, in the second half of 2013 there was a change in these conditions that encourages more optimism regarding our macroeconomic environment. Firstly, it is important to note that since the second half of 2013 the performance of the Colombian economy has been accompanied by a stronger construction sector (which grew to a historic rate of 21.3% in the third quarter of 2013), as well as the positive growth rates in public spending and consumption in Colombian homes. Moreover, there have also been clear signs that the US and Eurozone economies are slowly recovering.

The good news regarding positive Colombian GDP performance in the second half of 2013, as well as positive outlooks for 2014, are fed by other significant economic events of 2013. One such event is that in October unemployment dropped to 7.8%, the lowest since the National Bureau of Statistics (DANE) began recording this indicator. With inflation as low as 1.94% at the close of 2013, it is a clear sign of the responsible macroeconomic management by our authorities. Moreover, the devaluation in the Colombian peso against the US dollar (an 8.97% devaluation in the representative exchange rate between the close of 2012 and of 2013) benefited the industrial sector which has been showing signs of stagnation in recent years.

Although there is a strong possibility that Colombian economic growth will be around 4% in 2013, representing GDP growth similar to that of 2012, the energy demand on the National Electrical Grid (SIN) did not follow the GDP trend. In 2013, the energy demand grew 2.8%, lower than the 3.8% seen in 2012. The slower growth in the Colombian energy demand in 2013 is largely explained by significantly lower growth in the mining and quarries exploitation sector (20.6% in 2012 compared to 1.2% in 2013). It is also important to note that the manufacturing sector, which has a greater share in demand from the Non-Regulated Market (Major Customers), only grew 1.4% in 2013.

In regard to energy supply in Colombia, 2013 was characterized for being a relatively dry year, with water levels at 91% of the historical average for reservoirs connected to the National Electric Grid (SIN). Unlike in 2012 when the National Electric Grid reservoir water levels were at 103% compared to the historical average (still feeling the effects of La Niña in the first half of 2012), in 2013, although ENSO-neutral conditions occurred, the relatively dry conditions were caused by the occurrence at various stages of the year of the subsidence phase of the Madden-Julian Oscillation which reduced national rainfall.

As was to be expected, the differences in water levels between 2012 and 2013 were reflected in the spot market price trends. In 2012, the average accumulated price was \$ 116.0/kWh. This was lower than the \$ 177.3/kWh recorded in 2013.

Amid the aforementioned changing evolution of energy supply and demand, the Company's sales management in 2013 translated into very positive results, most importantly, there was 7.2% growth in our variable margin. At all times, we have complied with the company's strict corporate risk management policies and have focused on our goal to provide the country with a competitive and reliable energy supply.

In 2013, total energy sales amounted to 16,090 GWh, down 1.3% compared to 2012. Of these, 8,428 GWh were contract sales on the wholesale energy market, 4,523 were spot market sales (Spot market, reconciliations and AGC service), and 3,139 GWh were sales to Non-regulated Market customers. 119 GWh of the total sales were to our own power consumption. The decrease in total sales in 2013 compared to 2012 is mainly explained by fewer sales to the energy market, in turn explained by the aforementioned change in water levels. While the higher water levels in 2012 (compared to the historical average) permitted us to offer greater quantities to the spot market, in 2013 the supply to this market was reduced due to lower water levels.

With regard to our sales management to end clients on the Non-regulated Market, it should be noted that in 2013 company sales in this segment rose 3.4% compared to 2012. One significant event was the award of an energy supply contract to Ecopetrol S.A. (the biggest company in Colombia and one of the five biggest oil companies in Latin America) for the period from April 2013 to November 2018. This deal could represent an estimated total consumption of 5,613 GWh for the contract period. Average consumption is forecast at 360 GWh/year for the first three years and 1,511 GWh/year for the last three years of the contract.

One achievement of our customer-focus designed to satisfy customers with regard to services for the Non-regulated Market is the improvement obtained in 2013 in the Quality Satisfaction Index (ISCAL) in which we achieved 87.5%. This consolidated improvements in the index over recent years, up from 82.7% in 2011 and 86.1% in 2012. This shows that we are working hard to satisfy our end clients. The 87.5% result on the ISCAL represents the percentage of EMGESA end clients that rated satisfaction with the service offered by our Company in the two highest positions on the scale: satisfied and very satisfied.

The strong performance in our sales management was based on the effective and efficient management of our power generation plants. The availability of our generation infrastructure continued to improve in 2013 compared to previous years, amounting to an average weighted availability in the EMGESA power plants of 92.1%. This was up 1.6 percentage points compared to 2012. In 2013, the availability of thermal power plants in the centralized dispatch was 84.9% (up 3.1 points compared to 2012). For hydroelectric plants this figure was 93.9% (up 1.4 percentage points compared to 2012).

Maintenance of the production centers was carried out in 2013 under the previously established action plans and schedules. This included: changing impellers in units 1 and 3 of the Paraíso Hydroelectric Plant; changing three rotor poles in unit 3 of the same plant; changing the downstream seal on globe valves in units 3 and 5 of the Guavio Hydroelectric Plant; corrective work carried out on the stator in unit 3 of the Betania Hydroelectric Plant; repair work on the water pump feeding the boiler in unit 1 of the Cartagena Thermal Energy Plant; and optimization work on the mill and burner in units 3, 4 and 5 of the Termozipa Thermal Energy Plant.

EMGESA's net generation in 2013 was 12,748 GWh. This was down 4.1% compared to 2012 mainly due to lower water levels in 2013 in the reservoirs that feed our power plants. Water levels in the Guavio Reservoir in 2013 were 91% of the historical average, while in 2012 this figure was 106%. Non-regulated water levels to the Bogotá River basin in 2013 were 101% of the historic average, compared to 136% in 2012. In Betania, water levels were 88% of the historic average in 2014, compared to 101% in 2012. Due to the low water levels in our reservoirs, our hydroelectric generation in 2013 was 11,558 GWh, down 4.5% compared to 2012. Meanwhile, our thermal power generation in 2013 was 964 GWh, up 60.2% compared to 2012 due to lower water levels nationwide (water levels to reservoirs connected to the National Electric Grid were at 91%) causing higher prices on the electricity market in 2013. This allowed our thermal power generation infrastructure to be used more than in 2012 by merit in prices. Another significant event in operational management in 2013 was the new record set by the energy generation chain of the Paraíso and Guaca plants for jointly generating 4,227 GWh, beating the previous record set in 2008 by 3.4%. This was achieved thanks to greater use of water from the Bogotá River Accumulated System in the Paraíso and Guaca Plants

(for execution of the SALACO project), the high plant availability index of the plants (96.37%), optimization of maintenance times and a high load factor (80.31%).

Consistent with the positive results in sales and operational management, the Company had strong results in its income statement at the close of 2013, generating EBITDA of \$1.48 trillion pesos. This was up 7.19% compared to the amount generated in 2012. The Company's net profit in 2013 amounted to \$870,141 million, up 11.05% compared to 2012. The fastest growth in 2013 in the net profit compared to growth in the EBITDA is explained by stronger performance in 2013 in the non-operational lines of the income statement. Interest on borrowings was lower than in 2012 due to lower interest rates, and revenue from loans was greater mainly due to a higher average balance of cash and cash equivalents. In addition in 2013, there were higher extraordinary revenue.

In September 2013, the Company successfully issued bonds from the fifth round of its Issue and Placement Program for the local capitals market, through a Dutch auction carried out on the Colombian Securities Exchange. \$400,000 million was offered initially at attractive interest rates for EMGESA, and the possibility was left open to increase it to \$565,000 million should there be greater demand from investors. Due to high demand (\$880,750 million) equivalent to 2.2 times the amount offered, the Company placed the entire round for \$565,000 million in two series: one series for \$201,970 million at 6 years at CPI + 4.25%, and another series for \$363,030 million at 12 years at CPI + 5.00%. The resources from the placement of the Bonds Program fifth phase will be used to finance the needs of the El Quimbo Hydroelectric Plant (\$515,560 million) and to pre-finance the maturity of bonds in February 2014 for \$49,440 million. The success of the issuance once again showed investors' interest in the Company, due to sustained positive financial results throughout our history, as well as good investor relation practices and management.

Borrowings as at December 31, 2013 were divided into bonds issued on the local capital market for \$2.15 trillion, bonds indexed in Colombian pesos issued to the international market for \$736,760 million and a Club Deal loan with the local bank for \$305,000 million, which was refinanced in December 2013 to extend its average life by 1.5 years and reduce the associated cost of borrowings. For example, in order to show the Company's level of debt, it should be pointed out that total assets at the close of 2013 amounted to \$9.78 trillion.

In addition to our positive credit ratings, we also have IR Recognition (Investor Relations) granted to EMGESA by the Colombian Securities Exchange in 2013 at the 5th Annual Asobolsa Conference (the Colombian Stock Brokers Association). This recognition was given due to the work done by the Company to raise its standards in disclosing information to investors and to the financial community, legitimizing the transparency of our operations.

We are also pleased to report that the long-term national scale rating, the third issuance and the EMGESA Bond Issue and Placement Program were rated AAA by Fitch Ratings Colombia in 2013. Moreover, in 2013 EMGESA's international rating as a long-term corporate debt issuer in local and foreign currency was upgraded by Fitch Ratings in May and by Standard & Poor's in June, going from BBB- to BBB and maintaining a stable outlook in both cases.

The positive growth outlooks for the Colombian economy in the next few years, as well as our Company's solid financial situation, foresee a promising future for us to cover a growing energy demand using the expansions that we are currently undertaking at El Quimbo and SALACO through our strategic growth policy.

At the close of 2013, progress in the El Quimbo Hydroelectric Plant (400 MW) S curve was 57.31%. Milestones in the execution of the main contracts included: the culmination in 2013 of the housing and office sites; the culmination of the concrete bases for the two generator units; significant progress in filling the dam; 94% progress in construction of control building structures for the machine room; finalization of tunnel works for the tailrace; the arrival in Colombia through Cartagena Port of the transformers, generator parts, sections of bridge cranes, spillway radial gates, and other equipment required for the assembly and start-up of the generator units; and, the start of welding and assembly of the draft tubes, pre-distributor and spiral scroll case of the two generator units. Additionally, we completed the assembly of two bridge cranes required to assemble the electromechanical equipment for the power plant. We began construction of three sections of the replacement road for the existing road network (as part of the replacement road construction contract for the plant) and began work on the foundations of the El Balseadero Viaduct and for the Barrialosa and Alonso Sánchez bridges.

With regard to progress in the El Quimbo Hydroelectric Plant Socio-Environmental Management Plan, in line with the Company's commitment to fully comply with all its legal obligations (in this plant's case, this is mainly from its environmental license) and driven by our will to establish the best possible (shared value) relations with the communities located in the plant's area of influence, we can highlight the following activities executed in 2013: completion of designs for the relocation of Llanos de la Virgen for the community of Escalereta, of Santiago and Palacio for the community of Balseadero, and of Montea for the community of Veracruz; eight individual relocations were carried out in 2013, which brings this total to 16 throughout the total execution of the project.

As another part of the El Quimbo Hydroelectric Plant's Socio-Environmental Management Plan, considering that the plant will generate changes in the productive activities that were previously carried out in the area of influence, the Company created programs that offer alternatives to residents in the region. Highlights of this include: in 2013 a total of 1,726 people had already signed the minutes of the community consultation meetings to receive the established compensation; 1,481 of these participated or continued in the training process established in the "Emprendedores con Energía" strategy (a strategy that includes a training program to raise awareness of different aspects of investment to take proper decisions about starting sustainable productive projects); and 1,240 people received seed funding to start specific investment projects. In addition, it is important to note that in 2013 we continued to provide psycho-social support to families living in the plant's area of influence. This included collective events, home visits and personalized care. In regard to the environmental component of the plan, it is important to point out that the bidding process began for restoration of the reservoir basin.

With regard to the SALACO Project, we are proud to report that the first modernized unit started operations in November 2013. This was unit 2 of the Darío Valencia Samper Run-of-River Power Plant, with an installed capacity of 50 MW. In 2013, we spent 59.2% of the total project budget. By the end of 2013, we had carried out the following activities to upgrade three power plants in the SALACO Project sub-chain: repair of impellers; rehabilitation of globe and butterfly valves; tunnel inspection and rehabilitation of the intake pipe at the Darío Valencia Samper Run-Of-River Plant; maintenance of the tailrace at the Laguneta Plant; repair of scroll case valves and turbine pits; rehabilitation of mechanical and electrical equipment in the intakes; repair of concrete in the transformer yards; and rehabilitation of power transformers.

Moving from progress in our current expansion projects to our social management, it is important to note that in 2013 we continued working hard on actions and programs so that the communities related to our Company benefit from the shared value. Our aim is for the communities located in the areas of influence of our operations to feel that our presence in the region is more beneficial to them than if we were not present.

Another important aspect of social management in our areas of influence is Fundación Endesa Colombia. Through this foundation we have continued carrying out our programs such as “Conéctate con la Educación” (Get connected with education), a program to assist institutional improvement processes in twelve basic primary schools in the municipalities of Ubalá, Gama, Gachalá and Gachetá (Cundinamarca department). In alliance with the Organization of Ibero-American States, in 2013 Fundación Endesa Colombia installed photovoltaic systems to guarantee solar energy supply to five schools in the Alta Guajira. The aim was to improve the quality of life of the school population in communities that are socially-vulnerable and those that don't have electricity. Another important project is Fundación Endesa Colombia's work to support productive chains such as for cacao in the municipalities of Campoalegre and Ubalá, livestock in Sibaté and San Antonio del Tequendama, coffee in El Colegio, Tena, La Mesa, Viotá, Cachipay, Anolaima and San Antonio de Tequendama, and avocado and fruits in San Antonio de Tequendama.

Once again, we feel it is important to show that respect for life is our guiding principle. Therefore, we have continually worked without rest to reduce our number of work accidents year-over-year, both in our Company and in partner companies. Therefore in 2013, we directed all our efforts to continue strengthening a management and operating model that strictly aims to prevent work accidents, and we have moved away from more reactive policies.

Likewise, we feel that it is important to remind you that our focus is on developing our Human Resources as an essential pillar to execute our strategy. In 2013, we worked on an action plan to continue improving our workplace, based on the results of surveys carried out in 2012 (Great Place to Work; Global Survey on the Workplace and Safety). This plan contemplates initiatives aimed at improving the results in categories or lines of action such as HR development, change management and meritocracy.

At the close of 2013, our Company payroll listed 563 employees. We work hand-in-hand with them to consolidate ourselves as an attractive employer, that is competitive on the labor market, and we always seek to encourage belonging and pride in our employees. In 2013, we continued working on all actions to allow us to keep our Family-Responsible Company (EFR) certification granted by Fundación Más Familia. This recognizes our work to implement a new social and corporate culture based on flexibility, respect and commitment to our employees. The aim is to promote balance between personal, family and working life.

Also in human resources development, throughout 2013 we continued to consolidate our innovation system known as IDEO. This system has successfully engaged different Company departments to systematically develop initiatives and innovation projects that lead to continual improvement of processes and discovery of new practices that can substantially increase the competitiveness of our business.


We would like to end this journey through the Company's management by stating our conviction that the Colombian economic growth forecasts, the top quality and commitment of our human resources, as well as the support provided by belonging to the global energy group that is ENEL, will allow us to positively take on the challenges facing our day-to-day operations, as well as the short-, medium- and long-term challenges imposed by the evolution of the electricity sector at national and regional levels.

Below, pursuant to EMGESA's bylaws, we present the following reports to our shareholders:

- The CEO's Management Report for 2013, adopted by the Board of Directors.
- Report on Internal Control by the statutory auditor, Ernst & Young Ltda.
- Report under Article 446 of the Commerce Code.
- Special Report from the Business Group, pursuant to Article 29 of Law 222 of 1995.

Likewise, pursuant to Article 68 (12) of the Corporate Bylaws, we hereby inform the shareholders that the Company has an internal control office that oversees compliance with the control and management programs. External auditing of the management and results is currently being done by the firm Ernst & Young Ltda. Their results will be reported in the Single Information System (SUI) of the Superintendence of Residential Public Services in accordance with the terms established in current regulations.

Sincerely yours,



LUCIO RUBIO DÍAZ
CEO



JOSÉ ANTONIO VARGAS LLERAS
Chair, Board of Directors



Macroeconomic
Outlook

The outlook on Colombian economic performance is positive for 2014. As in the last few months of 2013, this year the local economy is expected to be boosted by a stronger global context, possibly reflected in more accelerated growth in the US economy, Colombia's main business partner, and in weak positive growth rates in the Eurozone.

However, certain signs of weakness in the recovery of developed economies means that this is not a sure thing. It is fairly likely that this year the international financial markets will continue to feel the effects of the gradual reduction in the monetary stimulus established by the US Federal Reserve. Despite the improvement in some indicators for the Eurozone, the labor market continues to be set by high unemployment rates, retail sales have not bounced back, and loans are not showing signs of recovery. In addition, the Chinese economy has started to have a slower growth rate, explained by a possible oversizing of its installed capacity.

Luckily, in recent years the Colombian economy has had solid macroeconomic foundations that have allowed it to continue having a positive performance. In 2014, the country is expected to be boosted by a state investment plan in transport infrastructure, as well as the positive dynamics seen in the housing construction sector, stimulated by government policies that include delivery of free housing and loan subsidies. Moreover, we expect to increasingly feel the effects of the Productivity and Employment Promotion Plan (PIPE) launched by the government in 2013.

The industrial sector, whose growth slowed in 2013, could fair better in 2014. Following the gradual reduction in monetary stimulus established by the US Federal Reserve, there is an expectation that fewer dollars will reach the Colombian economy. This would cause a depreciation in the peso against the dollar, and in turn more competitive exchange rates would favor the industry.

The energy/mining sector is expected to return to normal production levels, after being affected in 2013 by strikes at the two main coal-producers that operate in the country.

There are also positive forecasts regarding the momentum of private consumerism in Colombia for 2014. This may result from loans destined to housing possibly growing at a greater rate compared to the previous year.

The positive forecasts for local economic performance for 2014 lead economic analysts to believe that Colombian GDP growth will be higher than in 2013.



Energy management

EMGESA sells energy on the Wholesale Energy Market, the Non-regulated Market (Large Customers), and carries out block sales on the Spot Market to generator and reseller companies. EMGESA sales are primarily backed using its generation assets.

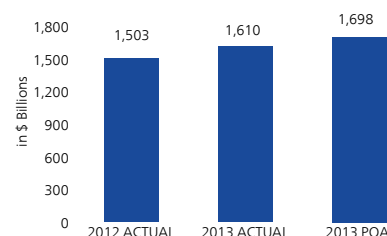
Variable margin

In 2013 EMGESA obtained a commercial mark-up (variable margin) of \$1,610,455 million, equal to 94.83% of the margin set out in the budget for the year. That is a 7.18% increase compared with the same figure posted the previous year. The work carried out in the Spot Market to maximize the variable margin and proper optimization of rainfall over the year was noteworthy considering that in 2013, the water accumulated in the National Accumulated System was 90.8% of the historical average. That was reflected in a considerable increase in the price on the Spot Market in April, July and October, when the water level shortage was the greatest.

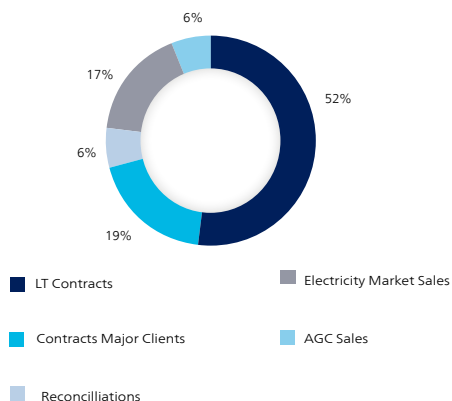
Indexing contracts to IPP at -\$108,716 million caused a negative impact on the budget execution of the variable margin. However, this was partially compensated with the Spot Market management and the greater participation in the AGC (Automatic Generation Control) market.

EMGESA sold 16,090 GWh in 2013. Of said sales, 8,428 GWh were for sales in wholesale contracts, 3,139 GWh for large clients and 4,523 GWh in Spot Market sales.

2013 Variable Margin



Energy Sales
Total Sales 15,112 GWh



Revenue	M\$
Long-term Contracts	1,170,782
Non-regulated Market Contracts	462,932
Spot Market	940,031
Reliability premium	373,957
Other	4,919
Total Revenue	2,952,621

Expenditures	M\$
National Contracts	22,208
Spot Market	675,614
Equivalent Cost of Energy	420,327
Law 99	48,471
FAZNI (Fund to support energy financing for unconnected zones)	14,547
Other	160,999
Total Expenditures	1,342,166
Variable Margin	1,610,455

Management of Reliability Premium and Secondary Market

Reliability Premium

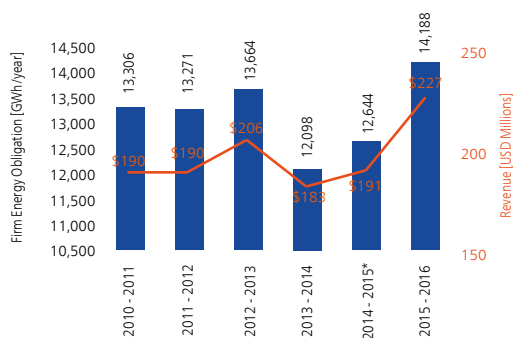
The actual compensation for the Reliability Premium reached 97.4% of the total the assigned to the Company for this period, considering the impact of its work in the Secondary Market. The actual compensation reached USD 199.1 million.

Period	Total Thousands of USD	%
Assigned Compensation	204,411	100%
AC for Availability	192,366	94.1%
AC for Backup	6,731	3.3%
Compensation Loss	5,314	2.6%

During the December 2012 to November 2013 period for Reliability Premium assignment, transactions of the excess Firm Energy to be purchased at the Reliability Premium (ENFICC in Spanish) were carried out with other generator agents. Backup statements were also made for the company's own needs in the amount of 601,643 MWh, in line with the regulations of the Secondary Market for ENFICC.

Future Assignments of Firm Energy Obligations for EMGESA

Currently, the Colombian system has Firm Energy Obligations (OEF in Spanish) assigned for the periods between December 2011 to November 2016. The December 2014 to November 2015 period was assigned in the first semester of 2013. The obligations acquired by EMGESA in the periods mentioned before, together with its equivalent income, indexed to November 2013, are displayed below.

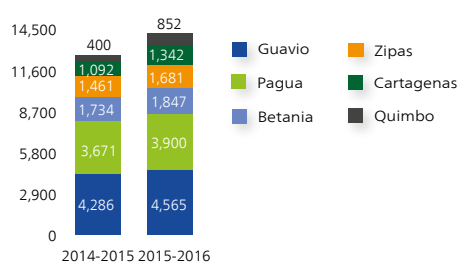


The revenue presented in the previous graph come from the rates presented below:

Period	Rate [USD/MWh]	Description
2010 – 2011	13,045	USD as of Nov. 2007
2011 – 2012	13,045	USD as of Nov. 2007
2012 – 2013	13,998	USD as of May 2008
2013 – 2014	13,998	USD as of May 2008
2014 – 2015	13,998	USD as of May 2008
2015 – 2016	15,700	USD as of Dec. 2011

EMGESA's OEF assignments by power plant are found in the following graph. It is of note that the 2014-2015 period assignments resulted from a new declaration of ENFICC requested by the Energy and Gas Regulatory Commission in the first semester of 2013, where 94% of the ENFICC reported was assigned through a pro rata of demand methodology.

EMGESA OEF by Plant



Energy Resources Management

Rainfall and Reservoir Evolution

Contributions to the National Electric Grid (SIN in Spanish) were 91% of the historical average. Due to the subsiding phase of the MJO (Madden-Julian oscillation) intraseasonal oscillation, there were some periods with greater shortages. ENSO (El Niño-Southern Oscillation) conditions were negligible.

The reserves in the National Accumulated System held potential energy of 11,181 GWh in January, which is 73.4% of the aggregated live storage. Reserves reached a potential energy of 10,495 GWh in December, equal to 69.5%. 150.7 GWh was generated.

Guavio Reservoir

In 2013, water levels at the reservoir accounted for 91% of the historical average, lower than that of 2012 (106%).

The reservoir started January with live storage of 69% and ended December at 70%. No reservoir resources were used in 2013.

Bogotá River and Muña and Tominé Reservoirs

The non-regulated water levels in the Bogotá River basin recorded in 2013 were 101% of the historical average. The Muña and Tominé reservoirs started January at 73% and 79% of their live storage and by December they had reached 94% and 62% respectively.

Betania Reservoir

The water levels of 2013 were 88% of the historical average. In July, 5.2 GWh were generated, but no other reservoir resources were used the rest of the year.

As of January 1, the reservoir sat at 79% of its live storage and as of December it had dropped to 70%.

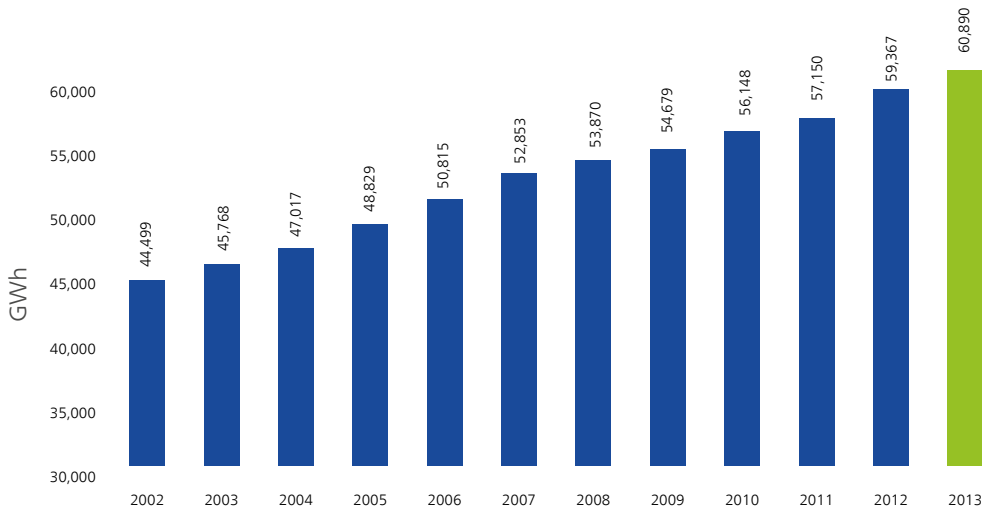
National Electric Grid

Demand

Energy demand in 2013 was 60,890 GWh, reflecting a growth of 2.8% compared to the year prior. This increase is primarily due to the growth of the Regulated Market of 3.1%, and the increase in demand of the Atlantic coast of 6.16%. The Non-regulated Market demand also grew by 2.5% mainly due to the growth of the demand from the commercial sector, restaurants and hotels of 8.9%.

The maximum demand of potential energy reached 9,383 MW in December 2013. It should be noted that this is lower than the figure from December 2012 (9,504 MW).

National Electric Grid Domestic Demand



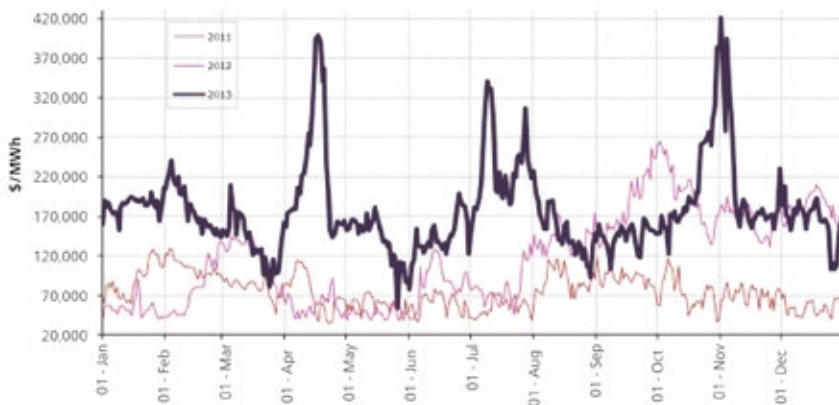
Spot Market Price

The average Spot Market price for 2013 was \$177.2/kWh. It should be highlighted that the jump was due to the rainfall shortage mainly in June, July and October in the National Electric Grid.

The highest daily Spot Market price recorded in the year was in November at \$420.40/kWh.

In the following graph, the daily evolution of the Spot Market price over the last three years is shown:

National Spot Market Price



Year	Spot Market Price (current \$/KWh)
2004	65.02
2005	75.90
2006	75.84
2007	83.84
2008	86.90
2009	138.99
2010	128.05
2011	75.08
2012	116.02
2013	177.33

Andean Energy Market

As of December 2013, Colombia invoiced Ecuador a total of USD 78.4 millions for International Electricity Transactions (TIEs in Spanish), while Ecuador invoiced Colombia USD 1.7 million for the same. The following table presents the evolutions of the TIEs with Ecuador as of December 2013.

Date	Energy (GWh)		Value (Millions of USD)		
	Export	Import	Export	Import	Congestion Income
2013 Total	662.0	28.5	78.4	1.7	0.7
2012 Total	236.1	6.5	24.1	0.2	0.3
2011 Total	1,294.5	8.2	92.9	0.2	10.4
2009 Total	1,076.7	20.8	107.7	1.1	12.6
2008 Total	509.8	37.5	35.9	2.3	7.4
2007 Total	876.6	38.4	66.3	1.3	20.4
2006 Total	1,608.6	1.1	127.1	0.1	56.9
2005 Total	1,757.9	16.0	151.7	0.5	75.6
2004 Total	1,129.3	67.2	80.3	2.5	44.3
Historical	8,858.8	225.1	734.6	9.0	295.9

Source: www.xm.com.co

Fuel Management

In 2013, the National Electric Grid recorded an energy shortage due to lower than historical average water levels. That contributed to the increase in the dispatch of thermal plant generation to compensate said shortage.

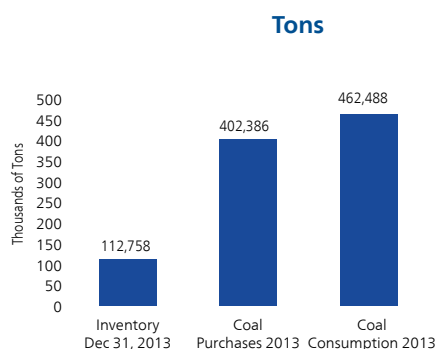
However, with the start of commercial operations of the Substation El Bosque in the area of Bolívar with electricity (where the Cartagena Thermal Plant is located) backup generation reduced. Consequently, the power plant's generation saw a 51% drop compared to 2012.

Because of the reduction of water levels, the average price of the Spot Market allowed for a greater dispatch by merit of the Termozipa Thermal Plant, which increased its generation 137% over 2012.

The supply of fuel for thermal energy generation was handled by local suppliers in the case of coal, diesel fuel for engines and natural gas; for fuel oil by a local supplier, with suppliers of imported fuel oil.

Coal

Termozipa Thermal Energy Plant consumed 462,488 tons of coal throughout the year, which is a volume 130% higher than that utilized in 2012. Purchases were made with current, long-term contracts for 402,386 tons, such that at the end of the period a sum of 112,758 were in inventory in December 2013. At the close of the period, there was a 32% drop compared to the final inventory of 2012.



In 2013, long-term contracts valid until December 2016 were closed with 22 providers. These back the Termozipa Thermal Energy Plant's Firm Energy Obligations to be purchased at the Reliability Premium.

Quality/price

Coal purchases received in 2013 had the following quality parameters:

Delivered quota liquidated (TON)	Higher Calorific			
	Value (PCS in Spanish) Kcal/Kg	% Ash	% TM	%S
402,386	6,957	12.50	4.79	0.99

Where:

- **PCS:** Higher Calorific Value
- **% Ash:** Percentage of ash content
- **%TM:** Percentage of total moisture
- **%S:** Percentage of sulfur content

Natural gas (generation)

In 2013, the Cartagena Thermal Energy Plant utilized 6,975 MBTU. This is a 99.3% drop from 2012 consumption due to the lack of a firm transport contract because of its high set price and very low availability of supply from local suppliers, under the interruptible contracts in force in 2013.

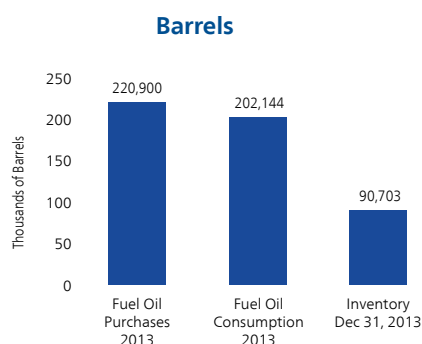
Natural gas was used in 2013 to carry out emissions tests of this fuel in each of the generation units of the Cartagena Thermal Energy Plant in order to meet the requirements of the environmental authority.

Liquid fuels (special fuel oil)

The volume purchased in 2013 dropped 18% year over year due to the lower generation of the Cartagena Thermal Energy Plant. Purchases of 220,900 barrels of special fuel oil were made. Of that, 83.5% (184,522 barrels) were received by boat via the pier of Sociedad Portuaria Central Cartagena, located within the facilities of the Cartagena Thermal Energy Plant's facilities.

To ensure the Firm Energy Obligations of the Cartagena Thermal Energy Plant's Firm Energy to be purchased at the Reliability Premium, the term of the contract to supply national fuel oil was extended until November 2016. Also, a new imported fuel oil supply contract was signed to reinforce the supply system for the plant's operation.

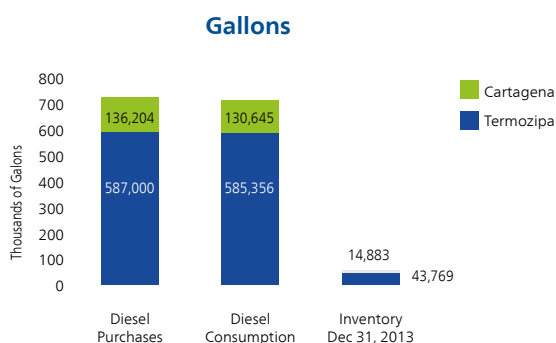
Over the year, 202,144 barrels of fuel oil were utilized, a 32% reduction compared to 2012 consumption. The inventory volume as of December of 2013 was 90,703 barrels, 75% higher than that of the close of 2012.



Diesel

To supply the fuel associated with the processes for the start-up of the thermal power generation units, there is a supply contract for Colombian diesel.

In 2013, purchases of 136,204 gallons of diesel were made for the Cartagena Thermal Energy Plant (\$1,064 million) and 587,000 gallons for the Termozipa Thermal Energy Plant (\$4,685 million). Each consumed 130,645 and 585,356 gallons respectively.



Natural gas sales

In 2013, EMGESA began activities as a reseller on the gas market in Colombia and actively participated in negotiations with customers of the Non-regulated Market. Consequently, it presented offers to industrial customers that represent around 34% of the industrial demand at a national level. That allowed it to position itself as a new alternative to negotiate the supply of gas, recognized by non-regulated customers in Colombia.

A product of that process and the structuring of the gas sales department was the signing of the first supply contract with an industrial customer, which will be serviced through a virtual pipeline. At the same time, the Company capitalized this experience so that it may continue executing its business plan that is designed to gain a significant share of the gas sales market in Colombia over the next few years.

Sales Management

Wholesale transaction management

In 2013, EMGESA sold a total of 11,570 GWh on the Wholesale Energy Market through contracts with resellers of the National Electric Grid, as a result of public bids or private invitations. Sales, broken down by purchasing agent, including the Non-regulated Market, are shown in the following table.

SALES	GWh	SHARE (%)
CODENSA	4,236	36.6%
EMGESA	3,145	27.2%
CARIBE	2,262	19.5%
Tolima	498	4.3%
EBSA	319	2.8%
EPM	249	2.2%
EEC	241	2.1%
Caquetá	201	1.7%
EPSA	135	1.2%
CENS	125	1.1%
Huila	80	0.7%
ESSA	38	0.3%
Other	38	0.3%
Total	11,570	100.0%

Source: Detailed version TXF Commercial Operations and December estimate. Does not include adjustments from previous years.

By energy traded in contracts throughout the year, EMGESA supplied the second greatest amount of energy to the Colombian electric system, reaching 16% of the total for contracts between agents.

AGENTS	SHARE (%)
EPM	20%
EMGESA	16%
ISAGEN	14%
Gecelca	8%
Chivor	5%
EPSA	4%
Urrá	3%
EMCALI	2%
Other	29%

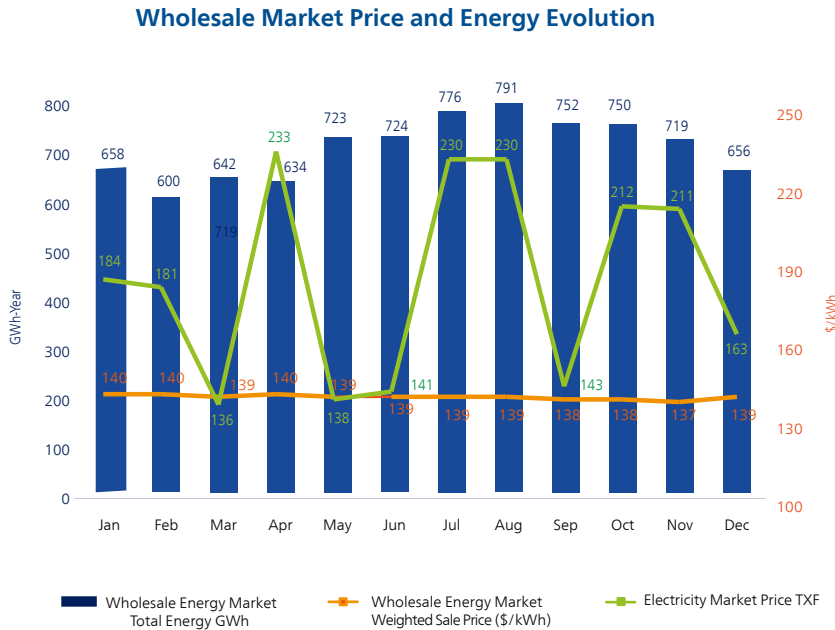
Source: TCTR files version TXF, XM Jan. 13 to Nov. 13 Information

Regarding sales to address regulated reseller demand, the Company participated in 34 calls to bid. Twenty-five bids to sell energy between 2013 and 2017 were won. With these contracts, the company reached the following contract levels, in line with current sale policies:



Price Evolution on the Wholesale Market

In the following graph, you can see the evolution of the Wholesale Market prices in 2013 compared to that of the Spot Market.



Prices in pesos as at December 2013.

Non-regulated Market Management

EMGESA managed a monthly average of 772 metering points of the Non-regulated Market, representing 13% of the total market in Colombia. The commercial demand handled from January to November was 2,882.4 GWh, 15.5% of the total domestic demand of this market.

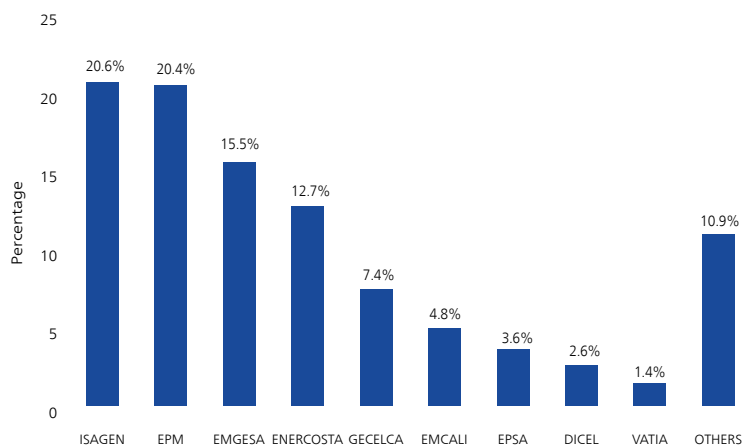
G+C and NRM Energy Price Evolution



Source: Internal information from EMGESA and XM regarding Spot market prices.

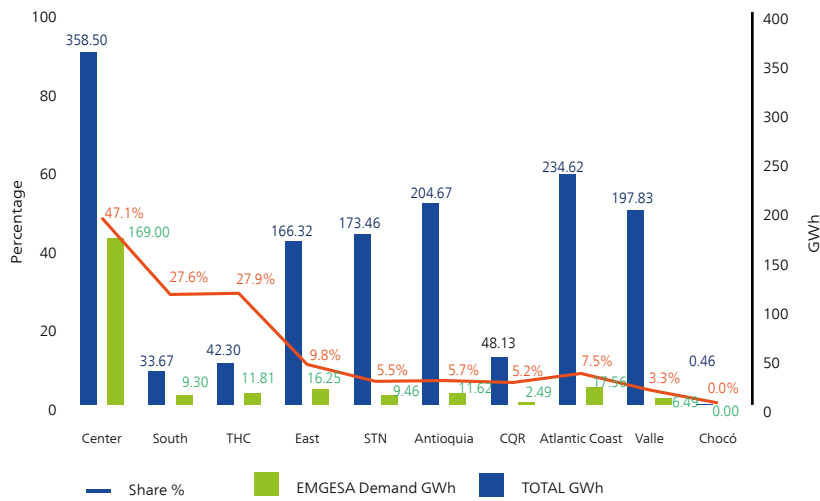
EMGESA Share of the Non-regulated Market

Percentage of NRM share by agent 2013



Note: Information as at November 2013. Source XM.

EMGESA share by region 2013



Center: CODENSA, Cundinamarca and Meta.
 THC: Tolima, Huila and Caquetá.
 South: Nariño, Cauca, Putumayo, Bajo Putumayo and Sibundoy.
 East: Santander, Norte de Santander, Boyacá, Arauca, Casanare and Ruitoque.
 CQR: Caldas, Quindío and Risaralda.
 Valle: Cali, EPSA, Tuluá and Cartago.

Source: Information from XM from January 2013 to November 2013.

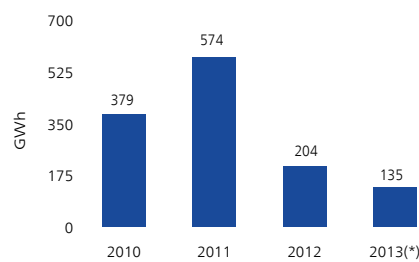
The share most representative of EMGESA was seen in the central zones, and Tolima, Huila and Caquetá, 47% and 27.9% respectively.

Energy Purchases Management

Energy purchases

In order to back energy sales in contracts, EMGESA purchases energy from other Wholesale Market agents, from generators and resellers. Energy purchases at the close of 2013 are shown in the following graph:

Energy purchases (GWh)

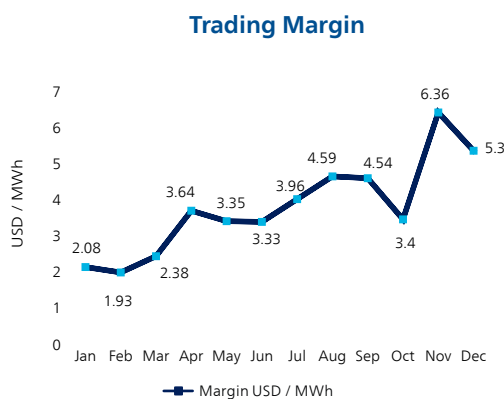


(*) information adjusted with information from the close of 2013. Does not include adjustments from previous years.

Fewer purchases in 2012 and 2013 are due to the low availability of energy on the market and high prices that make it impossible to create a higher volume of trading.

Trading sales

A variable margin of \$3,414 million was obtained in 2013 through energy sales from trading. In total, 134.7 GWh were sold, with an annual average of 4.45 US/MWh.



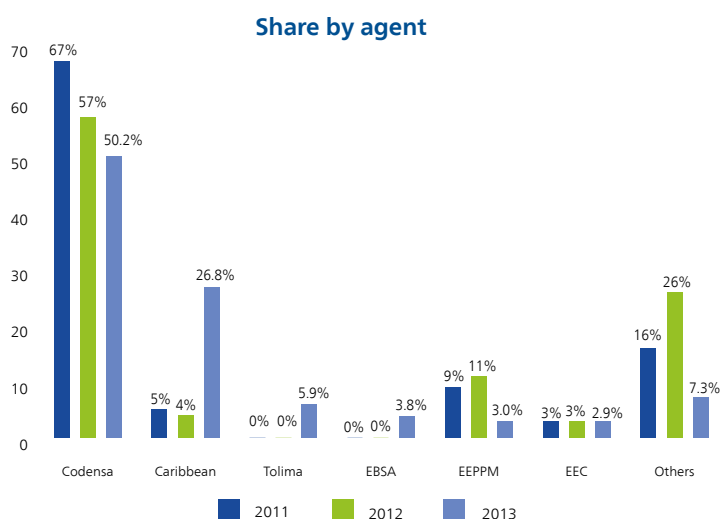
Does not include adjustments from previous years.

Commercial Operations Management

Sales Invoiced to the Wholesale Market

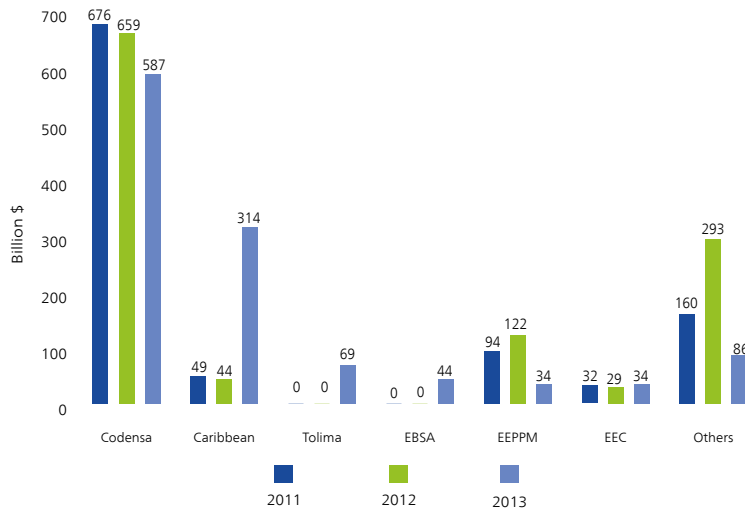
An average of 33 invoices were issued each month in 2013. The monthly average invoiced was \$97,590 million.

The accumulated sum of invoices issued over the year was \$1,171,080 million pesos. CODENSA had the greatest share of sales with 50.2%, equal to \$587,903 million.



Note: Does not include adjustments from previous years.

Energy sales by agent

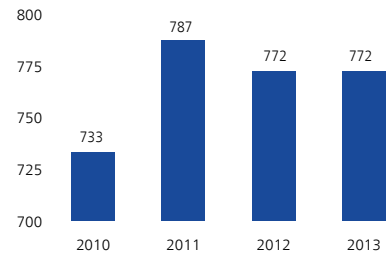


Information from the January to December billing. Does not include adjustments from previous years.

Sales Invoiced to the Non-regulated Market

In 2013, approximately 772 metering points of the Non-regulated Market were invoiced for a monthly average of \$58,382 million. Revenue from sales in this market were \$700,580 million for 2013.

Average number of metering points



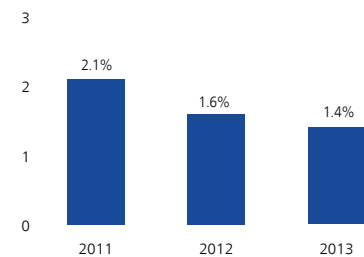
Bad Debt and Collection Management

In 2013, the preventative management program continued to be implemented, reaching monthly delinquent portfolio ratios of 0.92%. This exceeded expectations for the year. It is also the best indicator the Company has recorded.

A notable improvement was seen in the first semester of the bad debt indicators. However, there was a slight decline in the delinquent portfolio indicator starting in September when one of our customers filed for Bankruptcy.

The following graph shows the downward trend of the delinquent portfolio over the last three years, reaching the lowest ratio in EMGESA's history in 2013 of 1.40%, improving 1.60% over 2012.

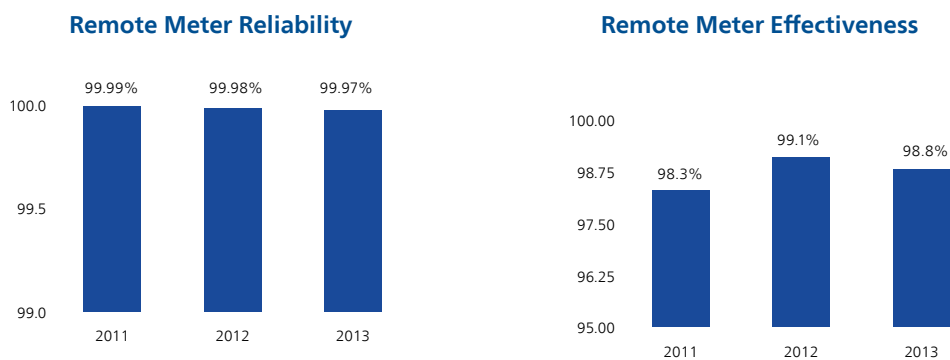
Consolidated Bad Debt



Remote Measurement Management

In 2013, the main objectives of the energy measurement process were maintaining measurement reliability; renegotiating the measurement verification contract; standardizing processes using the SAP tool, and ensuring zero work accidents.

In the first semester, the measurement reliability indicator was affected mainly by the entrance of customers that had a high variation in their consumption, by continual issues with remote measurement and by the difficult physical access to meters of some customers to verify the measurement due to their geographic location. However, we worked with the remote measurement provider to improve the process of control of issues and the procedures of typical curves and adjustments. That ensured a successful close of this indicator.



Non-regulated Market Customer Management

The non-regulated customer relationship program seeks to strengthen relations and communication and is developed through sales visits, training, events and power plant visits, among other things.

Training Program

In 2013, three training seminars regarding energy management, economic forecasts and new regulations were held. Assisting these events were 165 customers from Bogotá, Barranquilla and Cali. The purpose of these seminars is to share information that is relevant to the sales business with customers.

Energy Explorers

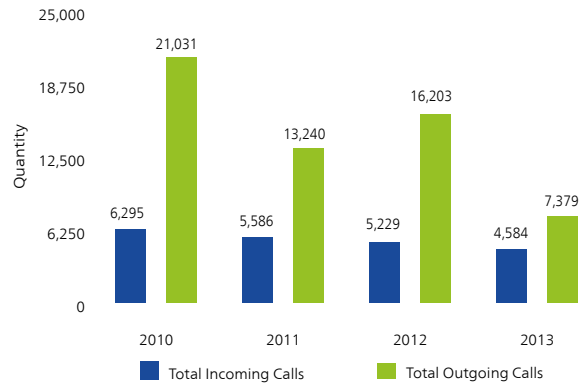
In 2013 as a part of the Explorers of External Energy, 45 company customers of the Non-regulated Market visited the Cartagena Thermal Energy Plant and the El Quimbo Hydroelectric Plant. During these visits, attendees learned about some of the social projects that EMGESA carries out with the communities of their areas of influence, in addition to the generation of energy process.

Telephone Assistance Line - Emlínea

Throughout the year, the telephone assistance line for EMGESA customers, Emlínea, took 4,584 incoming calls and made 7,379 outgoing calls. The latter were for campaigns to confirm attendance for seminars and working breakfasts with Non-regulated Market customers, as well as for collections.

The drop in outgoing calls compared to 2012 is due to the reduction of massive campaigns.

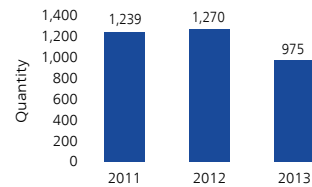
In-coming and out-going phone calls - Call Center 2010 - 2013



Customer service

In 2013 for Non-regulated Market customers, 975 visits were made by sales coordinators of the area.

Visits Made

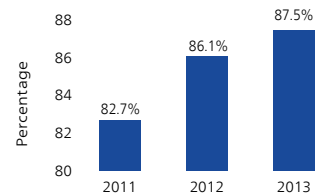


Satisfaction Survey

The Perceived Quality System is a tool that monitors the market's perception of the quality of EMGESA's products and services. The satisfaction model evaluates aspects such as the following: Negotiations and agreement of energy price, sales cycle, information and communication, sales coordinator of the area and service line.

The results of the Perceived Quality Satisfaction Index (ISCAL) improved significantly and has been maintained over the last few years due to the implementation of the customer relationship plan.

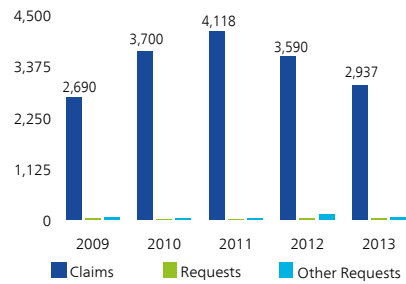
Satisfaction Index - ISCAL



Request, Complaint and Grievance Assistance

The company received 2,937 grievances, 23 requests and 51 other inquiries. Regarding the grievances, 76.75% were related to the quality of energy services provided by Network Operators, and 23.25% were requests for the subsidy application and contribution exemption. The requests were for the issuance of tax clearance and changes of reseller documents. The average response time in 2013 was three days after a grievance had been received.

Number of RCG 2009 - 2013



Note: The graph does not include the grievances from the telephone assistance line from December 2013.



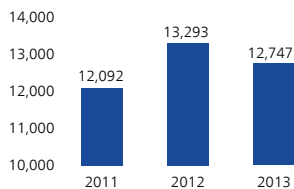


Production Management

Annual Generation

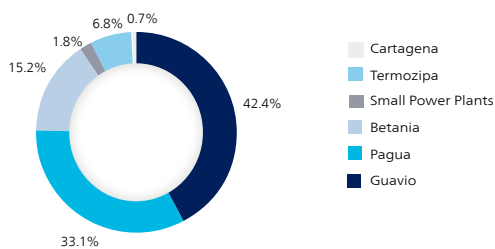
The net generation at the close of 2013 was 12,747.6 GWh/year, which represents 4.1% less than 2012. Hydroelectric energy made up 92.4% of that while the thermal power plants covered 7.5%.

Annual Generation (GWh)



The generation by power plant is broken down in the following table.

Generation (%)



CHAIN	(%)	GWh
GUAVIO	42.4%	5,403.9
PAGUA	33.1%	4,222.1
BETANIA	15.2%	1,932.4
MINOR PLANTS	1.8%	225.5
TERMOZIPIA	6.8%	872.6
CARTAGENA	0.7%	91.1
Total	100.0%	12,747.6

Share of Colombia's National Electric Grid

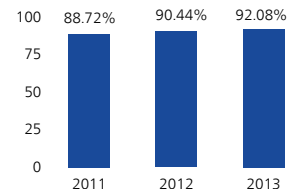
EMGESA's share of the supply of energy to the National Electric Grid was 20.5% in 2013, which is 1.7 points smaller than in 2012.

National Electric Grid (SIN)	(%)	GWh
OTHERS (SIN)	79.5%	49,475.4
EMGESA	20.5%	12,747.6
Total	100.0%	62,223.0

Management Ratios

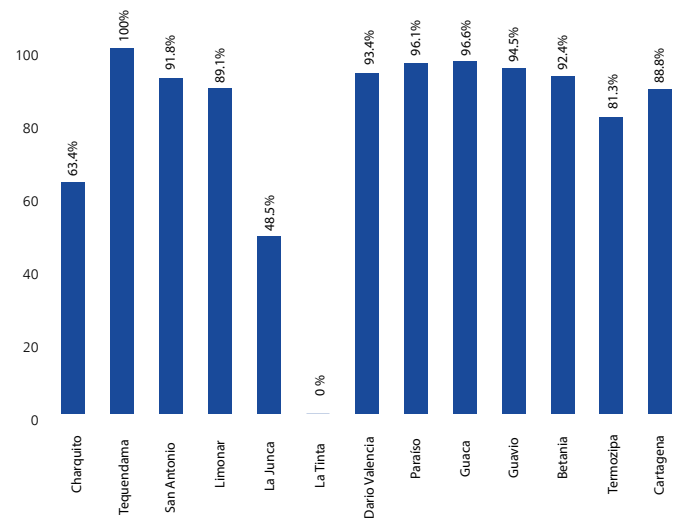
The rate of availability was 92.08%, 93.4% for the hydroelectric units including the minor plants and the run-of-river plants, and 84.8% for the thermal power plants. That figure is 1.6% higher than that reached in 2012, due to the optimization in the execution of maintenance.

Availability Evolution



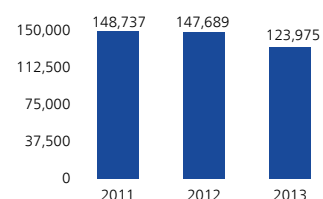
The availability achieved in each production center is shown in the following graph.

2013 Plant Availability (%)

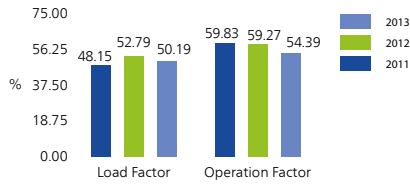


The total hours of operation for the units in 2013 was 123,975, 10% less than in 2012, with a rate of operation (hours of service) of 54.4% and a load factor (generation) of 50.2%.

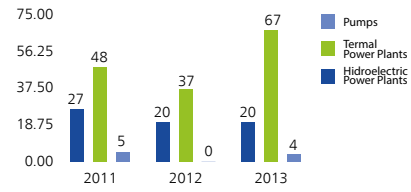
Units Hours of Operation



Load and Output Factor Evolution



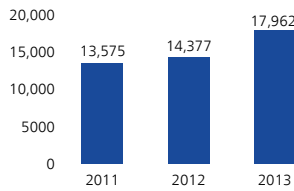
Internal Trip Evolution



Pump

The units of the Muña Pump Station operated 17,962 in 2013, that is an average of 4,490 hours/unit, which is 24.9% above the figure recorded in 2012. The volume of water pumped from the Bogotá River to the Muña Reservoir was 1,034 hm³, 23.35 above the figure recorded in 2012.

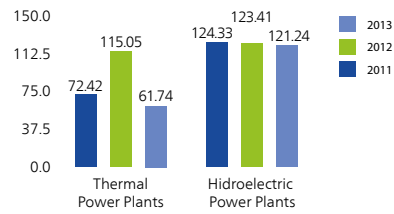
Muña Units Hours of Operation



Energy Consumption

The power plants consumed 182.9 GWh/year of energy for ancillary services, which is 23.2% less than in 2012.

Evolution of Ancillary Services Use by Plant Type



Incidents

At the plants, there were 87 trips due to internal causes and 18 due to external causes for a total of 109 incidents. At the Pump Station, 4 internal trips occurred and there were no external trips.

PLANTS/PUMPS	ACCUMULATED		
	Internal	External	TOTAL
NDC Hydroelectric Energy Plants	13	4	17
Minor and Aux plants	7	4	11
NDC Thermal Energy Plants	67	5	72
Plant Sub-total	87	13	100
Pumps	4	5	9
Total incidents	91	18	109



Maintenance

In 2013, preventative maintenance was done at the plants in accordance with the established maintenance plans and routine maintenance. The most important activities carried out over the year are presented below.



Maintenance at the Hydroelectric Facilities



Paraíso Hydroelectric Plant

- Transformer 3B was repaired (bushing of the low-voltage side were changed out); three poles of the rotor of unit 3 were changed out and a stator coil had to be replaced as the consequence of the failure on the low side of the 13.8 kV transformer.
- The reinforcement of the pit of the turbine in unit 3 was replaced due to its advanced state of deterioration. The switches in poor condition were also changed out.

Guaca Hydroelectric Plant

- The impellers in units 1 and 3 were changed out due to cracks.

Guavio Hydroelectric Plant

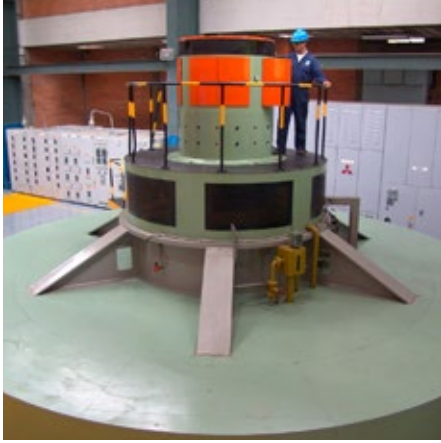
- The service seal of the globe valves in units 3 and 5 was changed.

Betania Hydroelectric Plant

- Corrective work was carried out for the stator of unit 3 after a failure in March. A defective coil was bypassed. The complete change out of the coil system of this unit is scheduled in 2014.

Muña Pump Station

- An overhaul of the butterfly valves in units 2 and 3 was completed after 27 years of operation. The busbars connecting the rotor of unit 3 of Muña 3 were repaired.
- The protection system in the three pump units of Muña 3 were updated.



Maintenance at minor plants



Charquito Hydroelectric Plant

- The turbine seal and the Francis impeller were repaired. The disassembly of the unit began, starting the overhaul that will be completed in the first quarter of 2014.

Tequendama Hydroelectric Plant

- The Programmable Logic Devices of the controls for start up and shut down of the four units were updated.

San Antonio Hydroelectric Plant

- The control centers of the motors for the refrigeration pumps were updated.



Maintenance at the Thermal Energy Facilities

Cartagena Thermal Energy Plant

- The pump that feeds water to the boiler of unit 1 was repaired, as was the reserve pump of units 1 and 2.
- As to facility security, metal structures at the cooling tower were repaired, in the condensers of units 1 and 2 and in the boiler of the area of precipitator bins of units 1 and 2 in order to facilitate safe access for personnel to these facilities.
- Repairs to the sprinkler system continued through their implementation in the main fuel oil tanks, as a response to the insurance company's recommendation.



Termozipa Thermal Energy Plant

- Optimization works were carried out on the combustion and mill systems. The works included the change out of the large particle return system, the coal classification system and diffusers; the improvement of the burner design and the remodeling of the secondary air system and air ducts.
- In September, unit 4 experienced a trip due the high temperature of the metal of the bearing 1 of the turbine. A crack in the turbine vane and scratches on the stage 6 and 7 vanes were found. The unit was available again in December.
- To to the high sedimentation of the intake area, the following items were pulled out of service:
 - In December, it was necessary to pull out of service the units 3, 4 and 5 for progressive vacuum loss in the condensers due to the high concentration of mud, vegetation and trash from the Bogotá River. Additionally, the performance of the river water pumps was affected and therefore the operation of the water treatment plant.
 - A ditch was build to drag the intake area in order to remove the mud and other material. The pumps' suction pits were cleaned.



Special projects

In order to optimize plant availability, comply with current regulations and reach corporate goals, the following special projects were undertaken in 2013.

SALACO Project

- The first updated unit of the project started operations in November. This corresponds to unit 2 of the run-of-river power plant Darío Valencia Samper, with an installed capacity of 50 MW. From its start-up until December, the unit generated 46.3 GWh.
- The budget funds used for the project in 2013 were USD 22.5 million, 59.2% of the total sum of the project, compared to a projected use of USD 20.9 million, 56.6% of the total sum of the project.
- The contingency budget used in 2013 was USD 1.4 million, of the 5.4 million forecast.
- The following maintenance has been carried out since the outset of the project in the plants Salto, Laguneta and Darío Valencia Samper:

- Repair of impellers
- Restoration of globe and butterfly valves
- Maintenance of cooling systems
- Replacement of bridge cranes
- Inspection of the culvert and restoration of the intake pipes at Darío Valencia Samper and repair of the reinforced area.
- Maintenance of Laguneta's tailrace
- Repair of the valve cases and turbine pits
- Restoration of mechanical and electrical equipment of intakes
- Repair of the concrete of the transformer yards and restoration of the power transformers
- At unit 2 of Darío Valencia Samper, the control and instrumentation system in the valve cases, globe valves and fill bypass were updated. The Data Control and Acquisition System (SCADA in Spanish) was also implemented. The guide vane of the generator protection system, the transformer and ancillary services were changed. The intakes were intakes, valve cases, sprinkler system, break system of the unit and the generator elevation system were inspected.

Pagua Chain

- The temperature monitoring system of the Paraíso Hydroelectric Plant units was updated. The project consisted of the installation of a device per unit that concentrates the temperature signals of the unit and transformer, allowing the operator to see in real time the temperatures of the stator coils, the rotor, the core, the bearings and cooling systems and transformers, with back up signals sent to the Data Control and Acquisition System.
- The redesign and installation of the polar connections and the bearings of the rotor poles in the units 2 of the Paraíso power plant and 3 of the Guaca power plant was executed.



Guavio Hydroelectric Plant

- The assembly of the incident recorder of the SCADA was completed.
- The construction of the desander in the Chivor River concluded.
- The potable water treatment plant was turned over to the municipality of Ubalá.
- Civil works were carried out to control the erosion and reforestation in the area surrounding the Guavio reservoir.

Betania Hydroelectric Plant

- The change out and start up of the new instrumentation in units 1 and 2 was completed.
- The following work was completed on the impact shaft: Excavations, construction of a wall with a concrete bottom, creation of a filter, lowering the level to improve the hydraulic profile and protection of slopes with mesh and concrete.
- The technical specifications for the change out of the bolts of the spillway were completed. The ultrasound bolt analysis was set for 2014. With the results of said analysis, the technical specifications for the changes needed will be adjusted.

- The reservoir's sedimentation study was carried out.

Muña Pump Station

- The general restoration of the floating structure and of the grid of the access bridge of the intake of the relief tower and installation of the flow pump at the tail races of the Muña Reservoir were carried out.
- The works related to the installation of the propeller pump was completed and the tail race was protected with a geomembrane in order to avoid its erosion.

Cartagena Thermal Energy Plant

- In November, the study of the structural integrity and remaining life of unit 3's boiler was completed. The results will be used to adjust and define boiler repair works that will be carried out in 2014. Said work will include the update of the burners and their control system.
- The plant's 2014-2023 reliability Plan was developed.

Termozipa Thermal Energy Plant

- Restoration and optimization works of the cooling towers 1 and 3 were carried out. They included the adjustment of the structures

and civil works, the general maintenance of the pumps, the change out of the fans and motors, the redesign of fittings and modernization of the stations of management of the fans, as well as the change out of 480 VAC substations and the 120 VAC distribution centers.

Technical Department

- In March 2013, the new Center of Generation Control of Colombia was opened and began operations.
- In May 2013, the pilot test for the transport of meters from the machine room to the connection yard in the Guaca Hydroelectric Plant, and in December of the same year, the transfer to units 2 and 3 of the Paraíso Hydroelectric Plant was carried out. Because of the change in the location of the meters in Guaca, we gained 5,481 MWh in 2013.

Budget

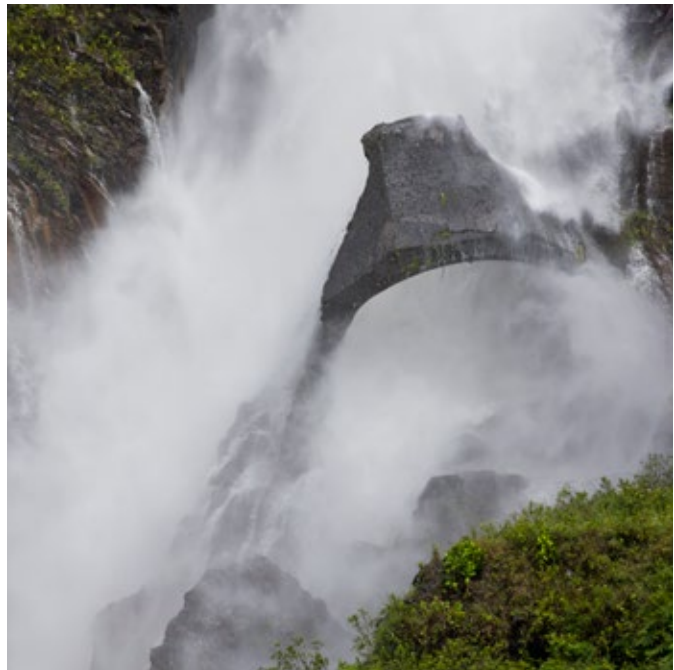
The Production and Engineering Department used USD 31.9 million of the budget for investment projects.

Regulatory Compliance

- Reactive power capacity tests were undertaken at each of the Guavio Plant and Pagua Chain units. XM responded to the modification of parameters of capacity of absorption and generation of reactive power, based on the results of reactive power tests carried out in the units, in line with the procedure established in the National Electrical Operations Council Agreement 639, considering that the requested parameter changes do not put operations at risk.
- The reactive power tests were successfully carried out in December. They were in compliance with the regulatory requirements of Agreement 639 of the National Electrical Operations Council (CNO in Spanish).
- Successful Heat Rate tests were held in the Cartagena unit in February and March. The tests were carried out with the inspector E.E.C.C. SGS.

Agreements with Universities

- The second stage of the project developed in conjunction with Colciencias called "Petri Net Failure Analyzer" began. It consists of implementing a comprehensive maintenance methodology based on the condition and automatic identification of failures in hydroelectric power plants.



Environmental Management

As a part of its environmental policies, the Company defined the commitments to protect the environment, which are as follows: Develop generation and energy sale activities in harmony with surroundings and promote continual improvement, energy efficiency, rational use of resources and the prevention of pollution, ensuring the fulfillment of legal requirements and other acquired commitments.

Water Concessions

Renewal of Guavio River Concession

The corporation extended the water concession of waters for generation of the Guavio Hydroelectric Plant through resolution Corpoguavio 223 of May 23, 2013 by a term of 15 years.

The most important of the Company's requirements for the corporation, regarding renewal, had to do with the implementation of flow and weather stations in the area around the supplying basin, and with the presentation of a contingency plan with alternative procedures in the face of a shortage in the sources that feed the reservoir.

Bogotá River Concession

Visits were made to the Termozipa Thermal Energy Plant, Muña Reservoir and the power plants of the Bogotá River in order to verify the technical conditions of intake, conduits, storage and use of this resource. These visits were brought about by the process being completed with the Autonomous Regional Corporation of Cundinamarca to extend the term established in Resolution 1014 of July 30, 1998 by fifty years. Said resolution awarded EMGESA the below and above ground waters of the Bogotá, Tominé and Muña rivers and the El Rodeo, Obasas, Vitelma, Santa Marta and La Junca streams.

Round tables were held to monitor the progress of this process with the corporation.

Recertification of the Environmental Management System

Bureau Veritas Certification recertified the Environmental Management System implemented in all energy generation facilities. Certification was extended to January 2017.

Environmental Management Measures

The Environmental Management Plans of the generation plants Guavio, Pagua Chain, Betania, Cartagena, and the plants of the former CASALACO Chain, comprised of the plants of Charquito, San Antonio, Tenquendama, Limonar, La Junca and La Tinta were executed.

These management measures include the execution of programs approved by the National Authority of Environmental Licenses (ANLA in Spanish), which are designed to mitigate and control environmental aspects from the process of generating energy. They include follow-up, monitoring and contingency plans. Furthermore, in 2013, the environmental authority carried out a visit to ensure compliance with these management measures at the plants of the former CASALACO Chain.

The National Authority of Environmental Licenses presented important requirements in 2013 for the environmental management measures of the power plants, which are as follows:

- **Guavio Hydroelectric Plant:** Modifications of management measures for the Moncabita stream.
- **Pagua Chain:** Additional environment monitoring and social classification of the area of influence.
- **Betania Hydroelectric Plant:** Management proposal for the issue of reservoir sedimentation, delineation of the security area and review of the area of influence.
- **Cartagena Thermal Energy Plant:** Review and modification of environmental management documents.

Other aspects of environmental management

Approximately 32 tons of electrical equipment in disuse in storage were disposed. These had been stored at the facilities of the hydroelectric plants Guavio, Betania, Pagua Chain, the former CASALACO Chain and at the thermal power plants Cartagena and Termozipa. The license to demolish the structure before of the concrete plant, close to the entrance of the La Junca and La Tinta power plants was applied for.

Works for the transport, use and/or final disposal of the tires recovered from the intake of the Charquito Hydroelectric Plant were carried out. The tires will be dealt with in the first semester of 2014.



Environmental Management in hydroelectric plants

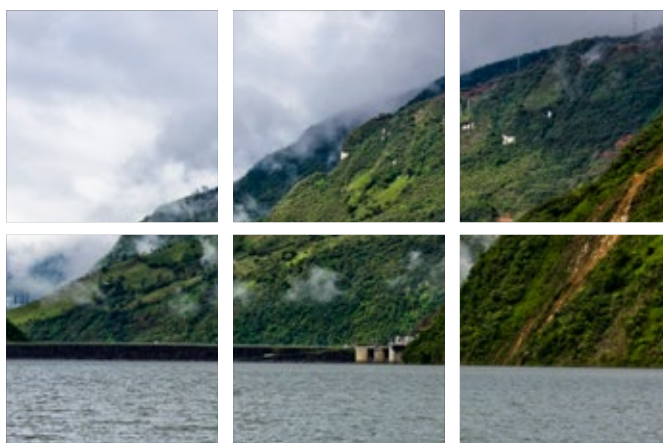
Guavio Hydroelectric Plant

In accordance with the annual schedule, physical and chemical monitoring was completed at the main tributaries of the Guavio Hydroelectric Plant, in the dry and rainy season.

The first phase of the Guavio reservoir's "Program for the Conservation and Sustainable Production for Water & Biodiversity Conservation and Environmental Services in the Guavio Reservoir's Area of Influence", signed in 2008 with the Autonomous Regional Corporation of Guavio (CORPOGUAVIO), and the Fundación Patrimonio Natural (Fund for Biodiversity and Protected Areas) closed. Its total execution is forecast in a period of three years. At the end of the first phase of the program in 2013, the following results were obtained:

- Reconversion of over 57 hectares to agro-forest and wild-pasture systems.
- 20 additional hectares converted by initiatives of neighboring lots that benefited from the program.
- 200 producers were trained.
- 7 social organizations were strengthened.
- Classification of the birds and animals through participatory censuses with the community that identified the presence of over 200 bird species around the basin.

Erosion control works were carried out around the Guavio reservoir that consisted of the maintenance of channels and the construction of concrete channels and breakwaters. The construction of these works is designed to control erosive pits, the instability of soil caused by rainfall and swells in the reservoir. Approximately, 18 hectares around the Guavio reservoir were reforested with native species.



Paraíso Hydroelectric Plant

Continuing with the program to control odors in the Hydroelectric Plant Paraíso (which is part of the environmental management measures of the Pagua Chain) a pilot nebulizer system was implemented around the biofilter. The results indicate that is necessary to carry out additional tests and determine the viability of the pilot.

The monitoring of the concentration of hydrogen sulfide (H_2S) acid with the operation of the continual measurement system of this acid, installed at the entrance and exit of the biofilter of the Paraíso Hydroelectric Plant. This system was complemented with the installation of a meteorological station, which seeks to correlate the concentrations of odors with the variables of weather and winds.

Betania Hydroelectric Plant

In accordance with the annual plan, monitoring of limnological, physical and chemical conditions of the reservoir of the Betania Power Plant was carried out, in times of high and low flows.

Considering the presence of aquatic macrophytes in the reservoir of Betania from the upper basin, inspections of the areas where water hyacinths accumulated were carried out throughout 2013. It was not necessary to manually or mechanically remove said material.

Through periodic inspections of the Betania reservoir, cleaning and maintenance events were held in the reservoir and the reforestation areas on Company lots around said reservoir.

In compliance with the Environmental Management Plan, civil works on the impact shaft continue. The execution of Phase II (2014) and Phase III (2015) were defined as a complement to the works executed in order to provide a definitive solution for the erosion problems of the structure.

As part of the fish restocking program of the Betania reservoir, it was stocked with 360 thousand fry of species native to the Magdalena River. This activity was carried out in conjunction with the National Aquaculture and Fishing Authority (AUNAP in Spanish), the Autonomous Regional Corporation of Alto Magdalena (CAM), the municipalities in the direct area of influences of the plant and the fishing associations of the reservoir.



Muña Reservoir

The joint work between EMGESA, the Energy Company of Bogotá and the Water and Sewer Line Company of Bogotá continued activities to mitigate environmental impact at the Muña reservoir, in compliance with the obligations imposed by authorities. These works included the manual and mechanical removal of aquatic weeds, trimming of EMGESA lots surrounding the body of water with a tractor and scythes, monitoring larva and spreading larvicide.

- The constant control of spouting of water hyacinths continued, keeping the reservoir free of this aquatic macrophyte.
- Water quality inspections were carried out at the reservoir, these were contained in the Monitoring and Follow-up Plan established by the Autonomous Regional Corporation.
- The monitoring and follow-up of the capture of adult and larvae mosquitoes continued. For 2013, capture rates were the lowest in consolidated historical records.
- In 2013, round tables were held with the Municipality of Sibaté, the Autonomous Regional Corporation of Cundinamarca, and the Prosecuting Attorney For Environmental Matters, in order to present the results of the study of analysis of alternatives for the design and construction of wastewater treatment plants in the municipality. The lots where the treatment systems are to be located were defined, and the adjustment to the land management plan was encouraged in order to modify the use of soil of said lots.

Also, quarterly fumigations in the periphery of the reservoir were conducted, and the tail ends of the Aguas Claras and Muña rivers were trimmed in order to mitigate the presence of mosquitoes. Quarterly rodent control events were held and the community was made aware thereof. Furthermore, routine and preventative maintenance of the Pump Station was carried out to ensure the proper management of the buffering areas of the Muña and Augas Claras rivers during rainy seasons.

In order to control access to the lots of the reservoir, the forestry ranger work, repair of fencing and maintenance of plantings were continued.

The study of Muña Reservoir birds and animals concluded. Forty-nine bird species were identified, six of which are at some threat level.

Tominé Reservoir

In 2013, the Environmental Management Plan for the Tominé Reservoir was carried out through the following activities:

- Participation in the meetings of the Water Committee called by the Autonomous Regional Corporation of Cundinamarca
- Confinement and, manual and mechanical removal of water hyacinths.
- Cutting, disposal and management of acacia sprouting.
- Retraining in environmental matters for personnel who work at the reservoir.
- Inspections and maintenance of the Wastewater Treatment System.
- Inspection visits for the environmental work carried out by clubs and tenants located on the lots neighboring the reservoir.
- Water quality monitoring.
- Inter-institutional management with environmental authorities such as the Autonomous Regional Corporation, CORPOGUAVIO and the Ministry of the Environment, Territorial Housing and Development (MAVDT in Spanish), and with Municipal authorities of Guasca, Guatavita and Sesquilé, for the environmental improvement of the reservoir.
- Participation in the constitution and training of the Inter-institutional Committees of Environmental Education (Cidea) of the municipalities of Sesquilé, Guatavita and Guasca.



Thermal energy plants

A consulting firm was hired to select and design the supply engineering and installation of metering equipment on the emissions line at the Cartagena and Termozipa thermal energy plants. This phase has been completed.

Monitoring of emissions at each of the units of the Cartagena and Termozipa power plants was carried out in order to verify compliance with limits established in regulations and the environmental management system. Moreover, the air quality components were evaluated for these two power plants, and specifically for the Cartagena Thermal Energy Plant, noise levels were measured.

Said monitoring is required to rule out effects on the air quality in the area of influence of the thermal power plants, and to confirm the proper operation of the operational controls established for these environmental aspects.

Cartagena Thermal Energy Plant

As part of the program of the elimination of out of service infrastructure and in fulfillment of the requirements established by the environmental authority, the left-over equipment warehouse and old electrical maintenance workshop of the Cartagena Thermal Energy Plant were demolished.

To ensure the establishment and permanence of the areas reforested in previous years, maintenance of the areas of the biodiversity projects of this plant such as the lake and mangroves was carried out.

The second phase of the project for the rainwater and industrial networks was carried out.

Termozipa Thermal Energy Plant

The project of the dry extraction of ash from the power plant began. This eliminates the open-air disposal of ash, which minimizes the risk of polluting air quality with particulates.

More over, the restoration and separation of rainfall of the domestic wastewater treatment plants was carried out.

Relationships with the community and institutions

The environmental training and awareness raising activities were continued through environmental education agreements and contracts. Educational workshops, environmental celebrations and visits were held in the municipalities of the direct area of influence of the production centers.

Events to disseminate the environmental management plans of the plants Guavio, Pagua Chain, Betania and former CASALACO Chain in the municipalities around the areas of influence of said plants. Furthermore, the environmental management plans of the Cartagena Thermal Energy Plant were disclosed to the area of influence community, and that of the Termozipa Thermal Energy Plant to the Tocancipá City Hall.

The power plants' contingency plans were disclosed to the municipality authorities in the direct and indirect areas of influence.

We participated in various meetings related to the following aspects:

- Meeting with the participation of the Tocancipá City Hall, the Autonomous Regional Corporation regarding the dragging of the Bogotá river, starting from an area downstream from the Termozipa power plant.
- We held meetings with officials from the Provincial de Sabana Centro Office regarding the progress in obtaining the licenses for emissions and discharge.
- We held meetings with officials from the Provincial Tequendama Office of the Autonomous Regional Corporation in order to review the environmental licenses of the plants of the Pagua Chain and the former CASALACO Chain.

Moreover, we participated in the Open Council of the El Colegio Municipality, which is a part of the area of influence of the Paraíso, La Guaca, La Junca and La Tinta power plants.

Through the EDAGRAM foundation, EMGESA carried out training about raising environmental awareness in educational institutions of the area of influence of the Guavio Hydroelectric Plant (Ubalá, Gachetá, Gama and Gachalá). Through the Fundación Humedales, training sessions about wetlands were held for the fishing community and educational institutions of the area of influence of the Betania Hydroelectrical Plant (Yaguará, Campoalegre, Hobo and Gigante).

In addition, through the Fundación Zoológico de Santacruz, the results of research regarding the local biodiversity of the area of influence of the minor power plants of the Bogotá river was disclosed to governmental agencies, educational institutions and EMGESA personnel.

We participated in sessions of the Bogotá River Water Committee, comprised of the Autonomous Regional Corporation of Cundinamarca (CAR in Spanish), the Water and Sewer line Company of Bogotá and the Energy Company of Bogotá. Relevant aspects include that related to the maintenance of the pipelines of the Tibitóc-Casablanca water lines, the operation of the reservoirs and the water improvement of the Bogotá River.

Round tables were held as part of the High Level Round tables of the Autonomous Regional Corporation as the regional environmental authority in the area of influence of the Bogotá River.

We received monitoring visits from officials of CARDIQUE, EPA and Autonomous Regional Corporation related to the management of discharges, emissions and hazardous waste from the Cartagena and Termozipa thermal energy plants.

Furthermore, officials visited to monitor the environmental licences of the Guavio and Betania plants (CORPOGUAVIO and CAM, respectively).



Financial Indicators

EMGESA revenue in 2013 reached \$2,397,428 million, of which \$2,393,978 were from the energy production and sales business, and \$3,450 million were from other income associated with these activities.

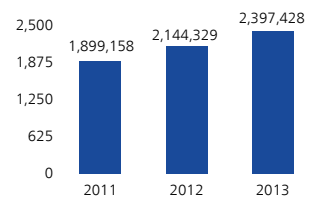
Total operating income posted an increase of 11.80% in comparison with 2012. The main factor that explains this result is the high price given on the Energy Marking over the most part of 2013, the average being \$177.3 KWh, representing an increase of 52.84% in comparison with the average market price in 2012.

In turn, the cost of sales rose to \$1,037,900 million, increasing by 17.83% compared with the previous year, mainly as a consequence of the increased cost of fuel associated with thermal power generation. Management expenses were reduced by 1.37% with respect to the previous year, reaching \$28,900 million for the year.

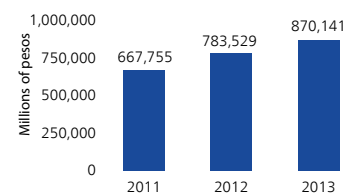
During 2013, EMGESA produced an EBITDA of \$1,480,177 million, surpassing 2012 by 7.19% and equal to a 61.74% margin over revenue produced mainly from the greater absolute increase of revenue in relation to costs.

The Company's 2013 net income was \$870,141 million, 11.05% greater than the previous year, a result of the improved EBITDA. Said results represent profitability of 8.89% on total assets, and 14.99% on total equity.

Revenue



Evolution of net profit



As of December 31, 2013, total Company assets amounted to \$9,785,473 million, of which available assets and short-term investments amounted to \$837,264 million.

The increase of available assets and investments showed a 6.61% increase compared with balances corresponding to the same portion of the previous year. This is mainly explained by pre-financing resources meant for the El Quimbo Hydroelectric Plant and to address bonds maturing in February 2014 that were issued in September 2013 with the Fifth Round bond placement of the EMGESA Bond Issue and Placement Program for \$565,000 million.

In terms of debt, at the close of December 31 2013, EMGESA posted borrowings of \$3,191,760 million, 21.51% higher than the debt posted at the close of 2012 due to the previously mentioned local bond placement.

Borrowings as at December 31, 2013 were divided into bonds issued on the local capitals market for \$2,150,000 million, bonds indexed in Colombian pesos issued to the international market for \$736,760 million and a Club Deal loan with the local bank for \$305,000 million which was refinanced in December 2013 to extend its average life by 1.5 years and reduce the associated cost of borrowing.

In turn, net Company borrowing moved from \$1,841,385 million at the end of 2012, to \$2,354,496 million at the close of 2013, demonstrating growth of 27.87%. This trend is mainly due to the increased financial debt taken on in order to invest in the construction of the El Quimbo Hydroelectric Plant.

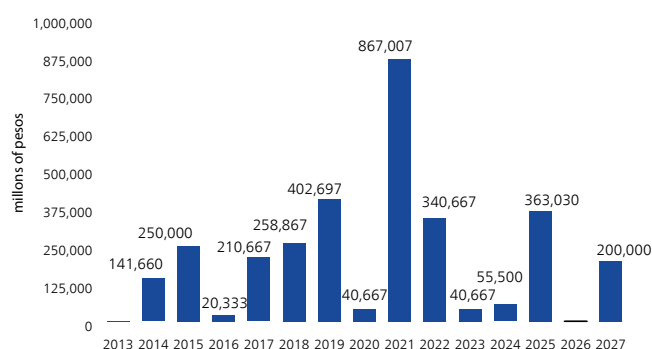
During 2013, the Company maintained its policy of minimizing income statement exposure to exchange rate variations, therefore 100% of its debt was handled in Colombian pesos at the close of the year. Moreover, 95% of borrowings was contracted on the long-term. In terms of reference interest rates, 63% of debt showed CPI interest indexes at 2% of the FTD, and 26% resting at the fixed rate.

The average cost of borrowing at the close of December, 2013 was situated at 7.24% of the effective annual rate, less than the 2012 closing level of 8.07% of the effective annual rate. The average life of borrowing moved from 7.11 years at the close of December 2012, to 6.88 years at the close of 2013.

EMGESA does not show a significant number of borrowings that mature in 2013 and 2014, during which the execution of the final phase of the El Quimbo Hydroelectric Plant is planned. In 2014, bond maturities of \$49,440 million and \$92,220 million are shown for the months of February and July respectively, for a year-end total of \$141,660 million, of which \$49,440 million are already pre-financed through the issuance of bonds in September of 2013.

Below we set out the EMGESA maturity profile at the close of December 31, 2013:

Maturity profile



Dividends

On March 20, 2013, the regular General Shareholders' Meeting approved the distribution of profits from the inclusive period of January to December 2012, representing \$783,529 million. In January and February 2013, EMGESA paid out the final tranche of dividends corresponding to 2011 profits, equating to \$165,910 million, and throughout the rest of the year canceled 75% of the dividends declared for 2012 net profits, corresponding to \$587,648 million.

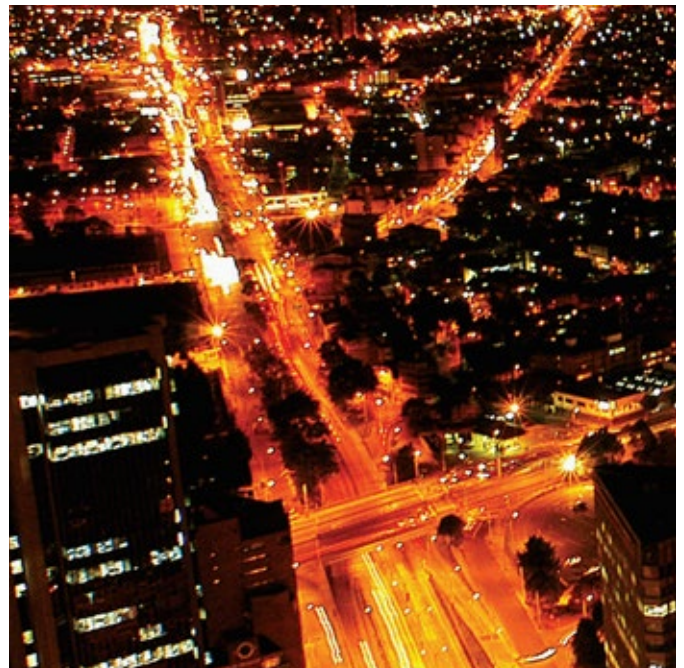
The pay out for dividends remained at 100% of distributable profit in the previous period.

Borrowing refinancing and issuance of securities

On September 11, 2013, EMGESA successfully issued bonds from the fifth round of its Issue and Placement Program for the local capitals market, through a Dutch auction carried out on the Colombian Securities Exchange. Initially, \$400,000 million was offered at attractive interest rates for the Company, and the possibility was left open to increase it to \$565,000 million should there be greater demand from investors. Due to high demand (\$880,750 million) equivalent to 2.2 times the amount offered, EMGESA placed the entire round for \$565,000 million in two series: series B6 for \$201,970 million at 6 years at CPI + 4.25%, and series B12 for \$363,030 million at 12 years at CPI + 5.00%. The resources from the placement of the bonds program fifth round will be used to finance the needs of the El Quimbo Hydroelectric Plant (\$515,560 million) and to pre-finance the maturity of bonds from February 2014 for \$49,440 million.

The success of the issuance evidenced investor interest in the Company and the confidence they have in its expansion plans. This market response is the product of the positive financial results the Company has presented in a sustainable manner throughout its history, and the good management practices and investor relations.

Considering the fall in interest rates for loans from the local bank in response to the expansionist monetary policy of the Colombian Central Bank indicated at the end of 2012, EMGESA decided to re-finance the existing Club Deal with the local bank for \$305,000 million, which matures in April 2022. Therefore, two new loans will be managed in Colombian pesos with BBVA Colombia and Banco CorpBanca banks, with maturities in December 2023. The new credits have a period of 10 years, with amortization of capital in equal semi-annual installments starting in December 2016 with an IBR indexed interest rate plus a spread whose weighted average at the close of the transaction was 6.86% EAR. This transaction will allow EMGESA to obtain annual savings in the cost of borrowing of approximately \$3,500 million, as well as to extend the average life of credit by 1.5 years.



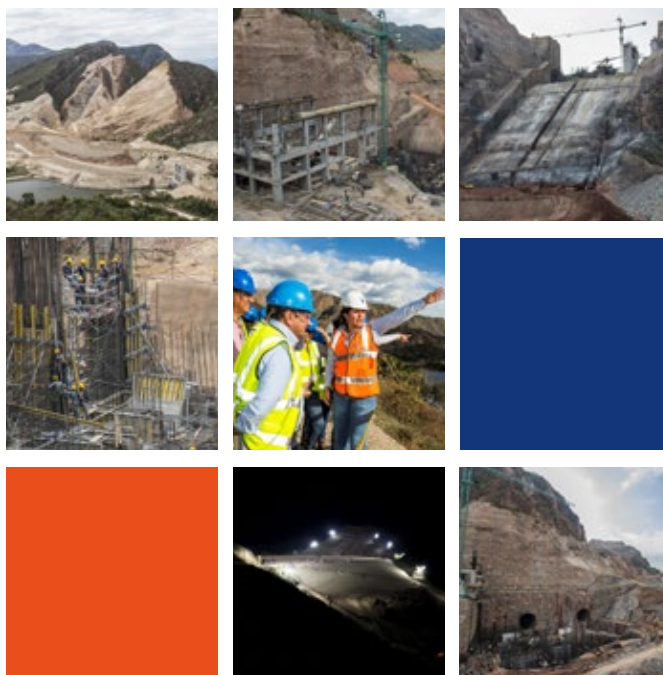
Financing the El Quimbo Hydroelectric Plant

With the goal of making the execution of the El Quimbo Hydroelectric Plant viable, a financing strategy was designed that is geared towards ensuring the availability of resources, maintaining the high quality credit score which the Company enjoys, and achieving efficiency in the cost of borrowings and minimizing the exposure to risks due to exchange rates and types of interest. This strategy is being executed in two phases, which are:

- Phase I - International bond issue and backing sources (2010-2011): This involved EMGESA's entry into the international capital market as a bond issuer through the issuance of the first international bond from a Colombian corporation handled in Colombian pesos and paid in dollars at a fixed interest rate for a sum of \$736,760 million (close to USD 400 million), of which \$646,760 million Colombian pesos are earmarked for the plant's financing. In addition, together with the local bank, we are developing instruments which will allow for additional backing resources to be available for the plant during construction. As a result, lines of promised credit were contracted with the local bank in January 2011 for \$360,000 million. Through this the obligation was established for participating banks to grant credit to EMGESA when it is required, even if uncertainty exists in the spot market at the moment of disbursement. Therefore, a line of available inter-company credit of up to USD 300 million was obtained together with CODENSA.
- Phase II - Optimizing the cost of financing (2012-2014): After the backing mechanisms were contracted to meet the plant's needs at all times, efforts shifted to having the necessary flexibility of periods and sources, as well as minimizing the cost of debt. Therefore, once the international bond issue resources issued in 2011 were exhausted in October 2012, the needs of the El Quimbo Hydroelectric Plant were financed by short-term inter-company credits with CODENSA, and were permanently monitored by local and international market

conditions with the goal of identifying the best moment to issue a new bond that would allow for long-term financing of resources taken on the short-term, and in addition to ensure resources for the financing of the investments of the following months at an appropriate cost of borrowing. Following this monitoring of market conditions, in December 2012 the Fourth Round was issued under the Bond Issue and Placement Program on the local capital market for \$500,000 million, obtaining said resources at an average rate of CPI +3.57%. Finally, in September 2013, the Fifth Round was issued under the Bond Issue and Placement Program on the local capital market for \$565,000 million at an average rate of CPI 4.73%.

In this way, considering the budget approved up until the time of the plant, and the state of execution of phases I and II of the financing strategy, in December 2013 EMGESA had financing executed and backing for 90% of the estimated value of the investment in the project, providing financial tranquility and viability in terms of economic resources to continue moving forward the investments required for its execution.



Current ratings

Fitch Ratings Colombia rated the long-term national rating of the Third Issuance and that of the EMGESA Bond Issue and Placement Program AAA for 2013.

Over this same period, EMGESA's international rating as a long-term corporate debt issuer in local and foreign currency was upgraded by Fitch Ratings in May and by Standard & Poor's in June, going from BBB- to BBB and maintaining a stable outlook in both cases.

In the case of Fitch Ratings, the decision was based on the Company's solid financial performance and the robust production of cash, and the expectation of a low and moderate leveraging after the El Quimbo Hydroelectric Plant's full implementation into commercial operation in 2015. The decision also included the consideration of the diversification of the power generation assets portfolio, the Company's growth strategy, the significant construction progress on the El Quimbo Hydroelectric Plant, and the positive production of cash flow associated with the culmination of this project in 2015.

In turn, Standard & Poor's highlighted EMGESA's appropriate business and financial risk profile in its press release as one of the reasons for raising the Company's international rating. In addition, the strength of working together with CODENSA in terms of areas of support, ownership, and administration were recognized, as well as the existence of inter-company loans that allow for the optimization of excess cash reserves and the diversification of sources of financing for both companies.

Investor Relations Recognition

In August 2013, EMGESA received *Investor Relations* (IR) recognition from the Colombian Securities Exchange (BVC) for voluntarily raising its management models for information disclosure and investor relations beyond local legal requirements, and for making quarterly and yearly information available to investors in English and Spanish on the Companies' websites. EMGESA was one of five fixed income issuers recognized with this distinction, among a total of 29 issuers awarded.

Advances in applications

In 2013, the Administration and Finance Management implemented the E2Bank and Invoice projects based on corporate tools, which have had a wide-ranging impact on the daily performance of its operating activities.

E2BANK Project

The E2Bank banking management platform, based on the SWIFT system (*System for Worldwide Interbank Financial Telecommunication*) was developed and implemented. Through it the stages corresponding to bank deposits and payments were carried out. Significant improvements were achieved through information exchange activities with banking entities under effective security schemes.

Invoice Project

In March 2013, the Invoice document management system was implemented for the management of accounts payable to Company suppliers and employees. The system allows for the automation, validation, and transfer of data to the financial economic system (SAP) from the moment the invoice is presented and digitalized, in this way optimizing Company time dedicated to this task.

Internal Control

In 2013, the Internal Control Unit (UCI) coordinated self-assessment of the internal control model in compliance with Law 262 - the Italian equivalent of the Sarbanes-Oxley Act (SOX) - for the first and second half-years, obtaining internal certification without control deficiencies for the Company.

The Internal Company Audit Department and the External Audit Firm audited the relevant Company processes through design and operational tests on controls. As a result of these reviews, opportunities for improvement were suggested and action plans were created. Closing the period, these plans were implemented with the purpose of ensuring that external period-close certification does not contain significant or material control deficiencies.

In 2013, the Internal Control Unit managed the *Governance, Risk, and Compliance Council (GRC)* project related to the objectives of good corporate governance, and specifically, with the assurance of adequate division of functions in the systems that support the Company's negotiation processes. The GRC process ended in December 2013 for all systems, except for SAP-ISU, which will conclude in the first half of 2014.

Implementation of International Financial Reporting Standards (IFRS)

In 2013, the Company started the process of implementing International Financial Reporting Standards, defined in the framework of Law 1314 (2009) - the Convergence Law, as well as Decree 2784 of December 2012. The company's implementation of the IFRS brings significant benefits through the opening up of international financial markets and stakeholders through comparable, dependable, and transparent figures and reports, under an international standard than enables participation on an equal footing with other companies.

In consideration of the complexity and impact produced throughout the Organization by IFRS implementation, Administration and Finance Management assembled a core implementation team with a multidisciplinary focus. The team has been working on local and international round tables and draws on the support of Enersis, Endesa, and Enel, as well as backing from external expert consultants for this type of process.

For implementation of the IFRS project, the following aspects have been taken into consideration and developed:

- Policy design and definition: The definition of accounting policies is a fundamental part of the implementation project for IFRS standards. This task has a high level of complexity and professional judgment. The following activities were carried out as part of this milestone:
 - Ernst & Young carried out an IFRS implementation assessment for the Company.
 - Benchmarking was carried out with recognized energy-sector companies, establishing parameters and best practices for the transition to IFRS.
 - Local and international round tables have reviewed significant topics such as impacts on property, plant and equipment, as well as other areas of impact that could present significant impact from an accounting, financial, and fiscal standpoint.
- Communications plan: The plan entails a comprehensive scheme that includes the change management process. It seeks to involve stakeholders who take part in the process through the Company's written, audiovisual, and multimedia communication channels.

- Information systems: The Company began the technical update to SAP version 6.0 in 2013, which allowed for better support to be provided to the implementation project.
- Training Plan: The training of work teams and impact groups is a fundamental premise for achieving effective implementation and post-implementation of IFRS standards, forming part of an initial two-year plan. To date, training has been provided to the accounting area and impact groups.
- Shareholders' report and control entities: The final outcome of the project manifested itself in the preparation of and compliance with financial reports, which include the presentation of the opening balance within the first half of 2014, those reports required by the control entities that report quarterly and, in addition, the first financial statements closing on December 31, 2015.

The CEO and Administration, Finance, and Control Management are highly committed to this project, which presents important challenges in the coming years that imply the submission of the first financial statements under IFRS standards starting January 1, 2015, as well as compliance with standards issued by the Colombian National Government.



Administration, Finance, and Control Management

In the second half of 2013, the Administration, Finances, and Control Management department was created within the framework of a new organizational model, under the leadership of Aurelio Bustilho de Olivera. This new management department encompasses those of Administration and Finance, led by Juan Manuel Pardo; Planning and Control, managed by Leonardo López; and Fiscal Consulting, which Carlos Eduardo Ruiz leads, with the objective of strengthening and deepening the existing synergies in the development of the Company's administrative activities and financial management. As part of the integration process, in these last few months the work to define the mission, vision, and objectives that will give direction to all work within management has been advancing.

Fiscal Consulting Management

Throughout 2013, Fiscal Consulting Management participated actively in the various Company operations such as those described here:

The starting duty assigned to the functional unit of imported equipment for the El Quimbo Hydroelectric Plant was declared as exempt until August 2015, which implies an average savings of 5% on the cost of importing equipment. Therefore, VAT incurred for the importation of generating equipment was optimized.

A clean report was obtained from the external auditor for compliance, without exception, with the obligations of the legal stability contract through which the benefit of special deductions is maintained for the El Quimbo Hydroelectric Plant's real productive fixed assets.

With support from unions (Andesco and Acolgen) the Government enshrined a special taxable income withholding tax for Income Tax for Equity (CREE) for Electricity Market transactions.

In application of Decree 2024 of 2012, a stamp tax refund was obtained for EMGESA's excess withholdings for 2008, 2009, and 2010 for a value of \$9,466 million.

Active participation was carried out for the structuring of the Easter operation so that a tax burden was not generated for EMGESA. Involving different corporate alternatives, Colombia was able to optimize the tax burden to the maximum, being the most efficient country among Enersis subsidiaries, achieving a tax cost of zero.

With the application of the Grupo Enel Policy 187 of 2012, the overall process of analyzing all contracts undersigned between associated companies began prior to signing in order to ensure that they comply with standards and fair value, therefore guaranteeing transparency in operations carried out on the Group level.

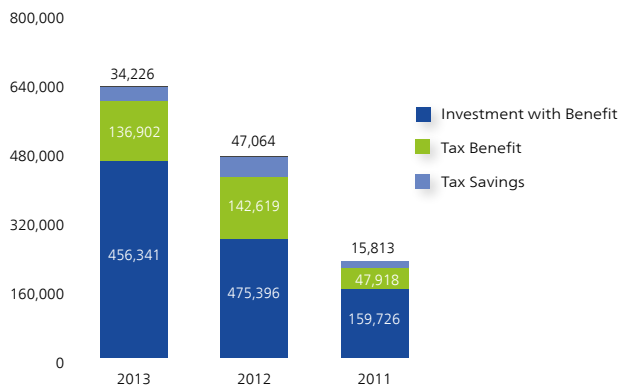
The tax burden shouldered over the last three years is shown below:



Figures in \$ million.

In the last 3 years, the El Quimbo Hydroelectric Plant has generated income tax savings as indicate below:

Quimbo tax benefit



Figures in \$ million.





El Quimbo
Hydroelectric
Plant



El Quimbo
Hydroelectric
Plant

The El Quimbo Hydroelectric Plant is located in the department of Huila, in southern Colombia between the central and western mountain ranges, 70 Km to the south of the departmental capital of Neiva on the Magdalena River. It will be situated on the water above the Betania reservoir, which is owned by EMGESA. It's area of influence covers the municipalities of Gigante, Garzón, El Agrado, Altamira, Paicol, and Tesalia.

The energy that the El Quimbo Hydroelectric Plant will produce is necessary for guaranteeing the reliability of future energy provision to the country. Therefore, the plant will elevate the safety and stability of the Colombian electric system and significantly add to the nation's energy self-sufficiency.

The first hydroelectric plant is constructed by a private company and, together with the Betania Power Plant, will allow for 8% of the country's energy demand to be met.

The plant will have a clean energy generation capacity of approximately 400 MW (2,216 GWh/year) produced by two Francis vertical axis units located in a machine room with open-air construction at 230 m from the foot of the dam.

As of December 2013, the El Quimbo Hydroelectric Plant reached 57.31% of its execution. Below the most relevant activities in terms of work, legal and regulatory management, social and environmental management, and communications are presented.

Design and civil works progress

The execution of the main work contracts are moving forward. The following activities are highlighted for each:

Building sites and water treatment systems

Housing and office sites are completely finished and operational. Potable water supply and the removal of waste water was planned with two treatment plants, Potable Water Treatment and Waste Water Treatment, which are also in operation.

Main civil works construction

Among the related activities, the following are highlighted:

- Construction concluded on the diversion culvert.
- On January 5, 2013, the upstream cofferdam filling was finished, including the fuse plug dike.
- On March 14 and April 14, 2013, the first concreting was finished for unit 1 and unit 2 respectively for the draft tube assembly.
- In 2013, significant advancement was made in the filling of the dam, and excavations and concreting continue for its left and right abutments. Filling was completed on the central part of the dam, which is necessary for commencing with the concrete face.

- In 2013, casting for the third tile of the dam's concrete face was finalized.
- Excavations were completed for the foundation of the upper section and left abutment of the auxiliary dike. The auxiliary dike continues to be filled.
- Construction continues on the control building structures in the machine room, which are becoming available for the start of auxiliary equipment assembly, with these structures reaching an advancement of 93.69%.
- Cross-beams were left available for the assembly of bridge cranes in the machine room.
- Work completed on the outlet channel culvert.
- The installation of reinforcement steel moved forward in the spillway, forming concrete structures and foundations for control, outlet channel, and deflector structures for the spillway.



Design, manufacture, provision, assembly, and implementation of electromechanical equipment

Among the related activities, the following are highlighted:

- The transformers, parts of the generators, sections of the bridge cranes, radial spillway gates, and other equipment necessary for the assembly and implementation of generating units arrived in Colombia through the Cartagena port.
- Turbine assembly: Soldering and assembly work started on the draft tubes, pre-distributor, and spiral case of the two generator units, and the distributor and spiral case of unit 1 were lowered into the pit for their final positioning.
- Prefabrication work, soldering, and assembly work continues on the unit 2 pre-distributor, spiral case, and draft tube.
- Assembly was completed on the 2 bridge cranes, with activities such as the installation of the control panels, wiring and connections, assembly of the trolley car, drums, gear-boxes, motors, breaks, and accessories, and load tests started with both machines.



- On December 6, 2013, a faulty cross-beam was received for the bridge crane.
- On December 4, 2013, the second vane of the spillway was received for the assembly of gate embedding.
- On December 22, 2013, assembly work was carried out on the pre-distributor and the spiral chamber on unit 1 in the pit.

Construction of alternate roads

- On the first of June, construction began on the 3 sections of the alternate road for the existing road network with the opening of industrial roads, stripping, and mechanical excavations on all sections.
- Foundation work started for the El Balseadero viaduct, Barrialosa bridge, and the Alonso Sanchez bridge.
- Assembly was completed for the concrete dispensing and grinding plant.

Designs

In 2013, studies were completed which correspond to the spillway hydraulic models and its influence on the foot of the dam. These studies concluded that there is a need to execute a system of protection at the foot of the dam in order to ensure that swells evacuated through the spillway do not erode the bedrock, and that the dam's gravel filling remains stable.

In terms of the power plant's work detail engineering development, designs were finalized for the following works in 2013: CFRD Dam, auxiliary dike, spillway, machine room, intake and distribution work, and electrical installations. In addition, design reports have started to be submitted for each portion of the work. Mitigation work is currently being redesigned for the foot of the dam.

In terms of the instrumentation for the works, it is indicated that the excavations and filling have acted in a satisfactory manner within the permissible design values.

To date, the As Built plans for the plant are in the process of commencing for the already completed works.

Finally, with regards to topics of infrastructure, the designs for the bridges for the alternate roads, as well as the designs for all resettlements have been completed. In terms of the irrigation districts, the designs for Llanos de la Virgen, Montea, Santiago, and Palacios have already been completed, with the designs for the Galda Irrigation District and the redesign of the Bombeo de la Cañada and docks for the reservoir ferry being in development in 2014.

Legal and regulatory management

Changes to the environmental license

During this period, EMGESA was notified of the approval of the environmental license change request in which a green light was given for the sources of required materials with one exception.

The last change to the environmental license was approved for the alternate roads. Throughout 2013, a convention was signed with the El Agrado City Hall, and conventions are awaiting to be signed with INVIAS and the Local Government of Huila.

On September 2, a change to the environmental license was written for new sources for materials, which is being processed.

Resolutions

Order 068 was received, in which the Ministry of the Environment and Sustainable Development approved the processing for the exploitation of the Amazon forest reserve in the Llanos de la Virgen relocation area. In addition, the zone was visited in September of 2013.

Notification was received for Resolution 423 in May of 2013 in which the exploitation of 140.8 ha of the Amazon reserve was authorized in the Santiago/Palacios lot for the construction of a relocation area and irrigation districts.



Declaration of public use

In 2013, the advancement of the deed registration process reached 95% of the total area of options to buy submitted to property owners. Through Resolution 003 of 2012 on January 20, 2012, the Ministry of Mines and Energy declared the lots required for completing the relocation and economic recovery program for families to be relocated to be for public use and of social interest.

Connection to the National Transmission System (NTS)

As relevant facts for 2013, the following are highlighted:

- Designs and provision of the power line and substation:
 - The provision of the metal structures for the power lines was awarded.
 - In Quimbo - Altamira, ground, geology, grounding, and foundation studies were completed.
 - In Quimbo - Alférez, designs advanced slowly due to the presence of explosive devices.
 - A supplier was selected for the line reactor.
 - On September 12, EMGESA submitted the area of the lot to the Energy Company of Bogotá for the construction of the Tesalia substation.
- The National Authority of Environmental Licenses issued the environmental license to the Energy Company of Bogotá on September 13 for the construction of the Tesalia substation, the Tesalia - Altamira power line, and the Betania - Jamondino power line diversion.

In the development of this management, constant attention was given to the National Authority of Environmental Licenses (ANLA) and Alto Magdalena Autonomous Region Corporation monitoring of the plant's execution.

Socio-Environmental Management Plan

Social management

In compliance with that requested by the Ministry of the Environment and Sustainable Development in the Environmental License, EMGESA continues to develop the following activities and studies:

Environmental compliance reports

Submission of the fifth and sixth Environmental Compliance Report (ICA) to the Ministry of the Environment in March and September, respectively.

Collective relocations

During 2013, designs were completed for the relocation areas in Llanos de la Virgen, the community of Escalartereta, Santiago, and Palacio, the community of Balseadero, and Montea for the community of Veracruz. A bidding process was developed for the construction of the relocation areas, which was awarded to the VIG consortium. Work is planned to start at the beginning of 2014 once paperwork is provided for the legalization of the contract.



The La Galda lot was identified as a relocation zone for the community of San José de Belén. Design development was advanced, and the bidding process was started, which is planned to finish and be awarded at the beginning of 2014.

Designs for the Llanos de la Virgen and Montea irrigation districts moved forward to the submission of the final documents necessary for the production of the Technical Bid Documents. Therefore, the call to tender and construction is projected for the first half of 2014.

Individual relocations

During 2013, 8 individual relocations were carried out for an accumulated total of 16 at the year’s closing. The Agricultural Production Plan was agreed upon with these families for the restitution of their economic activities, with technical assistance being provided for its execution.

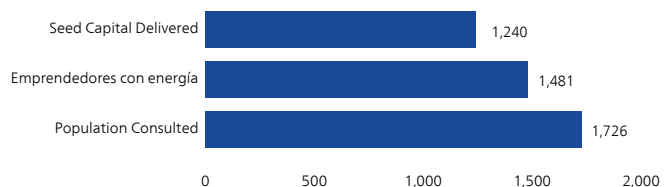
Changes in productive activities in the region

In 2013, actions geared toward advancing the mitigation, correction, and compensation process continued for the individuals or family groups who saw their economic and productive activities affected by the execution of the hydroelectric plant. Among the work

activities of said population are day laborers, servants, fishermen, miners, stokers, as well as others related to production such as tenants, co-op farmers, carriers, employees, among others.

Compensation measures for the affected population are based on the Emprendedores con Energía strategy. This initiative establishes three fundamental actions: A training program that allows for different investment areas to be made known in order to make an appropriate decision based on the performance of sustainable productive projects that allow for incomes prior to the construction of the project to be reached and/or improved in agreement with that reported in the socio-economic census; the benefiting population will be given educational assistance during the training process that guarantees participation in and attendance of the program; once the training process is finalized, the beneficiary is given seed capital which will allow for productive projects to be undertaken that are geared towards producing revenue and re-energizing productive activity in the region as well as the restitution of living conditions that may have been affected.

In 2013, as a result of this process, 1,726 people signed the minutes from the community consultation meeting to receive the established compensation measure. 1,481 people in total have signed the minutes, participated, or continue in the training process established by the strategy, and 1,240 people have received seed capital for starting their defined investment projects.

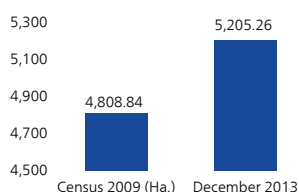


Compensation process of the non-resident and resident non-owner population of the area of influence consolidated at the close of 2013.

Apart from the strategies that have been developed by the Company in order to restore jobs affected and maintain the availability of rural jobs, lots purchased for the reservoir have been donated to their previous owners or renters with the promise of continuing agricultural activities.

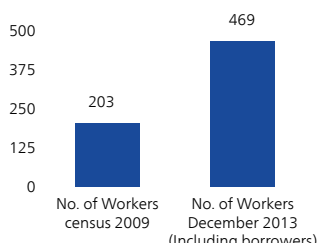
As a result of this strategy, in 2013 the number of hectares used for agricultural production grew in relation to that identified by the census carried out in 2009 by 8%.

Hectares for exportation



Hectares in production
Census 2009 vs.
December 2013

In terms of jobs created by the strategy of donating the lots, in 2013 it is observed that the total number of hectares in production produces an increased number of labor. While at the time of the census a total of 203 workers were found to be on the now donated lots, in December 2013 the number of workers on these lots is 469, which means increased production, profitability, and production of labor than at the time of the census.



Number of workers
Census 2009 vs.
December 2013

Monitoring and follow-up program

Once the population has finished the training process of the Emprendedores con Energía strategy and they have received the seed capital, they start to become part of the established sphere of populations subject to monitoring and follow-up.

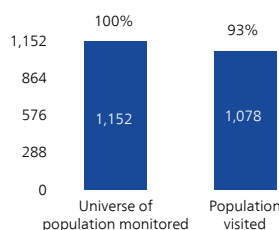
This is carried out with the aim of identifying significant impacts, job recuperation, restitution of income, changes to the population's quality of life, as well as the reactivation of productive activities in the region.

In 2013, the first monitoring period was completed which allowed for investments made by the beneficiaries using the compensation measure to be classified. Through this classification, the various investments of the population were identified, producing fundamental data for the establishment of beneficiary revenue restitution impacts, as well as the contribution of capital assigned to re-energize the economy in the region.

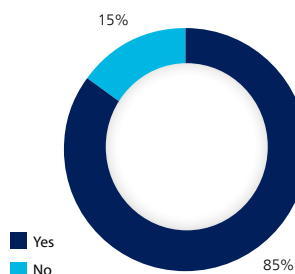
General results

At the start of the monitoring process, the sphere of the population to be monitored was 1,157 beneficiaries, of which 1,078 had already been visited, and of which it is possible to determine that 914 have already made their investment. This figure represents 85% of the population that had been visited and classified.

Sphere of the population for monitoring



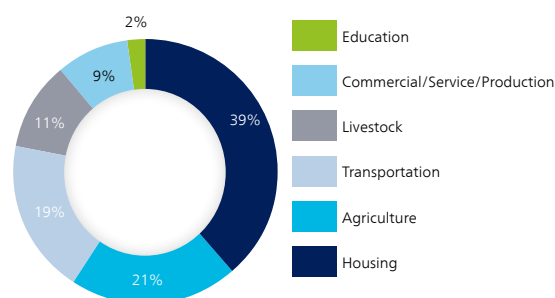
% of the population that has made an investment



Investment lines

The different investment lines are chosen by the beneficiary according to their needs and expectations. The seed capital is conceptualized as a possibility for productive projects to be undertaken which contribute to the restitution of income for individuals who may have lost their employment activities in the El Quimbo Hydroelectric Plant's area of influence. Nevertheless, taking into account the free will and choice of the beneficiary given their needs and priorities, the acquisition of a home has become an attractive alternative as the equity is highly significant for the population given the implications of their quality of life.

Types of investments in percentages



It should be noted that some beneficiaries have used the provided seed capital in various simultaneous projects: Housing and services, housing and agriculture, housing and studies, among other alternatives.

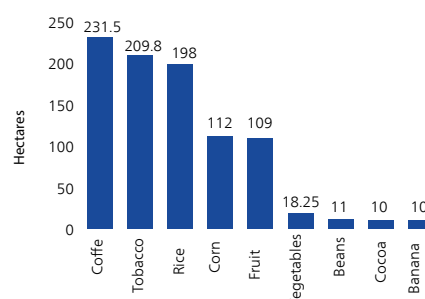
Investment in agricultural projects

A total of 909.55 cultivated hectares were identified and are in production, the majority of which in the Garzón and Gigante municipalities.

Hectares in production, according to type of crop and number of projects

Type of Crop	Number of Projects Underway	Cultivated Hectares
Coffee	94	231.5
Tobacco	19	209.8
Rice	21	198
Corn	29	112
Fruit	55	109
Vegetables	16	18.25
Beans	2	11
Cocoa	6	10
Plantains	4	10
Total	246	909.55

Hectares in production according to crop



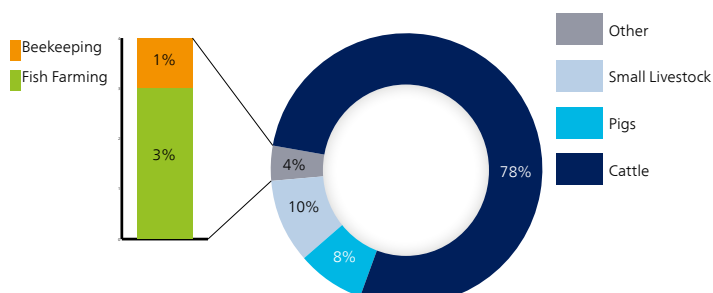
If the majority of these hectares in production in fact correspond to short production cycles as is the case for grains, some fruits, and tobacco, in which their yield may vary each semester, crops such as coffee and some fruits (lemon and avocado) will have a long-term production horizon that, combined with the production relationship with the ground (individual lots), will provide sustainability in time.

Investment in livestock projects

In the identification of projects oriented towards livestock, 78% of those compensated invested in the purchase of bovine, 10% in smaller animals mainly representing broiler chickens and laying hens, 8% in pigs, 4% in bee-keeping, and the remaining 1% invested in the development of fishing projects, specifically in the production of red tilapia.

On the topic of livestock, taking into account the production methods and the relation with the ground where the heads of cattle are kept, it can be established that the majority are found outside of the municipalities within the project's area of influence, servicing livestock workers in the department of Caquetá and the traditional production relationships between the two departments of Huila and Caquetá.

Distribution of livestock projects



Relationship of livestock

Purpose of livestock	Number of Heads	Hectares	Number of Heads in ADI	Hectares in municipalities of the ADI
Meat	196	230	114	141
Breeding and Rearing	204	579.5	35	57.5
Twofold purpose	488	1,114	292	370
Dairy	315	692	147	148
TOTAL	1,203	2,615.5	588	716.5

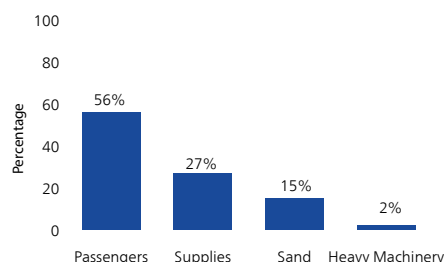
Investment in vehicles for economic activities

In relation to investments made for the purchase of vehicles for commercial use, a significant number of beneficiaries can be identified which purchased vehicles for passenger transport (the majority of these for public transportation such as taxis and vans).

Relationship of investments in vehicles for commercial activities

Type of transportation	Number of vehicles
Sand	31
Supplies	55
Heavy machinery	4
Passenger	114
Agricultural machinery	18
Total	222

Types of investment in transportation



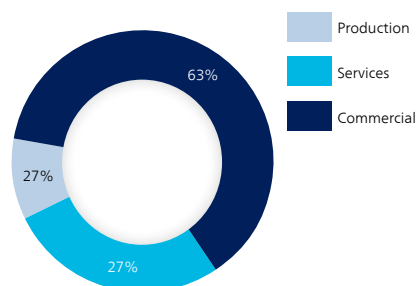
Investments made in other economic sectors

In relation to investment projects in the service, commercial, or production sectors, 102 beneficiaries were identified in total, 33 of which are already registered in the Chamber of Commerce. The majority of these investments are commercial and associated with the storage of spare parts, clothing, or provisions. 88% of these investments are found to be in the municipalities of the project's area of influence. Around 50% were undertaken on their own property, three projects included the purchasing of a property, and 48% of investments of this type were made on rented properties.

Relationship between investment in commercial, service, or production projects

Type of business	Number of projects
Commercial	64
Services	28
Production	10
Total	102

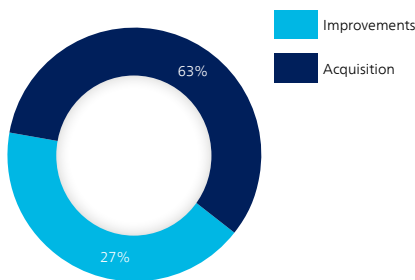
% of investment for other types of projects



Investments made in housing

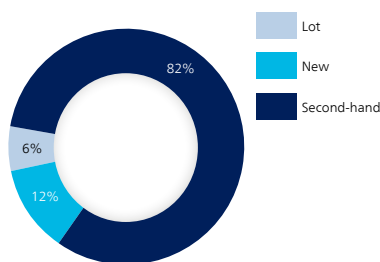
The most significant investment made with the seed capital is the purchasing or improvement of housing, as the importance of shelter to human development is a given. Of the 1,078 total non-residents that were part of the seed capital follow-up, 453 of them showed that they bought housing, or made some kind of improvement to housing they already possessed. This has contributed to satisfying a basic need, not only for the beneficiary, but also for their family group on the whole.

Types of investment in housing



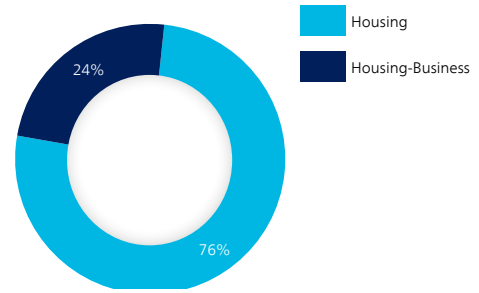
82% of beneficiaries that showed having invested in second-hand housing also made reference to the fact that they had improved its conditions or made additions in order to rent it. The greatest percentage was given to investments in second-hand housing, keeping in mind the resource amount of the seed capital and the diversification of various investment projects.

State of the housing



76% of housing has been used for living, of which 77 of these homes produce revenue for the beneficiary as they are rented. The use of 31 housing units destined for business consist of Internet cafes, convenience stores, restaurants, and clothing stores, among other things.

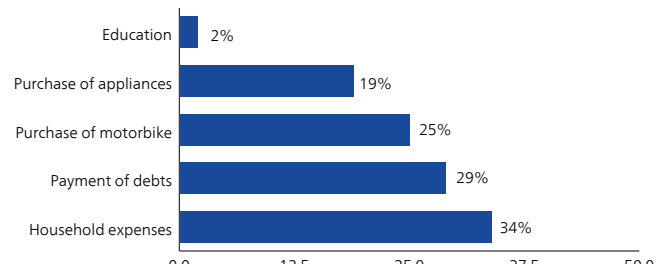
Housing uses



Other investment

When the development projects were established in the regions, they sought to produce changes in the living conditions of the population with the expectation that incomes will be improved, and with this basic needs that contribute to well-being would be satisfied. On the other hand, it is appropriate to take into account that communities have material goods associated with their cultural values. These values also determine conditions of well-being that are not always connected with established measurement variables.

Other investment



Given the previous information, the populations perceive that their living conditions improve when they have appliances in their home, the use of which allows for leisure time and recreational activities, or a reduction in time needed to complete household chores. Likewise, not having pressures relating to debt which reduce household income allows for investments to be made in basic needs, and contributes to tranquility and well-being at home. Once receiving the seed capital, many beneficiaries used some of these resources to pay debts, buy appliances, or, due their economic activities being temporarily affected and while looking for other work, some resources were used to pay for household expenses, food, paying bills, or paying for their children's studies.

25% of beneficiaries visited bought a motorcycle. Investments of this type are significant as many individuals argued that a motorcycle has been highly useful for their mobility be it for going to their jobs, or even backing the development of their other productive projects, and resulting in lowered transportation costs.

Job Creation

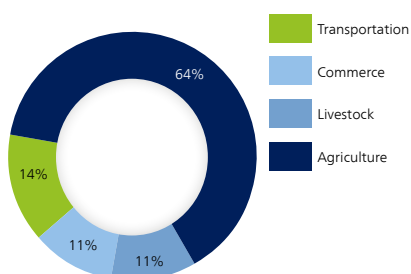
Currently the investment projects carried out with the seed capital given as compensation generate a total of 1,604 jobs. The majority of them are in the Garzón municipality in the agricultural sector.

Job creation by economic activity

Type of activity	Number of jobs
Farming	1,032
Livestock	167
Commerce	174
Transportation	231
Total	1,604

Jobs were created especially in the agricultural sector, representing 75% of the total. In the commercial and transportation sectors, employment is mostly associated with the beneficiary being the driver of his or her vehicle, or as an employee of his or her own business.

Job creation by productive sector



Generation of employment for municipalities



Implementation of the Environmental Management Plan

Results of the strategies implemented to comply with the Environmental Management Plan

- 39% of the population invested in the purchasing of housing, resolving difficulties related to habitability. The purchase of housing, even if it does not regenerate the affected employment, reduces the expenditures that individuals incur in rents, and therefore resources can be allocated to other basic needs.
- The monitoring results related to the lines of investment and current occupation of the economically impacted population show that this is a moment of transition. The training provided in agriculture and other required prior knowledge is being utilized to define new life projects meant to develop activities related mainly to the agricultural sector.
- In terms of productive activities, economic revitalization from investment in agriculture projects is observed, a revitalization that is significant in the districts and municipalities linked to the project.
- It should be noted that at the time of the census the productive activity in the project's area of influence had an 8% higher rate of development, and job creation that represents a significantly higher number of workers than reported in 2009. On the other hand, employment produced from the seed capital given to the beneficiaries through the compensation measures are showing that the population has recuperated significantly in terms of employment, as well as revenues affected.

Likewise, in order to comply with this program, it is taken into account that productive agricultural projects are to be established on the lots of families with relocation rights, as well as investments made for the benefiting population in the various sectors of the economy.

Fish farm activity encouragement program in the reservoir

This activity shall complement the re-establishment of the local economic system, recuperating sources of employment and levels of fish production through the development of fish farms in the reservoir. this program shall be developed by the competent environmental authority and the Aquaculture and Fish Farming Management Plan when the reservoir enters into operation.





Psychosocial support for families in the project's area of influence

Psychosocial support for families residing in the project's area of direct influence continued in 2013. This was carried out through group events, house calls, and personalized attention, covering the population with a right to relocation and to vulnerable populations. With the objective of preparing families to handle the change, they were informed and advised about the consensus process.



Temporary employment

During 2013, the implementation and distribution of the new employment policy was advanced with the support and monitoring of the Local Services and Employment Committee elected for the 2012-2014 term.

For the implementation of the new employment policy, a process of updating the employment data base was carried out and implemented in the Application of the National Employment Service (SNE), within the framework of the SENA-EMGESA cooperation Framework Convention.

Likewise, training processes in occupational health, industrial and environmental safety, and social responsibility were reinstated for unskilled workers in conjunction with SENA.

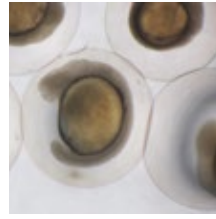
Environmental Management

Reports on Environmental Compliance

The fifth and sixth Environmental Compliance Reports (ICA) were submitted to the National Authority of Environmental Licenses in March and September respectively, in which EMGESA reports on the activities developed for each of the programs of the Handling, Monitoring, and Follow-up Plan.

Exploitation of the Amazon forest reserve area, pilot plan for the restoration of tropical dry forests

Throughout 2013, the reference terms and technical bid documents were defined through which the pilot plan's call to tender was made. The selection of the bidder was made, with the offer from the Fundación Natura - Universidad Nacional being chosen. At the end of December, paperwork was completed for the legalization of the contract. Work is planned to begin in February 2014.



Basic archeology

The Universidad Nacional, through its convention with EMGESA, is carrying out archaeological surveys and rescues in the zones where the Montea, Santiago and Palacios, Llanos de la Virgen, and Galda relocation areas will be constructed, along with their respective irrigation districts and intake networks, as well as surveys for the El Ciruelo lot within the framework of archaeological intervention license Num. 3149 granted through document 0159 of December 21, 2012.

Surveys are developed through drilling (excavations) that allow for the land's archaeological conditions to be understood, for the development of the work necessary to protect this heritage (basically rescues), and occasionally to recommend monitoring.

With relation to the protection of archaeological heritage in the project's main construction sites, in 2013 archaeological team participation increased. 16 additional archaeologists were used to carry out monitoring and follow-up work for all activities that implied the removal of the plant cover. Archaeologists supervised all earth moving that was carried out, and when archaeological materials were detected, activities were suspended temporarily while the sites were recorded and materials found were collected and stored.

Development of phase II of the fish and fishing program

The second phase of the Fish and Fishing Program is being developed in the project's area of influence in the lotic systems of the Magdalena River in the Peña Alta, Veracruz, and Puerto Seco sections, the Páez River, and the Suaza River. Also, these studies are being carried out in the Yaguilga, Guandinosa, Rioloro, Garzón, and Buenavista streams. The following components of the program are being developed in these zones:

Fish stock evaluation project

Sampling from the Guandinosa, Yaguilga, Rioloro, and Garzón streams is carried out by hydro-climatic period taking into account periods of drought, transition, and rain (six samples per year). In the Buenavista stream and the Magdalena, Páez, and Suaza River they are carried out monthly during the first year of the contract's execution. In the second year of the contract's execution, sampling of all lotic systems will be carried out taking into account periods of drought, transition, and rain (six samples per year).

For the evaluation of ichthyoplankton, daily samples are carried out for twenty consecutive days in each of the rainy seasons of the yearly cycle.

For the identification of migratory species and their migration routes, tagging events are carried out according to periods of upstream migration and mid-season harvest.

Fishing resource evaluation project

Five campaigns were carried out each year (February-March, April-May, June-August, September-October, November-December).

Fishing data was taken daily that allowed us to determine the haul, fishing efforts, fishing methods and fishing tackle at the loading and unloading docks, as well as sales channels and the variation in prices.

Fishing operations support project

Informative workshops regarding the objective, scope, and activities related with restocking were carried out during each fishing biology sampling campaign (five campaigns per year).

Within this program, a program to move fish downstream from the feeder culvert to waters above the dam site was developed. This environmental measure allows for migratory fish to continue along their migratory and reproductive route.

Vegetation cover program

Forest usage: The El Quimbo Hydroelectric Plant forest usage has been advanced in the principle and annexed construction sites in which riparian forest, high stubble, and woodland pasture vegetation covers were removed. Usage activities are carried out after the hearing of fauna and the gathering of germplasm.

Over the course of the first half of the year, forest usage work was carried out in the reservoir basin for the preparation of the industrial roads necessary for the construction of the replacement roads. High stubble and woodland pasture covers were removed for its execution.

The advancement of the previously described work is reported through the Reservoir Preparation Efficiency indicator which, as of 2013, only represents 3.5% of interventions when compared to the total area.

Establishment of greenhouses and germplasm rescue: Two greenhouses continued to operate for the spread of plant materials produced by the collection of germplasm from the coverings found on construction sites. Currently there is a 90% survival rate for plant species.

In addition, in the month of October, EMGESA contracted the INVERNALIA S.A. company, an organization that was made up of non-property owning resident population of the Garzón municipality for the gathering of germplasm and the spread of plant species from the reservoir basin. The gathering of germplasm coming from the ten most ecologically important native species was carried out for the series of tropical dry forest processes, among which is the Spanish cedar (*Cedrella odorata*).

It is planned that all plant material spread will be used for the replanting of the reservoir's protected area, as well as in project's temporary sites.

El Quimbo Hydroelectric Plant (EQHP) 1% investment plan

In compliance with decree 1900 of 2006, EMGESA has an EQHP 1% investment plan which is made up of the following programs:

- **Program 1:** Lot acquisitions in regional natural park areas.
- **Program 2:** Lot acquisitions in municipal natural park areas.
- **Program 3:** Environmental education (community environmental promotion training).
- **Program 4:** Separators and domestic wastewater treatment systems. This program was created in 2013 in agreement with the needs of the municipalities where the EQHP 1% investment is made.



In 2013 the El Quimbo Hydroelectric Plant 1% investment plan began with programs 1 and 2. Inspections were carried out at 18 of the 19 lots, verifying compliance with the environmental criteria for acquiring areas with highly important eco-systems, carrying out title research only for those lots that properly met the environmental requirements established by the Alto Magdalena Regional Autonomous Corporation. Likewise, 5 meetings were held with the Local Committees for Protected Areas (COLAP) where lots were made viable (inspected by EMGESA to ensure compliance with environmental criteria through viable title research) from the 19 municipalities that have resources assigned from the El Quimbo Hydroelectric Project 1% investment plan.

The Alto Magdalena Regional Autonomous Corporation was sent information related to titles, coordinated plans, geo-databases, photograph records, and viable ideas for title research for lots that to date have met the parameters established by the ANLA and this Corporation in the 1% Investment Plan in order to issue the technical concepts for environmental viability.

The Tolima Real Estate Association was contracted and will be in charge of carrying out appraisals of the lots that obtain the technical concept for environmental viability issued by the CAM, and finally the purchasing and deed writing will be carried out with the municipality or entity designated by the ANLA.

For program 3, the National Authority of Environmental Licenses (ANLA) was consulted on guidelines to which these programs must adhere, which will be executed in 2014.

Finally, program 4 was created in 2013 as it was necessary to decontaminate water sources on some of the lots in El Agrado and Gigante because these water sources provide ground water to the Magdalena River. This program will considerably improve the quality of life and the environmental conditions of many families in these municipalities. The respective decontamination projects are being studied by professionals from the ANLA. EMGESA is awaiting approval for their respective execution.



Climate monitoring program for the reservoir's surrounding areas

In 2013, the program was spread and implemented on 21 lots in 5 municipalities (Garzón, Altamira, Agrado, Gigante, and Paicol) which make up part of the project's area of influence. It was also popularized with unions and governmental control institutions. Currently the program is going through the follow-up and monitoring phase for agricultural production that was selected for this program in agreement with the economic importance for producers found in the zone bordering the water surface. This information will be correlated with the climate information provided by the six EMGESA-owned stations that are located within the project's area of influence. As a contribution to the population of the



department's center, the program will strengthen the monitored chains of production thanks to the support and presence on the various monitored lots of professionals in the environmental sector who will provide input such as pertinent information and forms that will contribute to the organization of production in terms of productivity, quality, and agricultural health. This is provided thanks to the management and development activities of the community and entities such as the ICA and the IDEAM.

Modification of the reservoir basin

The bidding process for contracting this project began in 2013. As only three bidders responded to the first call to tender, of which only one met technical specifications, albeit at an offered price that was too high, It was necessary to readjust the initial technical specifications and the terms of reference. In order to carry out the respective changes, meetings were held with the project's environmental team that allowed for a new version of these documents to be produced. A new bidding process was opened with said information, and at the end of 2013 the strategic conclusion was made to declare the process deserted in order to directly contract two service orders in the following manner: The first consists in carrying out herding work in the reservoir's basin, and the preparation of the sector of the La Honda district. The second service order consists of carrying out the preparation of the rest of the reservoir basin, including new adjustments to specifications, and with it the important reduction in the cost of services required. The preferred firm is REFOCOSTA, to whom the main basin's improvements are forecast to be assigned at the beginning of 2014.

Control post for the illegal trafficking of wild plant and animal life

In 2013, control post operations worked smoothly. During the year, 30,312 vehicle inspections were carried out at 4 strategic locations on the EQHP effected roadways (municipality of Altamira, Ancón sector, Rioloro and Las Mercedes of the municipality of Gigante). Five vehicles illegally transporting wildlife (6 specimens), and 2 seizures from vehicles transporting wood without its respective letter of safe-passage (29,417 m³) resulted from said inspections.

Starting from the second half of 2012, and with the support of the Special Road Energy Battalion Number 12 and environmental inspectors from the EQHP Environmental Area, operations started at three control posts for the illegal trafficking of wild plant and animal life in the project's area of influence, providing protection and conservation of the biodiversity in the Huila department.



Communications management for the El Quimbo Hydroelectric Plant

The execution of the El Quimbo Hydroelectric Plant communication plan continued throughout 2013 through the production of news from its own source, the administration of channels of communication for stakeholders, and the execution of the institutional relations agenda with the goal of sharing project advancements and relevant facts on social, environmental, and technical topics.

Institutional relations

An intense agenda of project relations was maintained, where in addition to holding monthly meetings with stakeholders on the national and regional level, workshops and dialog spaces were opened relating to the project's execution such as the monitoring meetings with the Huila Local Government with the participation of mayors from the municipalities in the area of influence, environmental authorities, controlling bodies, and Company representatives. Twelve meetings were held in 2013.

Moreover, a Governance agreement was signed with the Presidential Program for Human Rights, the Local Government of Huila, and EMGESA which looks to generate spaces for dialog that allow for differences with communities to be resolved and for agreements to be created to the mutual benefit of all interested parties.



The program for guided visits to the project site was strengthened with various groups of interest such as communities, authorities, unions, the church, students, and employees. Over the course of 2013, 59 visits were made where more than 1,100 people had the opportunity to visit the construction site and see the advancements made.

External communications for the El Quimbo Hydroelectric Plant

The search to strengthen the relationship between the media and self-produced news continued not only through issuing press releases, but also through visits to the construction site, productive projects of the El Quimbo beneficiaries, and tending to journalistic requests.

In 2013, 14 press releases were issued, 10 informative segments through the La Buena Energía de El Quimbo radio program, 3 visits were made to successful cases from project beneficiaries, and 3 guided tours were given to the construction site with regional and national journalists.

Communication Channels

Communication channels with the project's stakeholders were strengthened in order to provide continuous informative tools for facts relating to the execution of the El Quimbo project.

Digital news bulletin

A monthly bulletin with the most relevant facts from the environmental, social, and technical areas was distributed by e-mail to more than 800 contacts. At the close of 2013, 11 bulletins were distributed.

Website

This space for consultation and information maintained an average of 4,000 visits monthly throughout 2013. The most visited space makes reference to information regarding employment and local contracting.



The La Buena Energía de El Quimbo radio program

The program was aired bimonthly and continued for 14 regional radio stations. In the last quarter of the year, the structure of the program changed allowing for 5 informative segments to be pushed every 3 minutes with the goal of increasing the frequency of media appearances, as well as ensuring better recollection of relevant facts and project advancements from every week of the program's broadcast.

Social networks

The official Twitter account @ProyectoQuimbo closed the year with more than 500 followers and more than 2,700 messages published. The official YouTube channel ended the 2013 period with 11 videos published on the project's advancement, receiving more than 5,800 views.

Print newspaper

In 2013, the circulation of this bi-monthly newspaper increased to 1,200 copies which are distributed mainly to communities, authorities, controlling bodies, municipal administrations, and employees.



The aspects most relevant to Business Development Management in 2013 are described as follows.

Development of power generation projects

Hydroelectric Plants:

El Paso Hydroelectric Plant: Previously named Sumapaz, this project is located in the departments of Cundinamarca and Tolima approximately 20 KMs from Bogotá. It uses the run-of-river current from the Sumapaz River through 8 power plants in three chains of power generation. Each power plant will have a capacity of 20 MW for a total of 160 MW. During 2013, social and environmental studies were advanced, strengthening the identification of impacts and designing handling measures to mitigate and/or compensate them. A proposal, although not definitive, was also worked on to calculate the environmental flow, using the methodology proposed by the National Authority of Environmental Licenses (ANLA) as a base.

Guaicaramo Hydroelectric Plant: Located in the boarder area of departments Cundinamarca, Meta, Casanare, and Boyacá in the lowland foothills zone. It uses the flows of the Guavio, Batá, Lengupá, and Upía Rivers. It includes a power plant with an installed capacity of 467 MW at the foot of the dam, with an underground machine room, and rock fill dam with a concrete face. The reservoir is located in a low population density zone and would have a surface area on the order of 11,500 hectares and a volume of approximately 4,700 hm³. Throughout 2013, feasibility studies and the environmental impact study were advanced, which were focused on social aspects such as the social and land management census for the construction of the base line.

Campohermoso Hydroelectric Plant: Situated in the department of Boyacá where flows from the Lengupá River are used in a 168 MW installed capacity power plant. In 2013, ANLA determined that the project requires an Environmental Assessment of Alternatives which was advanced in the preparation of contracting for this study, and will be carried out in 2014.

Oporapa Hydroelectric Plant: Located in the department of Huila, and using the flows from the Magdalena River through a 280 MW installed capacity power plant. In 2013, ANLA determined that the project requires an Environmental Assessment of Alternatives, which will be carried out later.

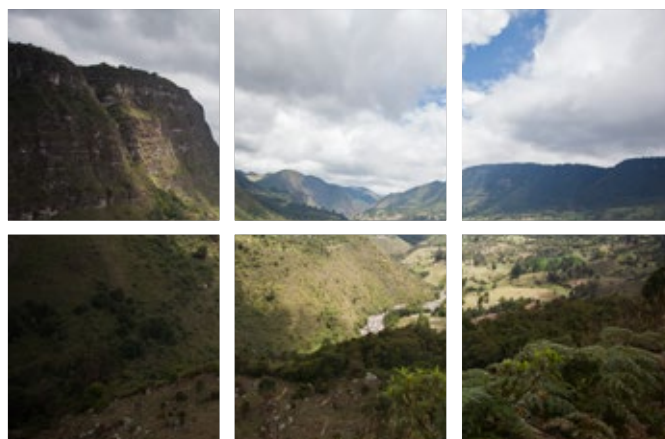
Thermoelectric projects:

In 2013, studies were initiated for the location of a coal-fired power plant, the first phase of which carried out the advance identification of eligible sites on the national level. This study took into account aspects such as the availability of fuel, the ease of location, and environmental, social, geological, geotechnical, and territorial factors. Based on the results from this first phase, pre-feasibility studies were carried out for the sites with the greatest potential.

Wind projects (wind prospecting):

EMGESA continued to carry out wind prospecting in 2013. Due to this, two new wind prospecting towers were installed in Guajira that, together with those already implemented in the zone, the Atlantic coast, and the center and south of the country, reinforce a wind prospecting catalog held by the Company, contributing to the diversification of sources of energy in the development portfolio.

Currently, EMGESA has more than 10 wind prospecting points in Colombia.





Generation projects in development by third parties

In 2013, options were explored to increase the catalog of energy generation projects based on projects identified by third parties with the goal of being incorporated into the Company development portfolio.



Early Social Management

In 2013, the Early Social Management strategy was implemented. It looks to deepen the relationship with, and knowledge of the communities and authorities in our regions of interest. This strategy includes the analysis of principal needs and interests of population groups where projects are located, so they may contribute to the social and economic development of the regions.

In all projects, the identification and analysis of the principal stakeholders, risks, and threats was carried out to establish the most appropriate engagement strategy which allows for risks to be managed and for the projects to be made viable on the social front.



Strategic planning

In 2013, Business Development Management led a corporate Long-term Strategic Perspective project on a national level. Its objective was to identify long-term strategic growth opportunities in the Colombian energy market, as well as plans and projects meant to capitalize on subjects of power generation and gas fuel.

Regulatory Management activities were aimed at monitoring energy market rules, environmental standards, the restructuring of the natural gas sector, and at topics related to energy service rates and the development of infrastructure projects in the sector.

In relation to the energy market, activities in 2013 were focused on: **I)**

The regulatory proposal on the Bylaws for Shortage Risk, through which rules are defined that shall be applied to critical situations, seeking to guarantee that demand is met; **II)** The definition of the regulated income system through which incentives were established for the construction of the first Imported Natural Gas (ING) regasification terminal in Colombia, as a support for generators with regards to safe production and Firm Energy Obligations (OEF) derived from the Reliability Premium; and **III)** The study of rates commissioned by the Ministry of Commerce, Industry, and Tourism, carried out by the ECSIM consultant, who analyzed the sector's structure and operations and made some recommendations.

Among other regulatory management milestones associated with the energy market, the following are highlighted: **I)** The definition of the schedule for covering 2014-2015 Firm Energy Obligations with liquid fuels, and covering OEF 2015-2016 with Imported Natural Gas; **II)** The analysis of the application of Resolution 051 of 2009 which regulates the system of compensation for the start-up and shut-down of thermal power plants; **III)** The implementation of Wholesale Market Operations Backing Capacity as a requirement for registering contracts and metering points, and **IV)** Adjustments to the randomized selection process for the determination of availability tests.

In terms of topics related to the natural gas regulatory framework, management were directed towards contribute to: **I)** The release of natural gas prices at the "well head" and the Energy and Gas Regulatory Commission (CREG) reforms introduced on the wholesale market in which direct negotiation or subsidies were defined as mechanisms of commercialization in agreement with the balance of supply and demand projected by the Mining and Energy Planning Unit (UPME, in Spanish) for the next 5 years; and **II)** The rules of the Retail Market, as well as the establishment of the new rate formula for Regulated Market services which, through a calculation system, provide an incentive for distributors to seek greater efficiency in gas transport and supply contracting, promoting a more competitive environment in the sector.

In terms of environmental management, we highlight: **I)** The issuance of the National Council of Economics and Social Policy (CONPES, in Spanish) document 3762 of 2013 with policy guidelines for developing Strategic and National Interest Projects (PINES, in Spanish), and the subsequent creation of the Strategic Projects and Infrastructure Inter-sectoral Commission (CIPE, in Spanish) and the Inter-institutional Coordination Protocol for Prior Consultation; **II)** The standard relating to regulations for permits required for the collection of wild specimen of biologically diverse species; **III)** The modification of minor changes in the electricity sector; **IV)** The definition of guidelines for complying with Basin Advice and participation in the phases of the Basin Management Plan and the exclusion of electric vehicles from polluting gas emissions tests.

Therefore, in 2013 monitoring continued for the implementation of the Integrated Policy for the Management of Water Resources, regulations related to discharges, environmental flow, and environmental licenses.

In turn, In 2013 EMGESA continued to participate in the formulation of the Colombian Low-Carbon Strategy within the framework of its sustainability strategy and advanced by the National Government. Likewise, it participated in the development of the sector's Vulnerability Study for Climate Change, and in the "Evaluation of the Potential of Colombian Hydroelectric Power" directed by the Mining and Energy Planning Unit.



Equity
and General
Services
Management

Service Area & Real Estate

In 2013, Service Area & Real Estate Colombia Management consolidated their operations into a new department, integrating the functions of Real Estate, General Services and Facilities, the Administration of Personnel, and the Contractor Labor Management.

General Services and Facilities management obtained a reduction of 3%, or \$363 million, in operating costs for the portfolio of services provided in 2013 when compared to costs in 2012. The quality of service was also improved, with major improvements in the indicators for service level and complaint response, moving from 91.09% and 69.5% in 2012, to 93.12% and 91.19% respectively in 2013.

In terms of the management of Industrial Safety and Occupational Health, a 1.54-point improvement was obtained for the Accident Frequency Index, moving from 3.9% in 2012 to 2.36% at the close of 2013. In addition, 191 safety walks were carried out and observation sites were implemented for restaurant services within the One Safety program.

General services

Operations were established for the transport of personnel at power plants, and route optimization mechanisms began to be automated.

For the travel agent service, throughout 2013 compliance with the corporate policy for business trips was ensured, achieving a 7% reduction in travel costs with respect to 2012.

In terms of Document Management, advancements were made in the Document Retention Tables in 2013 for all areas of the Company, which will be ready in the first quarter of 2014. In addition, the redesign process began for the mail service, which will be implemented during the first quarter of 2014.

Facilities (Maintenance and civil works)

Restaurants were designed for the La Tinta, Paraíso, Tequendama, Guavio, and Termozipa power plants with preparation work being carried out in 2014. This will allow for conditions to be improved for workers in the plants, and will provide a space designed for current needs, guaranteeing compliance with regulations for this type of infrastructure.

During 2013, other work was carried out at power plants, such as: The renovation of the multi-purpose court in Cartagena, adaptation of Seboruco warehouse roofing in Betania (663 m²), remodeling of the bathrooms in the Ubalá Battalion, demolition of environmental liabilities in Charquito, and the design of administrative offices in Betina. In addition, floor 7 of the calle 82 headquarters building was adapted for the consolidation of the Global Business Services structure, and support was given to all power plants during the agricultural strike.

Likewise, maintenance and improvement work was carried out which included the restoration of roofing, walls, flooring, civil works, and the preparation of work sites in order to obtain optimal spaces that meet standards for workplace safety and employee comfort.



Personnel Management

Payroll process - Social security and parafiscal items

During the 2013 fiscal year, the indicator for the appropriateness and quality of the payroll process closed at 119%, therefore guaranteeing the efficiency and effectiveness of the payroll liquidation process and compliance with workplace legal and conventional obligations, and taxes and social security for 889 individuals between active workers and retirees.

Definition of service levels and update of procedures

In 2013, the matrix for activity authorization levels was defined and twenty-one procedures were updated that are found in the standards system and define functions and responsibilities.

Update of personnel master data

In 2013, active personnel master data was successfully updated (general role), reaching the goal of 85.84% of the total population closing in December. This information is a management tool for the application of benefits that the Company grants to its employees.



Real estate

All occupations on the lots that form the reservoir of the Betania Hydroelectric Plant were identified and inventoried, which showed 435 settlements on 135 lots. Social diagnostics were carried out for 38% of these settlements, and legal proceedings were started for 32%. A geographic database was established for the lots and squatters in the Magna - Sirgas coordinates system, and cartography was updated for the reservoir with the orthorectification of areal photographs in which the levels of interest defined for the reservoir's operation were also updated. 10 dwellings were recuperated voluntarily, and 2 were legalized through loans for use contracts. The lot inspection and surveillance plan was reorganized.

Standardization activities were carried out at the Guavio Hydroelectric Plant for the Ubalá, Gama, an Gachalá zones.

At the close of 2013, unproductive real estate was sold for a value of \$48 million. Legal processes to evict third-parties squatting or occupying these lands were being carried out for said lands. Likewise, revenue of \$103 million was reported from leases.

Company real estate assets were fully identified, clarifying the database with tax and accounting information.

Employee portfolio management

The Human Resource Administration Division - Global Business Services Colombia, administrates, manages, and oversees the portfolio in terms of personnel loans for active and retired personnel of the Company. The balance as of December 31, 2013 reached a sum of \$17,535 million.

The credit lines established in the Human Resource Management Quality of Life Program include: Loans for housing, training, vehicles, higher education for children, dental work, disasters, university guarantees for children, appliances, and vacations. 1,295 loans are held as of the December 31, 2013 closing.

Health plans

Throughout the year, the Integral Prepaid Medicine contract through Colsánitas was managed for workers and their nuclear family. The annual cost for 2013 was \$827 million, covering 524 beneficiaries.

Pago Project phase II

Phase II of the Pago Project (SAP) was initiated in order to implement a new system for payroll management. Among the relevant milestones, the definition of requirements, the valuation of cost by man-hours, and the assignation of functional users are highlighted.

Contractor labor management

At the close of 2013, the contractor personnel payroll recorded 5,026 workers from 168 contracts with 111 companies.

On May 30, the 11th Meeting of Partner Companies was held with more than 300 people in attendance among managers from the Company and the partner companies, as well as contract coordinators and managers. Matters of workplace safety, the commencement of projects geared towards customer service, innovation, and the Data Protection Law that is applicable to all companies were discussed, seeking coordination and alignment in order to reach Company goals.

In terms of training, short-duration programs were carried out that enjoyed the attendance of 40 workers corresponding to 3 companies, for a total of 1,238 man-hours of training.

The Contract Manager Certificate was completed by 10 managers and contract coordinators in collaboration with the SENA. The certificate included 14 modules with 120 hours of coursework. 94% of teachers belong to the Company.

70 internal contract coordinators and managers participated in the updating of the Manager Manual, which is directed towards operational contract controllers and managers.

16 integrated audits were executed with 35 findings, and the workplace inspections pilot was started with the review of 4 contracts from 3 partner companies.

Information on all contracts was recorded in the SAP Colabora system, with a Kick Off being carried out for this system with contractors and internal contract managers in order to begin the training and implementation process in which 11 managers and 41 partner company representatives participated.

During 2013, the value chain project was carried out with suppliers aimed at optimizing the Company contracting process. The realities of contracted companies were studied, to later assess and develop improvement action plans. Phase I of the project is based on the early identification of financial risks in partner companies, with 6 partner companies being classified as high risk. In phase II of the project, diagnostics of the contracting process were carried out. For this reason, all steps of the Lean methodology were developed, and a final report was submitted that included 9 goals for improvement and action plans to carry out in 2014.

Safety Management

Under the new organizational structure, in 2013 Colombia Safety was born under a flexible organizational design that is comprehensive and integrating, being efficiently adaptable to the Group's safety needs and the essential processes defined in the One Company project for the development of its function, taking into account the existence of differentiated territorial requirements as well as the diversity of specialties and commitments, and respecting the Organization's control systems.

In this order, the strategic area map was created based on the Company's strategic objectives, from there suggesting the main Colombia Safety action plans among which the following are highlighted:

Process standardization

Documentation and standardization

Taking into account the new tasks under the responsibility of Colombia Safety, an analysis was carried out regarding the existing procedures that must be updated, and those that must be created to regulate the same. Consequently, 29 procedures were defined to be documented and/or updated, a task which began in 2013 with the modification of the procedures that regulate legal activities in view of transferring them to Legal Management.

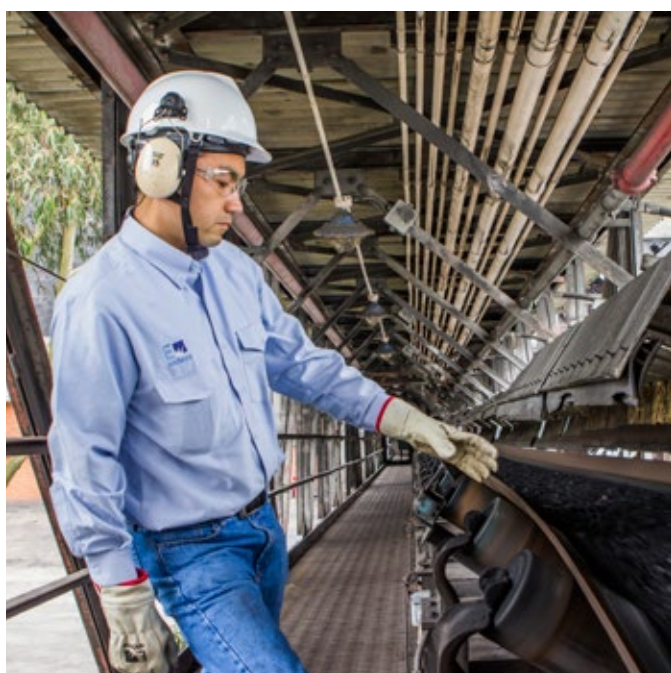
Information safety

Law 1581 - Personal information protection

Through a preparation and implementation plan within the legal and regulatory framework, compliance with the requirements demanded by Law 1581 and its regulatory decrees are guaranteed for the Company's commercial systems, work contracts for Company employees, and framework agreements with partner signatures.

Safety communication

Directed towards Company workers, the Safety communication campaign was launched through which part of Policy PL08 and Standard 68 on Personal Information Protection were disseminated, and the importance of safety for personnel and Company tangible and intangible assets was emphasized. This campaign was carried out through the distribution of good practices which seek to improve the culture and establishment of safety concepts.





Centralization of information

Horus

Software was designed and developed in a unified manner to understand, manage, and carry out monitoring of all the requirements and/or incidents in the area (infrastructure, personal, and information safety).

Intelligence reports

Report models for relevant facts and news bulletins were designed that are sent periodically to the various areas of the Company in order to document public order situations at a national level and/or specific events that may affect the normal provision of service.

Safety of individuals and facilities

Assessment of current safety contracts

The safety plan for facilities and individuals was verified through Lubeck Security and Unión Temporal Coopersvip-Nueva Era contract in order to contractually secure safety services for 2014 that guarantee established needs are covered.

Engineering and control

Electric safety systems maintenance service

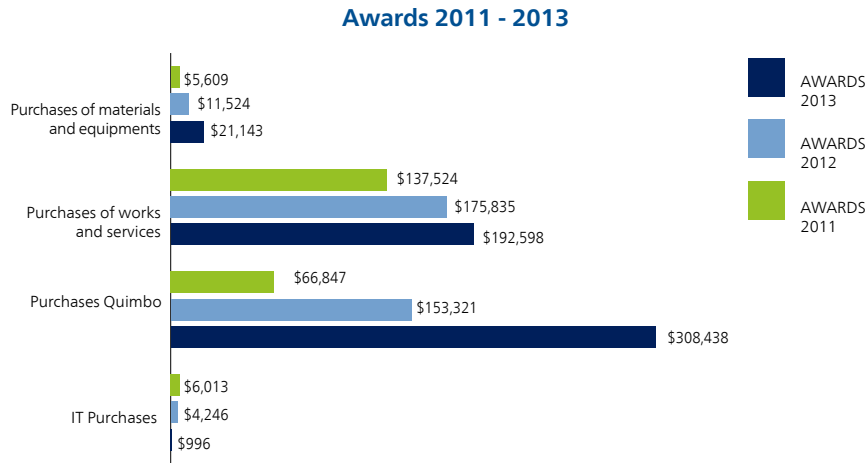
Since the start of the contract, a total of 297.5 preventative maintenance hours have been planned and executed, with an average of 59.48 hours/person dedicated to this type of work. In total, 12 facilities and the corporate offices on Calle 82 were visited. The installation at which the greatest number of hours were used was the Guavio Hydroelectric Plant, in which 105.6 hours were dedicated in total.

The facilities located in the Bogotá River chain are those which present the greatest progress with the closure of incidents and implementation of electronic safety systems, showing advancement of more than 50% in its majority. Currently, the main reports held are concentrated in the Betania, Guavio, Termozipa, and Termocatagena power plants.

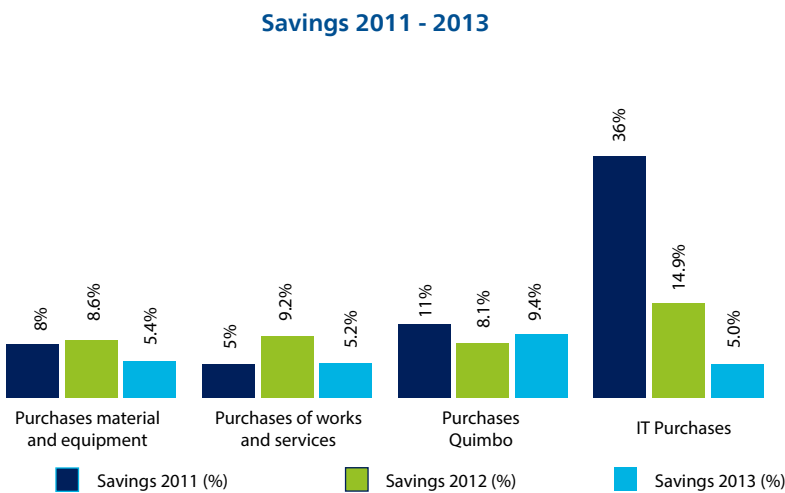


Supply
Management

Main Indicators, 2013



Awards: In 2013, awards were given for a value of \$523,175 million.



Savings management: In 2013, savings of 7.8% were obtained.

Main Actions, 2013

In 2013, the SAGA7 portal was consolidated as a principle tool for managing purchases, which has been evolving continuously, adapting to inherent business dynamics. New purchasing organizations were implemented on a global basis, which has enabled optimization of purchasing processes on a regional and international level. The gradual implementation and development of electronic bidding was advanced through SAGA7, ensuring that suppliers

participate in bids whose traceability guarantees equal opportunities and more efficient purchasing processes.

A schedule for monthly control and follow-up of contract execution was implemented, allowing decision-making to be anticipated and bid planning processes to be scheduled alongside the different user areas.



Purchasing Management

Materials and equipment purchases

Management of this portfolio was largely centered for most of the year on purchasing management for replacement and material needs for maintenance support and the continued operation of the power plants.

The most relevant purchase during this period was the replacement rotor for units 3, 4, and 5 of the Termozipa Thermal Energy Plant from the Hitachi Venezuela C.A. firm for an estimated value of USD 7 million, in which a savings of 7% were obtained.



Information technology purchases

EMGESA was awarded support and maintenance services for electronic safety systems, as well as the supply of equipment necessary for its management, for a value of \$788 million. Safety systems include closed-circuit television, alarm systems, access control systems, and the software and hardware that manage it. The main benefit of this contract was the optimization of costs, as support and maintenance was awarded according to needs (by request), in addition to savings of 8.15% obtained through negotiations.

Purchases of services and works

Among relevant contracts, we must mention that for the 2013 period, there are 3 necessary for improving the Termozipa Thermal Energy Plant 's compliance with environmental requirements. The services tendered and awarded are indicated as follows:

- Dry fly ash extraction system (USD 9.9 million).
- Ash storage silo construction (USD 3.9 million).
- Efficiency improvements to cooling Tower 2 (USD 1.5 million).

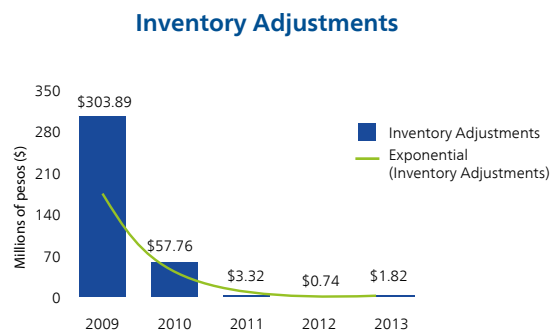
Supplier Management

Progress was made on the the Company Qualification Model, whose aim is to assess legal, economic, and financial aspects of potential suppliers of goods or services, prior to a bidding process. The first evaluations under this model were carried out in 2014.

Over the course of 2013, 4 new suppliers were recruited for the Surveillance Services family, 3 suppliers for Thermal Power Plant Maintenance Service, and 3 suppliers for the Civil Works Family (silo construction), which allows for better competition in the various bidding processes.

Management of Logistics and Purchasing Support

Inventory adjustment levels were kept low (lack / surplus). The graph confirms the falling trend over the 2009-2013 period. This positive result is the product of the appropriate coordination between Supply Management and the power plants, which watch over stock and apply corporate guidelines in this field.





Legal Management supported the various areas in the processes of: New public lighting agreements with municipalities, lot sanitation, expansion projects, social responsibility and innovation agreements, projects for the promotion of new products and services that produce added-value. Furthermore, the legal advice necessary for continuous improvement in activities, operations, and overall functions of the Company's new organizational structure was provided.

Continuing with the policy of development, promotion, and generation of alternatives for the use of clean energy, Legal Management participated in the structuring of the Public-Private Partnership (PPP) for the incorporation of electric buses in the mass transit system of the city of Bogotá.

In addition, and with the goal of collaborating with Administration and Finance Management, Legal Management participated in the bond issuance that took place in 2013. This will finance the Company's growth and expansion.

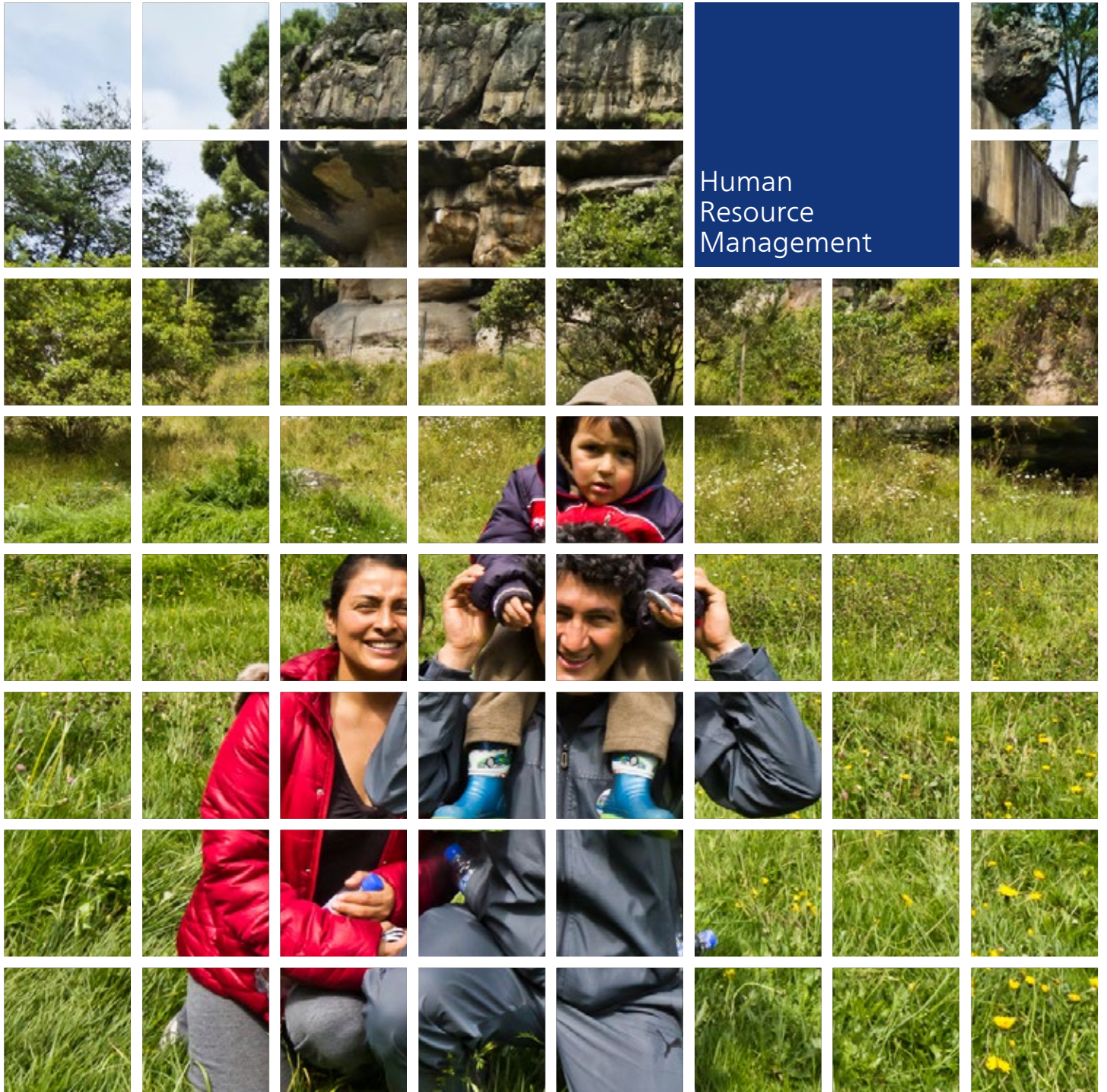
From a regulatory perspective, Legal Management actively participated in the structuring of new businesses, in the analysis of the various regulatory proposals presented by the Energy and Gas Regulatory Commission, as well as in the monitoring of legislative initiatives that impact the activities of the group's businesses.

With the objective of improving the Company's customer service, Legal Management carried out a training plan throughout the year for the various Company departments pursuant to the New Bylaws for Consumer Protections, the Anti-Paperwork Law, and standards that regulate the Company with respect to its users.

Moreover, throughout the year all Company legal procedures were adjusted to international standards on the matter.

Finally, Legal Management achieved ISO 9001 standard recertification for the Quality Management System, ratifying its commitment to the quality and excellence of its processes.

In terms of litigation, it is noted that over the course of 2013, 45 definitive rulings were made, of which 42 were favorable, thus reaching an exoneration rate of 93.33%. In agreement with the aforementioned, and in compliance with the claims sought, savings of \$943 million were achieved, with earnings of \$24,005 million.



Development and Selection

Selection process

An average efficiency of 90% was achieved for the selection processes (retention of candidates hired in 2013), which meant an 89% indicator increase in comparison with 2012.

Selection process comparison 2008-2013

Year	Type of Contract		
	Direct	Temporary	Student Internship
2008	10	6	11
2009	41	119	39
2010	41	22	41
2011	65	141	80
2012	55	159	49
2013	78	176	39

Internal Promotions

In 2013, 25% of vacancies were covered through an internal promotion process, providing an opportunity for the development of Group employees.

26 personnel promotions were carried out, and the process continued with a feedback process in order to understand each candidate's strengths and aspects to improve upon. 90% of candidates for the various positions were provided feedback, a process which strengthens the transparency of promotions.

EMGESA	Vacancies Covered	
	Internally	Externally
2008	5	5
2009	5	36
2010	15	26
2011	9	65
2012	4	51
2013	26	78

Recruiting

Employment exchanges and job fairs were our main hiring sources. We also drew on the Company database, referrals, publications on job portals, Facebook, and universities.

The Company participated in ten job fairs at different educational institutions throughout the country. The Company took part in the COLFUTURO job fair, focusing on the search for curriculum vitae of professionals with postgraduate or master's degrees in first rate foreign universities.

Corporate orientation

In 2013, five corporate orientations were carried out for direct personnel, two student interns, and one temporary employee (92% attendance). Each orientation lasts for two days. Here, participants have the opportunity to get to know the business, the Organization's areas of support, production centers, and training centers.

Satisfaction for the orientation process over the course of the year was 4.4 on a scale of 5 points, with a subsequent knowledge assessment providing a score of 4.0.

Equal opportunities in terms of gender and persons with a disability

The percentage of female hires versus total external recruitment was 30.6% in 2013, not including the El Quimbo Hydroelectric Plant. Taking this plant into account, the percentage of women is 23.8%.

The Company hired two individuals with visual impairment, who are engaged in a training process to qualify as administrative assistants.



Within the framework of the Crecer+ program, 87 young people at risk of social exclusion were trained on topics of employability. Participants included Company apprentices and youth from social management foundations such as Niños de los Andes and Fundación Fundea.

Organizational Climate

The Great Place to Work survey was carried out in December 2013, with a 91% participation rate. The results of this study will be distributed among employees in February 2014.

In 2013, the Colombia 2013-2014 Action Plan was developed, which was based on the results of the survey conducted in 2012 (Great Place to Work and the 2012 Global Survey on Work Environment and Safety).



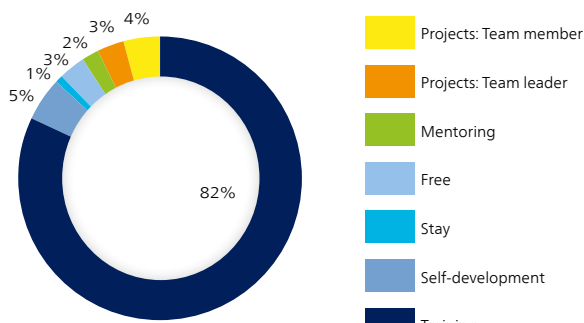
The plan included initiatives aimed at improving perception in the following categories or lines of action: Personal development, change management, and meritocracy.

Performance Management

In order to strengthen employees' skills and abilities, performance assessments were carried out with direct employees. This helped to establish strengths, identify improvement opportunities, and foster personal development. In 2013, 93.60% of employees were evaluated. Those who did not participate

in the assessments had permanent union exemption, resigned prior to the assessment date, or started at the Company after September 30, 2013 and thus should not be assessed in that same year.

379 employees have a Development Plan (IDP), for a total of 1,506 actions to be carried out. Shown below is the percentage of actions established for all Company employees.



Leaders program

With the aim of strengthening the skills of company leaders, a special program was put forward which covers leadership methodologies and training through a process of coaching, mentoring, and the Managerial Skills and Anatomy of a Manager programs from the Universidad de Los Andes.

Internal tutors program



The program objective is to train internal tutors as mentors of other workers so as to support them in the strengthening of their competencies of impact, influence, and communication, and to carry out activities for assuming risks and responsibilities.

Throughout 2013, the program continued for the training of new tutors and the reinforcement of existing ones in the competencies and molding methodology continued.

Quality of Life

The Company Quality of Life Policy is based on a management model that promotes the balance between personal, family, and working life through programs and initiatives that provide workers and their families with spaces for integration and well-being such as athletic activities, nature walks, adventure activities, recreational and cultural activities, among others.

This year, 25% more workers and their families participated in sporting, recreational, and cultural activities.

Participants in Recreational, Sporting and Cultural Activities	
Athletic activities	991
Recreational and cultural activities	2142
Junior energy explorers	23
Career guidance workshop	9

2013 showed a 156% increase over 2012 in terms of the implementation of workplace flexibility measures. In 2013, 243 flexibility measures were recorded, and new initiatives such as the following were implemented:

- Loans for vacation.
- Loans to guarantee the university education of children.
- Integration of housing and assigned-value vehicle loans.

2013 Participation Flexibility Measures	
Sick family member care	5
Birthdays	40
Balance days	119
Flexible schedule	24
Telecommuting	17
Halloween with children	38
Total	243

Family-Responsible Company (EFR, in its Spanish acronym)

EMGESA was certified by the Fundación Más Familia as a Family-Responsible Company (EFR), in recognition of the implementation of a new social and corporate culture based on flexibility, respect, and a commitment to workers.

This year the EFR survey was conducted to assess worker perception of the quality of life policy. The results were as follows:

- 97% of workers feel that the Quality of Life portfolio helped to strengthen the balance between work and family life.
- 87% of workers think that their direct boss is committed to a culture of balance between working and family life.
- 95% of workers state that EMGESA is committed to balance between work and family life.
- 99% of workers believe that EMGESA should continue to create initiatives that contribute to the balance between working and family life.

Corporate Recognition Program

"People with the best energy" is a program that aims to highlight the good attitude and commitment of our workers, and to identify, value and make evident their effort and differentiated contribution.

In 2013, 55% of workers selected individuals who stood out through a vote, with 65 people being recognized in the categories of "Good Attitude" and "Inspiring", accounting for 4% of the payroll.

Loans

In 2013, the Company contributed economic resources totaling \$5,745 million in loans to employees, across different lines of credit distributed as follows:

Type of loan	Loans issued	Value in \$
1st Home, Unionized Workers	14	1,191,473,067
1st Home, Comprehensive Workers	10	1,028,894,860
2nd Home, Unionized Workers	18	974,669,452
2nd Home, Comprehensive Workers	4	388,501,914
Training Loan	11	52,231,448
Vehicle Loan	56	1,544,549,660
Higher Education Loan	69	368,737,840
Dental Loan	2	4,493,000
Disaster Loan	6	38,300,000
Vacation loan	22	153,959,849
Total	212	5,745,811,090

International postings

International Mobility - Colombians abroad

Type of travel	Country of destination	Number of workers
International development	Spain	5
	Italy	1
Long-term expatriate	Chile	1
	Italy	1
Total		8

International Mobility - Foreigners in Colombia

Type of mobility	Country of origin	Number of workers
International development	Chile	1
	Chile	3
Long-term expatriate	Spain	1
Total		5

Scholarship for excellence

Two scholarships for academic excellence were provided to the best students among employees' children with ICFES academic grades that were among the top 20% of results on a national level.





Volunteer Program

Human Resources Management looks to raise awareness among employees to encourage them to volunteer their time and efforts to social actions that benefit the community. In 2013, three initiatives were carried out to which 80 employees dedicated 480 working hours.

Adopt an Angel at Christmas

At Christmas time, 477 gifts donated by employees were given. This initiative will benefit children and the elderly in six foundations in Bogotá, Chía, and Mesitas del Colegio.

Tapas para salvar vidas campaign

The campaign sought to obtain more than 100 tons of plastic lids to beat the record and contribute to the treatment of children diagnosed with cancer from Fundación Sanar. In the event, 156.50 tons were collected.

Endesa Forest Walk with patients from Fundación Simmon

For this activity, 40 Company volunteers accompanied 50 patients from Fundación Simmon diagnosed with cancer and their caretakers during a nature walk in the Endesa Forest.

Apart from promoting environmental care, this initiative had significant value for all participants who planted a tree symbolizing life's value.

E-Bike to Work Program

E-Bike To Work is an electric bicycle loan program for employees, implemented from 2011 at the branch on Calle 93 in Bogotá and with a satisfaction rate of 98%.

In 2013, the program was extended to the Bogotá branches located on Calle 82 and in the Technical Building. At present, the program has 48 electrical bicycles: 24 at the Calle 93 branch; 12 at the Calle 12 Branch; and 12 at the Technical Building branch. This benefited close to 120 workers in the following aspects:

- Ease and speed of mobility, as an electric bicycle can reach speeds of 25 km/h, in comparison with the 15 km/h achieved on average by other vehicle types during rush hour in Bogotá.
- Close to 6,200 routes totaling 54,000 kilometers, and 2,600 hours saved in journeys (equivalent to 110 days)
- Money saved in vehicle maintenance, gasoline, car parking, insurance, transport fares, among others.
- Chance of getting exercise and keeping healthy.
- 12-ton reduction in CO2 emissions in 2013.
- Decrease in noise pollution.



Training

The Training and Development Plan includes activities oriented toward strengthening strategic aspects for the Company, such as preventative occupational health care and industrial safety, languages, and innovation, among others.

The 2013 investment in training was \$ 375 million. The total number of hours was 30,774, 35% more than the previous year, with the participation of 2,834 people.

IDEO Innovation System

EMGESA's commitment to innovation is materialized through the management of each employee based on the production, use, and transfer of knowledge and experience. This is shared across the energy service industry, contributing to the competitiveness of the Organization, the sector, and the Colombian economy.

Inspiring, undertaking, and creating value are the main concepts of the innovation system.

To achieve this objective, the Company has implemented the IDEO Innovation System from 2006, which makes available the time, equipment, support and resources required by workers for development and testing out their ideas, as well as creating value for the Company and for society.

The innovation system stimulates the generation of proposals that represent economic, environmental, social, or customer relations benefits for the different Company processes. This year, 71 people took part in the development of ideas and projects.

This system features a team of workers with knowledge in different areas that make up the People Made for Innovating (PHI) Fraternity, recognized for their creative skills and, above all, for passion for innovation. These people support the system by leading workshops on innovation, contributing ideas, and through the projects they carry out in this area. They are responsible for assessing and classifying ideas.





As part of the system, there is an Internet platform called EIDOS Market: a "market of ideas" in which employees participate to meet challenges and vote for ideas that they like the best. Awards are given for the ideas with the highest scores.

In 2013, two challenges were worked on at company level:

- What are your ideas for fostering savings in our Company?
- What are your ideas for attaining additional sources of income in our business?

These challenges sparked 264 ideas, 1,997 investments, and 483 comments in less than two months. 30 ideas have been approved for the market; 14 from the fostering savings challenge, and 16 from the attaining additional sources of income challenge. 88 ideas were applied for Colombia and were registered in the IDEO System.

To strengthen the IDEO System and the culture of innovation, the following actions were taken:

- Innovation workshops to seek out projects that generate value for the Company, given by workers trained in innovation leadership
- 10 training courses in creativity and innovation with the participation of 104 individuals from EMGESA.
- 42 committees on ideas where PHI leaders take part, five innovation committees led by the Company CEO and the Management Committee.
- Innovation Day, an event in which 80 workers were able to learn about innovation projects, receive talks given by experts on the topic from national and international entities recognized for their developments in this area, and participate in games on creativity and innovation.

- Four projects were conceptualized and approved by the innovation committee, of which three were approved by directors and figure into a map of 12 business development projects.
- 3 co-creation workshops as part of the open Innovation Program with partner companies, from which more than 20 ideas were obtained to be assessed in 2014. To proceed with this project, Colciencias made a contribution worth \$225 million.

Technological alliances

To turn everyday experiences into products, services or new ways of doing things, it is vital to possess a network of allies that contribute their experience and knowledge to the development of ideas, initiatives and projects.

Alliances	Universities	Research Centers	Government entities	Cooperation agreement
3	11	5	3	1

Tax incentives for investment in science, technology and innovation

The use of tax incentives for investment in science, technology and innovation is one of the goals of this strategic objective of ENDESA's commitment to efficiency. As part of this, 5 projects were submitted in response to the public announcement by the Colciencias Administrative Department of Science, Technology and Innovation. Of the 5 projects, 3 were approved and we received a total tax benefit of \$499 million.

Positioning of EMGESA as a leader of technology and innovation

To contribute to the construction of knowledge on business innovation, the Company participated in events organized by public and private institutions with the aim of publicizing the IDEO Innovation System externally. Some of these were: La República Forums, Enlaces, 50th Confecámaras Congress, and Bancoldex Innovation Day, among others.

Process Management and ongoing improvement

Implementation of the new internal customer satisfaction study

154 workers received training on internal customer service topics (service to other areas of the Company) and the internal customer satisfaction survey was conducted, the results of which will determine the structuring of action plans to enhance the service attitude.

Value Chain Development Project with Suppliers

This is the first project implemented as part of the ongoing improvement model that seeks to optimize the different stages of the value chain with suppliers: Planning, preparation, supply, procurement, execution, and assessment.

For 2013, the current situation was assessed, quick wins were identified, causes were determined, and countermeasures were defined.

Gas sales standardization process

Given the creation of this new business, processes are defined and classified with the goal of standardizing practices that ensure quality and traceability.





Staff Management

At the close of December 2013, 563 are direct employees of the Company, of whom 84.55% have contracts of indefinite duration. The breakdown by payment regime is: 12 managers, 236 total remuneration, and 315 unionized. In addition, there were 28 SENA apprentices and 11 university interns.

Amendment of Internal Employment Regulations

In 2013, the internal employment regulations were amended in order to align with legal developments that have emerged in recent years, update their content to current legislation, and formalize changes that have occurred in certain operating shifts in our generation line.

This change considered, among other aspects, issues of relevance such as income requirements, legal regulation of compensated absences, and the working hours of some of our generation plants, with the aim of adapting them to the operating needs, subject to agreement with workers. All of this addresses the legal modifications and jurisprudential pronouncements that have emerged in the area.

This amendment was founded on the procedure established in Law 1429 (2010), so that the changes effected were announced to all workers through publication in physical and virtual media. This assures knowledge and dissemination thereof with the overriding aim of guaranteeing the development of adequate labor relations in the Company.

Pension Counseling

A pension counseling program was developed with the backing of different social security entities in which legal support and advice was provided to active and retired workers.

This program has ensured that procedures are redirected, and that, in the case of pension shareability and active workers, errors are avoided. Moreover, actions have been corrected through the interposition of relevant legal actions, and thus the administrative decisions have yielded the expected results.

Compensation

In line with the Company's compensation policy and in a bid to improve salary competitiveness, internal equity and staff retention, 177 staff salaries were leveled in 2013: 102 for unionized staff, and 75 for staff on the comprehensive regime.

Organizational Structure

Structure of support areas

Within the framework of the One Company Project developed in the Grupo Enel SPA area, the organizational structure of the areas of support were prepared so that this structure could be aligned with the new homogeneous organizational method created at the Group level, and to respond the business strategy and face new challenges and strategic objectives.

Moreover, the new structure was implemented in global areas in Colombia. Areas that have been structured as cross-cutting service areas with the aim of achieving efficiencies, capitalizing on best practices, and normalizing services and systems across the entire group.

The three large areas created, which form part of the Global Function Services, are: Global Business Services (GBS), ICT Global, and Global Procurement.

As part of the Global Business Services, the organizational units of Security Colombia were also created. These are a Communications Agency and Human Resources Agency that provide services for the above-mentioned global areas.



Colombia engineering

The Engineering department was created with the goal of strengthening the technical and administrative management of projects being studied regarding electric power plants with the goal of ensuring compliance with the established quality objectives for projects, within the planned budgets and time-frames.



El Quimbo Hydroelectric Plant

The structure of the hydroelectric power plant was modified in order to prepare it for the current construction phase with the main objective of articulating all required environmental, social, and infrastructure processes.



Institutional
Relations and
Communications
Management

Social Management

The Company social management is found to be framed by two strategic lines of intervention with the communities of the municipalities that make up the area of influence: Education and Local Development.

Education

Basic Local Infrastructure Support Program

The work that began in 2012 for the renovation of Marsella School in the municipality of El Colegio was completed, which will benefit more than 18 students. In addition, as it had no form of protection and was exposed to animals and unwanted individuals entering into the institution, construction began on an enclosure for the Colegio Técnico Agropecuario Martín Romero technical school in the municipality of Gama, Cundinamarca, which benefits nearly 280 students.

Environmental Education

A program called Corredor Biológico was developed in the municipality of El Colegio for the conservation of the Santa Marta stream basin with the goal of mitigating climate change and conserving biodiversity and water resources. In 2013, information was collected for the mapping of the basin, with the participation of the Community Action Board, aqueduct user associations, a group of coffee producers, and the area's institutions and education centers. 17 community groups were established for the project's development.

Local development

Basic Local Infrastructure Support Program

The Company participated in an agreement with the municipality of Yaguará and the Huila Local Government to renovate the flexible pavement structure in the most critical sections of the La Boa - Yaguará road.

An agreement was signed with the Community Action Board for the Inspection of Mámbita at the center of the Ubalá municipality in order to renovate the central park as a meeting place for sports and culture, taking into account that this is the only scenario of this type at the site.

Through agreements signed between the City Hall of Santa María Boyacá, AES Chivor, and the City Hall of Gama, Cundinamarca, work began on the construction of footbridges in the Charco Largo District over the Guavio River, and the Quebrada Negra footbridge which spans the Guavio Reservoir, providing mobility for approximately 200 people in the rural community.

This was carried out in compliance with the agreement undersigned the year before with the El Colegio municipality in which 4 Km of road in the stretch between the La Victoria inspection and the Calanaima River, as well as the road between the Pradilla inspection and the Paraíso Power Plant was improved.





Support of cultural traditions

Contributions were made for the celebration of Farmer´s Day in the municipalities of Ubalá, Gachalá, Gama and El Colegio, Paraíso district, located in the department of Cundinamarca, as well as for carrying out the 30th Folk Festival and Municipal Rice Pageant in the municipality of Campoalegre, department of Huila.

In addition, in the framework of Festiguavio, for the last two years EMGESA has been supporting the Gachalá water sports school. In 2013, three sets of kite-surfing equipment were provided so that this sport may be practiced in the Guavio reservoir.

Fundación Endesa Colombia Management

Fundación Endesa Colombia contributes to the strengthening of the Company´s social management in its areas of influence.

Education

Fundación Juan Felipe Gómez Escobar scholarship fund

Fundación Endesa Colombia supports the technical training of six teenage mothers who belong to a population of scarce resources in the city of Cartagena. In 2013, they finished their first semester of technical training in occupational safety.

Corporación Colegio del Cuerpo

In 2013, the alliance between the Corporación Colegio del Cuerpo Corporation was strengthened, giving continuity to the corporate awareness program "Educar con y para la danza", the goal of which being to benefit the educational, artistic, social, and human development of 120 children from the San Fancisco de Asís school through contemporary dance. This program brings together students from the neighborhoods of Cartagena Power Plant´s area of interest of: Arroz Barato, Maparapa, and Puerta de Hierro.

Children participated in physical training sessions, artistic improvisation workshops, dance, singing, and music classes, ending the year with a performance of "Inxilio: The trail of tears", an artistic display that was presented in the city of Cartagena within the context of celebrating International Human Rights Week.



Technology workshops

With the goal of strengthening human capital training in the department of Huila, and to benefit productive entrepreneurs related to the agro-industrial sector, Fundación Endesa Colombia and Fundación Escuela Tecnológica de Neiva “Jesús Ovido Pérez” continued working on the cooperation agreement signed to provide the opportunity for 12 youths to receive higher education, as well as construct and establish their life’s work. In addition to the payments of semester school fees, these youths will be given a stipend to cover transport, food, books, and uniform costs.

Improvement in education quality “Conéctate con la educación”

In 2013, this program continued with the objective of contributing to the quality of basic primary education through the implementation of teacher training processes in mathematical thought and reading comprehension modules, as well as strengthening

institutional betterment processes for twelve learning institutions in the municipalities of Ubalá, Gama, Gachalá, and Gachetá, in Cundinamarca. 110 teachers from 56 learning centers and more than 1,200 students benefited from this training.

Alliances

The established alliance continued between Enel Core and the Arquitectos por la Humanidad organization, which looks to improve the quality of life of school children from the San Francisco de Asís school located in the Mamonal area of the city of Cartagena through the construction of adequate and healthy classrooms that minimize the overcrowding of students in at-risk conditions.

Throughout 2013, Fundación Endesa installed solar energy systems that guarantee the provision of solar energy to five learning centers in Alta Guajira in alliance with the Ibero-American Organization for Education, Science, and Culture (OEI, in Spanish).

This management is developed with the objective of improving the quality of life for school children from at-risk communities in Colombia that do not have electricity.

Under this lighting program, more than 300 students from the Wachuary, Flor de la Guajira, Castilletes, Warrutamana, and Topia learning centers benefited in the municipality of Uribia.

In addition, the use of Information and Communication Technology (ICT) teaching methods were promoted through a process of teacher and community training with more than 200 individuals participating, and the donation of a classroom equipped with audio-visual and computer equipment.



Local Development

Campoalegre and Ubalá Cocoa productive chain

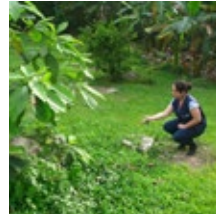
Since 2012, the Company has been developing a support program with the Mámbita Non-National Farmer and Agricultural Association (ASOAGROMA, in Spanish) in the municipality of Ubalá in alliance with Fundación Grupo Energía de Bogotá and the Municipal Administration.

Throughout 2013, 72 producers were provided with support to maintain 80 hectares of cocoa crops. Through this alliance, the Association handled resources from the agreement to install three demonstration farms, train producers on this new crop to the area, and build a community greenhouse for the spread of cocoa plant material. In addition, permanent support was provided for producers in different components of technology, society, and commerce.



On the other hand Fundación Endesa Colombia has been supporting the Association of Small Producers of Cocoa from the Municipality of Campoalegre, ASOPECA (In Spanish) that groups 60 producers for the renovation of crops and buying supplies for associates. This continued throughout 2013, with a classification of the Association being completed to define the true cultivated areas, the state of the crops, technologies used, and the expectations of producers in order to clearly establish an outlook for this type of crop in the municipality.

In 2013, ASOPECA was awarded first place in the National Contest for Fine and Aromatic Cocoa for Producing Organizations, which was organized by the Swiss Foundation for Cooperation in Technical Development, Swisscontact, and Proexport, beating more than 40 producing organizations in 32 municipalities from 17 departments. As the winner, they will have the opportunity to attend the Salon du Chocolat in Paris and get to know the operations of companies that produce the world's most exquisite chocolates up close.



Sibaté and San Antonio del Tequendama Livestock Productive Chain

Over the course of 2013, emphasis was placed on the improvement of the quality of milk as a base indicator for the competitiveness of the productive chain. Therefore, through Fundación Endesa Colombia, and in Alliance with the Municipality of Sibaté and FUNDESOT, two associations were strengthened with producers from the municipality (ASIPROLEC and APROLECSI), with components of technical assistance, equipment, and sufficient tools to improve milking practices.

Portable milk quality laboratories were provided, as well as equipment for the production of ensilage and milking equipment for producers to improve their milking practices and directly impact the quality of the milk collected from each association, and in turn, the capacity of associations to negotiate improved pricing and payment cycle conditions.

More than 20 producers benefited from one or several of the agreement's components which included mechanical milking equipment, a sanitation kit, renovation of pastures, metal stables, and/or technical assistance. In the municipality of San Antonio del Tequendama, also in alliance with

the Municipality and FUNDESOT, 15 producers were supported by the Farmer Association AGASANTEQ, being the first high-impact project in the Association's 12-year history. In technical terms, technology was provided and transferred in order to enjoy good milking practices, pastures were renovated, and the quality of milk was improved as an indicator of competitiveness.

San Antonio del Tequendama, Colegio, Viotá, Tena, La Mesa, Cachipay, and Anolaima Coffee Productive Chain

In alliance with the National Coffee Growers Federation and the Cundinamarca Departmental Committee of Coffee Growers, centers of patch production were strengthened, spanning seven municipalities in the province of Tequendama (San Antonio del Tequendama, Colegio, Viotá, Tena, La Mesa, Cachipay and Anolaima). These community centers produce the plant material (2.9 million coffee plants) used for the renovation of 586 hectares, benefiting more than 700 producers of quality fair-trade coffee plants.

At the end of the year, an agreement was signed aimed at strengthening associations in seven municipalities. With this, the goal is to seek the proliferation and sensory mapping of coffee as a

planning and sales tool and, in turn, seek out the production of specialty coffee to explore improved prices or markets.

San Antonio del Tequendama Fruit and Avocado Productive Chain

Giving continuity to the agreement signed in 2012, it culminated with the installation of 35 hectares of avocado and citrus crops, generating profit for 70 producers and their families. The group of producers received technical support and theoretical training on practices to guarantee the appropriate handling of crops.

Senior productive projects Quimbo Project

Through Fundación Endesa Colombia, and within the framework of developing the El Quimbo Hydroelectric Plant, productive projects have been advancing with the senior population in the municipalities of Gigante, Garzón, El Agrado, Paicol, Tesalia, and Altamira.

Municipalities	Approved project	Direct Beneficiaries (seniors)
Garzón	Candle factory for religious events	150
Agrado	Implementation of Productive Farm (eggs, vegetables, and fruit)	50
Altamira	Agricultural farm (poultry and citrus crops)	35
Tesalia	Farm (eggs and vegetables)	25
Paicol	Decorative plant greenhouse - agroecology	25
Gigante	Productive farm (poultry, vegetable greenhouse, wood crafts)	80
TOTAL		365

Other Programs and Activities

Church and monument lighting

With the objective of contributing to the conservation and preservation of buildings of historic and cultural value, Fundación Endesa Colombia, in agreement with Fundación Endesa España and the Colombian Episcopal Conference, 39 Colombian churches have been illuminated since 2001. Said agreement culminated with the San Francisco church lighting project in the center of Bogotá in 2013, the first to use LED lighting.

Due to this project, the main temples and churches of Bogotá, Manizales, Pasto, Popayán, Neiva, Buga, Bucaramanga, Mompos, and Armenia, among others, have been illuminated.



Sustainability Management

Sustainability Report

The ninth version of the Sustainability Report has been published, which corresponds to management for 2012, in which economic, social, and environmental performance indicators are published in compliance with the seven commitments of the Sustainable Development Policy.

The Deloitte auditing firm verified that the information the Company presented conforms to the sustainability reporting guidelines of the Global Reporting Initiative (GRI) version 3.1 and the Electricity Sector Supplement, and complies with Standard AA 1000AS version 2008 and the principles of standard AA 1000APS (2008): Inclusiveness, Relevance, and Capacity of response.

United Nations Global Compact

Together with the 2012 Sustainability Report, a progress report was presented as the level of compliance with the ten principles of the United Nations Global Compact, to which the Company has adhered since 2004. The report was produced following the Advanced criteria stipulated by the United Nations for its Communication of Progress (COP). Here, the Company's commitment to respecting human rights and protecting the environment is evidenced.

Woman Empowerment

Within the framework of the United Nations Global Compact for Women Empowerment initiative, in 2013 the Company adhered to the "Equipares" Labor Equality Seal initiative. Led by the Ministry of Labor, the High Presidential Council for the Equality of Women, and the United Nations Development Program (UNDP), this program seeks to reduce gender discrimination in the workplace and to increase opportunities for access to the job market in legal and equal conditions.

Business for Peace

EMGESA adheres to the Business for Peace initiative, a platform led by the United Nations Global Compact which looks to support companies in their adoption of measures to promote peace and the implementation of responsible business practices that are in line with the ten principles of the Global Compact, especially in high-risk areas and zones affected by conflict.

Endesa Forest

The Endesa Forest project has the goal of protection and restoring 690 hectares of high-Andes forest for the establishment of an environmental conservation area in the municipalities of Soacha and San Antonio del Colegio.

In 2012, the plan continued to restore the forest, and included the following activities:

- Planting and maintenance of 7,450 native species of trees. Since 2011, a total of 17,450 trees have been planted.
- Construction of 4 km of trails that allow visitors to access the forest.
- The signing of an agreement with the Fundación Zoológico Santacruz which has the goal of documenting fauna in the forest.
- Visits for Company employees and cancer survivors from Fundación Simmon and their families.

Sustainable Mobility

As part of the Company Sustainable Mobility Plan (PEMS, in Spanish), an initiative developed in partnership with the ANDI, the Universidad de los Andes, and Fundación Chevrolet, the implementation of the following actions was advanced in 2013:

- First week of carpooling: The company participated in this initiative which meant to raise citizen awareness and contribute to sustainable mobility through the promotion of carpooling for work related trips.
- Issuance of SITP cards: carried out over 6 events at different Company headquarters for the issuance of Integrated System of Public Transport (SITP, in Spanish) cards. In total, 711 cards were issued.

Press office management

Throughout 2013, the press office worked to place emphasis on the management of positive announcements regarding the Company, and to strengthen their relationship with the media, especially those that cover topics of Energy and Economy. During the year, 639 announcements were produced relating to the Company, with 79% being favorable.

The topics generating the greatest interest in the media were:

Bond issuance

The successful bond placement carried out by the Company in September in capital markets for a sum of \$ 565,000 million with 6 and 12 year terms, framed by the issuance and placement program approved by the Colombian Financial Superintendence received great media attention mainly due to the results, with a total demand that was 2.2 times higher than the initial value offered, reaching \$880,750 million. News bulletins were created and managed, the first of which being the announcement of the bond issuance, and the second with the results of the same.

Restocking of fry

The press office handled news sources that covered the environment regarding the restocking of nearly 360 thousand fry in the Betania reservoir. Emphasis was placed on the message that re-population was part of the Hydroelectric Plant's measures to manage the environment, and looked to contribute to the dam's sustainable ecosystem, providing the assurance of food for fishermen in the area, the sustainability of small-scale fisheries, and the conservation of fishing resources.

Electric taxi project

Together with the City Hall of Bogotá, a press conference was held for the launch of the electric taxi project which will put up to 50 vehicles in circulation, marking a milestone in the region and the nation's mobility. CODENSA and EMGESA participated in the conceptualization and operation of this project through the development and implementation of the infrastructure necessary for the provision of energy as it relates to recharging cars, through the installation of two electric charging stations with 17 charging points.

Social network media management

In 2013, the Company put a test fan page into operation with the main objective of positioning itself as a source of general news-worthy information geared towards journalists and the public in general. At year-end, the page reached a total of 212 followers (likes).

Institutional relations management

Over the course of 2013, the structuring of the corporate project entitled "Stakeholders Management" with the parent company was developed. This project is centered on the analysis and understanding of the needs and expectations of stakeholders.

In the month of December, the project was launched in Colombia, which considered the application of online interviews of close to 370 contacts from national and local institutions, environmental, consumer, and employee associations, universities, NGOs, foundations, and experts, among others.

Digital Communications

Management of virtual channels

Digital communication campaigns were developed, and information of interest was distributed to Non-regulated Market customers through the web page and the email strategy.

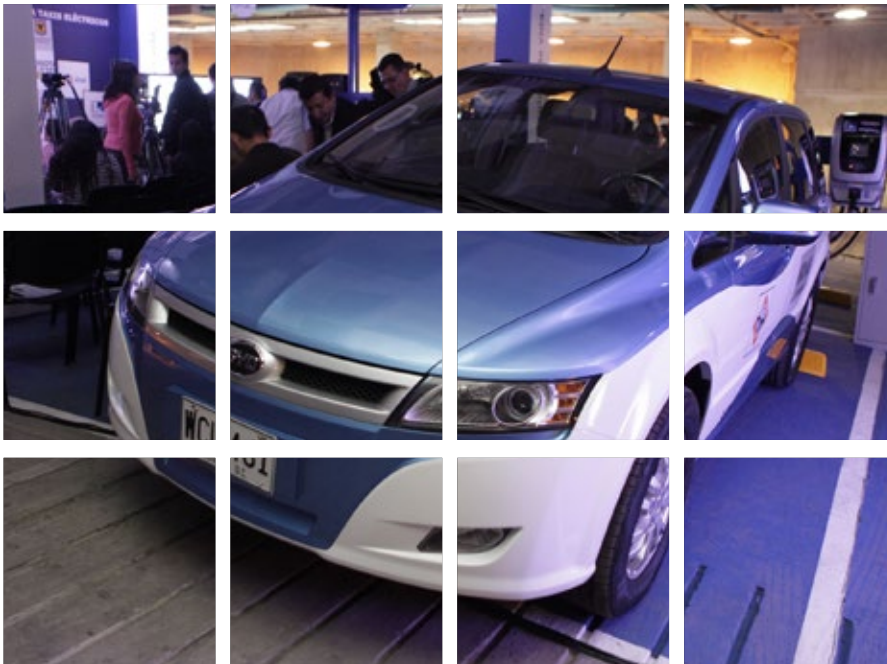
EMGESA web portal

In June, the EMGESA corporate website was launched for customers, receiving a total of 30,733 visits and 24,814 individual users in the first 6 months.

Electronic market strategy

Email is the main means of communication for sending Company messages to customers. It is used to announce events and training included in the Customer Relations Plan, to advertise the portfolio of products and services, promote efficiency and saving energy, communicate standards for the use of electric energy and, in general, to foster customer loyalty.

In 2013, a total of 9 newsletters were sent, among which the Integral Energy Management Seminar in Bogotá and Barranquilla was announced, as well as the seminary on economic projects and the seminar on gas sale regulations.



Communication Services

Participation in events and sponsorship

In 2013, Company representatives participated in approximately 30 events as speakers. Topics inherent to business management were touched upon in areas such as energy efficiency, thermal power generation, sustainability, biology and environmental conservation, the gas market, the capital market, innovation, and electric mobility, among others.



In addition, the Company was a sponsor of 39 events in order to contribute to sustainable social and economic development in the regions in which it is present, meeting the needs of the communities and ensuring the preservation of the country's cultural heritage. Some of these sponsorships were carried out in response to petitions from educational or cultural institutions, municipal administrations, benefiting organizations, and private sector initiatives, among others.

The main lines of participation that frame the promoted initiatives are:

- Professional forums on the regulation, generation, and sale of energy on the wholesale market, innovation, and the environment.
- Promotion of art and culture through the support of cultural traditions of the municipalities in the area of influence, and the production of a bibliography on the cities and peoples of Colombia.
- Well-being and social integration through the support of at-risk groups and victims of armed conflict.

In addition to promoting understanding and social well-being, the sponsorship of these events contributes to the strengthening of relations with stakeholders and produces brand recognition.

Institutional events and meetings with workers

With the purpose of strengthening the corporate identity and raising awareness for projects, initiatives, and the advancement of Company programs and policies, close to 60 corporate events were held that were directed at the various stakeholders. Some of the themes touched upon in these events were: Strategic planning, system of business innovation, periodic presentation of results and relevant Company facts, as well as the advancement of work on the El Quimbo Hydroelectric Project.

At the end of the year, the Cascade 2013 annual Company meeting was held in which the results obtained during the year and the principle projects and objectives for 2014 were communicated to more than 1,600 employees.



Events directed towards customers

In compliance with the Non-regulated Market Customer Relations Plan, more than 20 events were held in Bogotá, Cali, Barranquilla, and Medellín, among which training was given and seminars were held on topics relevant to news and regulations of the sport market in Colombia, as well as re-negotiation breakfasts in which responses are given to customer requests.

It should be noted that these types of events received a 100% satisfaction rating from those in attendance, and a participation of nearly 450 people.

Video production

In 2013, more than 25 videos and animations were produced and distributed with the goal of backing the Company strategy and management. Among these videos, the following can be highlighted: El Quimbo Hydroelectric Plant Progress, El Paso Hydroelectric Plant, Cartagena Thermal Energy Plant Fuel Management.

Informative materials production

Close to 250 pieces of communication were developed, produced, and distributed among stakeholders in order to contribute to the provision of knowledge regarding the various Company processes and initiatives. These include: Christmas Kit for employees made up of activities that can be carried out over the holiday season, 2012 annual reports and sustainability reports, and materials for Human Resources and Innovation fairs.

Visits to production centers and projects

Within the framework of the Exploradores de Energía program, 4 public visits were carried out within and outside the energy production centers and the El Quimbo Hydroelectric Plant. Among those that stand out are the visit with the children of employees to the Termozipa Power Plant, visits with customers of the Non-regulated Market, and visits with investment firms to the El Quimbo Hydroelectric Plant work and social program sites.

Internal communication

Internal media management and the development of communication campaigns seek to strengthen the feeling of belonging towards the Company, contributing to an improved company environment, promoting a culture of information among employees, and raising consciousness for driving actions and changes in the behavior of personnel.

Internal media

In 2013, distinct strategies were developed for the management of 7 internal means of communication with an average rating of 8.3 out of 10. Among these, the following are highlighted:

Entérate electronic newsletter

223 newsletters were distributed, providing information on 716 news items relating to the various Company departments and achievements.

Online corporate channel

These are digital bulletin boards that are updated in real time with internal, national, and sector news. In 2013, more than 2,477 messages were published, with segmented information of interest depending on the geographic location of the work center.



Corporate bulletin boards

These are located in the 11 offices, power plants, and corporate headquarters, which make up 35 points of information for employees. On average, nine new notices are distributed weekly for a yearly total of around 450.

Conectados magazine

This magazine is a space for information for employees and their family groups which, over the course of 2013, had a change in design to update sections and make it more attractive. Three issues were distributed during the year with the main themes of: Social Responsibility, Energy, and Customer Service.

En Directo program

In July, this new communication channel was launched which consists of holding a virtual monthly meeting (by video conferencing or streaming) with the Company CEO and employees. Its objective is to provide current and first hand information, to respond to employee worries, and to recognize personnel and projects that have stood-out due to their management. During the year, 5 meetings were held that were able to connect more than 10 offices with an average attendance of 750 people per meeting.

Internal communication campaigns

In 2013, seven internal communication campaigns were pushed forward that are developed on the mid- and long-term that capitalized key messages relating to topics strategic to the business leveraged on creativity and emotion. Among these the following can be highlighted:

IDEO Innovation campaign

The innovation campaign is oriented towards promoting the production of ideas that provide the business with added value, developing the creative concept of "IdeoGym, pon tus ideas en acción". Throughout the year, this campaign had two important moments: the celebration of international creativity day, and the third innovation day, where various activities geared towards strengthening the culture of innovation were carried out.

In addition, a special event was held at the El Quimbo Hydroelectric Plant, taking over offices and supporting an innovation workshop with the objective of understanding the innovation system and motivating employees to post ideas.

Actúa Seguro campaign

The “El síndrome de Actuar Seguro” concept was launched, which is a creative benchmark that looks for workers to adapt the concept of safety, acquiring and promoting this first positive syndrome.

Over the course of the year, different activities and communications were carried out, among which we can highlight an activity carried out to prevent accidents in Company parking lots, safety week, and an awareness day at four power plants.

Ser Social campaign

This campaign seeks to draw attention to the Company’s social responsibility. The focus in 2013 was to capitalize on obtaining certification as a family-responsible company and seeking to instill pride in the company. In this sense, various communications materials were created to show the differential value of working in a family-responsible company.

Likewise, corporate volunteer initiatives were backed to promote the spirit of solidarity, with workers being called to participate in the various activities.

Te Quiero Ver de Verde campaign

The principle objective of this campaign is to generate awareness on the efficient and responsible use of resources. Throughout the year, various messages were developed on the value of caring for the planet and future generations, in which various children of employees played a starring role. Various special dates were celebrated such as the day for water and the international environment day.



Four female workers in a factory setting are holding a sign. They are wearing blue denim work clothes and safety gear. The worker on the far left is wearing a white hard hat with a logo, while the others are wearing red hard hats with headlamps. They are all smiling. The background shows large green industrial machinery and a complex steel structure.

Tenemos
el SÍNDROME
de Actuar Seguro

¡Y nos cuidamos
en equipo!

Financial Statements

