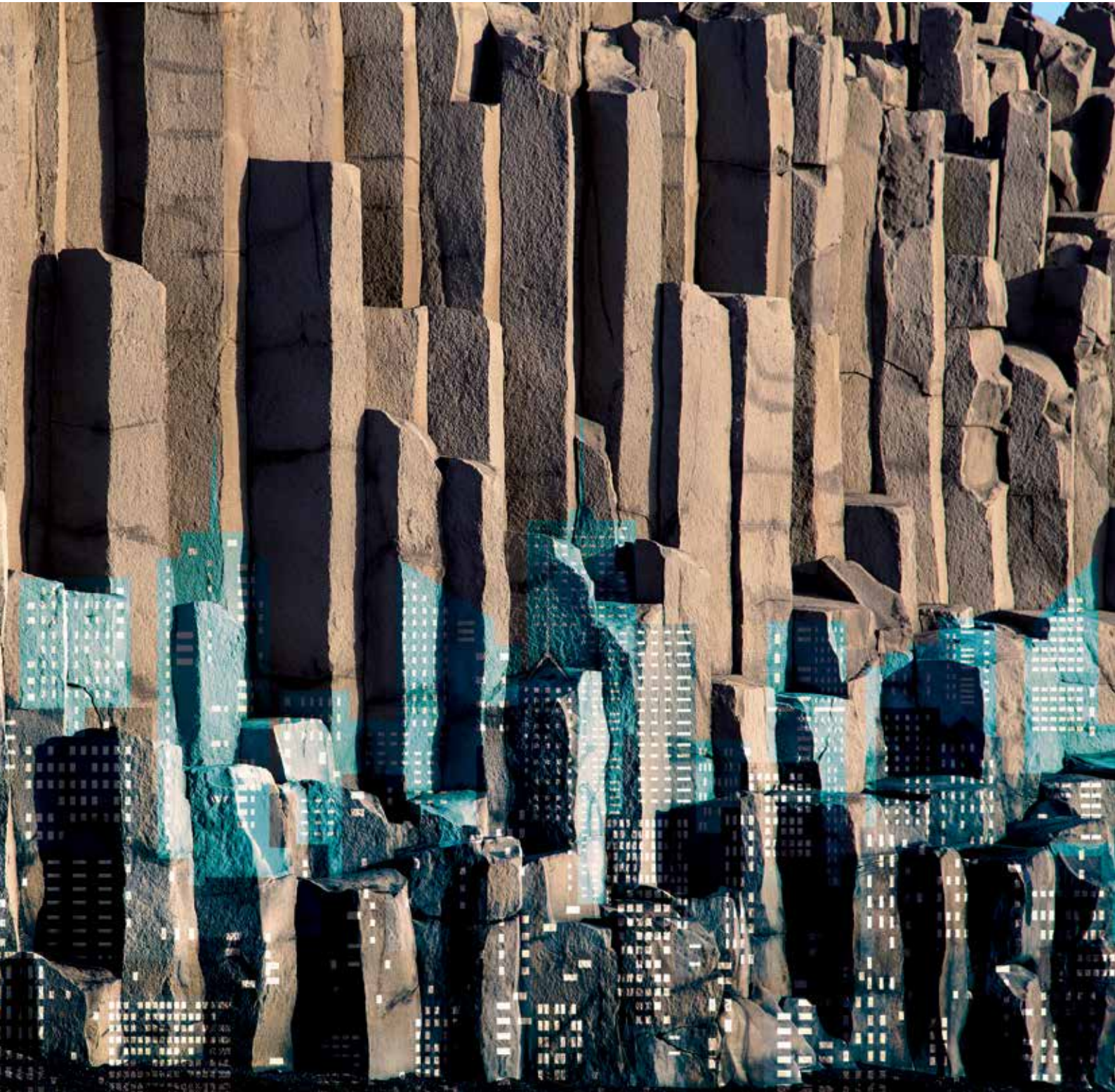


Annual Report Emgesa 2014



emgesa

Business name:	Emgesa S.A. E.S.P.
Type of Entity:	SOCIEDAD ANÓNIMA DE DERECHO PRIVADO – EMPRESA DE SERVICIOS PÚBLICOS DOMICILIARIOS
RUT (NIT):	860.063.875-8
Address:	Carrera 11 No. 82 – 76 piso 4 Bogotá, Colombia
Phone:	571 2190330
Fax:	571 6364253
WEB page:	www.Emgesa.com.co
E-mail:	contactenos@Emgesa.com.co
External Auditors	ERNST & YOUNG
Superintendency of Securities Registration:	261034
Subscribed and paid Capital:	COP 655.222.312.800

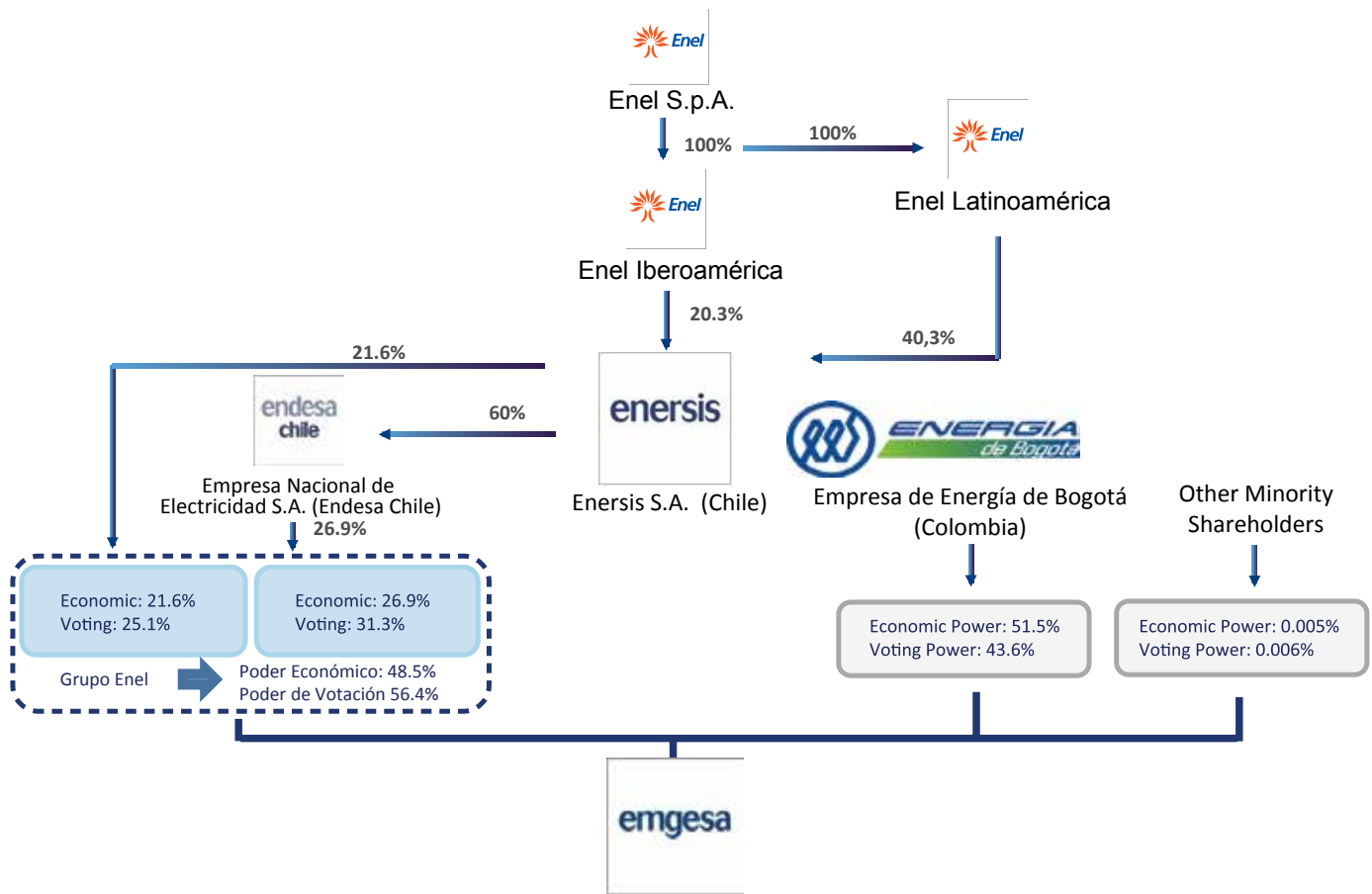


Enel is a multi-national power company and a leading integrated player in the world's power and gas markets, with a particular focus on Europe and Latin America. The Group operates in 32 countries in 4 continents, generating power from 95 GW of net installed capacity and distributing electricity and gas through a network spanning around 1.9 million km. Enel, with its 61 million of clients, has the largest customer base among its European peers and is among the leading power companies in Europe in terms of installed capacity and reported EBITDA.

Contents

6	SHAREHOLDING COMPOSITION
8	BOARD OF DIRECTORS
8	SENIOR STAFF
10	LETTER TO THE SHAREHOLDERS
18	COMMERCIAL ACTIVITIES
34	PRODUCTION ACTIVITIES
44	EL QUIMBO HYDROELECTRIC PROJECT
48	BUSINESS DEVELOPMENT ACTIVITIES
52	FINANCIAL ACTIVITIES
60	ENVIRONMENTAL AND REGULATORY MANAGEMENT
64	HR ACTIVITIES
76	SUPPLY ACTIVITIES
80	LABOR SAFETY ACTIVITIES
84	COMMUNICATIONS AND INSTITUTIONAL RELATIONS ACTIVITIES
92	GENERAL SERVICES AND EQUITY MANAGEMENT
96	IT AND TELECOMMUNICATIONS ACTIVITIES
102	LEGAL ACTIVITIES HR ACTIVITIES
104	FINANCIAL STATEMENTS
166	TRADE CODE

Shareholding Composition



Shareholding Composition

SHAREHOLDER	NUMBER OF SHARES	PARTICIPATION
Empresa de Energía de Bogotá S.A. E.S.P.		
Acciones Ordinarias	55.758.250	
Acciones Preferenciales	20.952.601	
Total Empresa de Energía de Bogotá S.A. E.S.P.	76.710.851	51,51%
Empresa Nacional de Electricidad S.A.	40.019.173	26,87%
Energis S.A.	32.176.823	21,61%
Minoritarios	7.315	0,01%
TOTAL	148.914.162	100,00%

Board of Directors

Line	Main Member	Alternate Member
First	Joaquín Galindo Vélez	Fernando Gutiérrez Medina
Second	Lucio Rubio Díaz	Carlos Alberto Luna Cabrera
Third	José Antonio Vargas Lleras	Juan Manuel Pardo Gómez
Fourth	Ricardo Roa Barragán	Ernesto Moreno Restrepo
Fifth	Ricardo Bonilla González	Jorge Iván González Borrero
Sixth (Independent)	María Mercedes Maldonado Copello	José Alejandro Herrera Lozano
Seventh (Independent)	Luisa Fernanda Lafaurie	Andrés López Valderrama

Chairman of the board	Lucio Rubio Díaz
First alternate chairman	Carlos Alberto Luna Cabrera
Second Alternate chairman	Fernando Javier Gutiérrez Medina

Senior Staff

Chief Executive Officer	Lucio Rubio Díaz
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
Institutional Relations Manager	María Celina Restrepo S.M.
Business Development Manager	Diana Marcela Jiménez Rodríguez
Generation Manager Colombia	Carlos Alberto Luna Cabrera
Energy and Sales Manager	Fernando Javier Gutiérrez Medina
Human Resources and Organizational Manager	Rafael Carbonell Blanco
Production Manager	Carlos Alberto Mancilla Flores
Environment and Regulations Manager	Omar Serrano Rueda
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	Patricia Delgado Meza

Purpose

The company's primary purpose is electric power generation and commercialization within the framework of Law 143 of 1994 and all norms which regulate, add to, amend or void said law. When carrying out said purpose, the company may purchase power generation facilities, and project, build, operate, maintain, and commercially exploit power generation facilities, carrying out all necessary actions to preserve the environment and proper relations with the community within the areas of influence of said projects; and carry out projects, designs, and consulting in electrical engineering and market products in benefit of its clients. Likewise, the company may, when pursuing its primary purpose, carry out all activities related to mineral and mining exploration, development, research, working, sale, storage, marketing, transportation, and distribution, as well as the administrative, operational and technical management related to mineral production and exploration and working of deposits in the Republic of Colombia, including the purchase, sale, lease, distribution, import and export of raw materials, elements, machinery and equipment for the mining sector. Likewise, the company may promote and incorporate establishments or agencies in Colombia and overseas; acquire, lease, transfer, encumber, and set as collateral all kinds of real estate property or other property; exploit trademarks, trade names, patents, inventions, or any other intellectual property; participate in public and private bids; enter into all types of contracts and acts, either civil, labor, commercial or financial or any other nature which are necessary, convenient or appropriate in order to achieve its purposes; deposit or receive from shareholders, matrices, subsidiaries, and third parties in funds in escrow; write, accept, endorse, cash and pay all kinds of securities, shares, and other financial instruments; enter into corporate contracts or acquire shares in corporations and participate as partner in other public utility companies; spin offs and mergers with other companies having a like purpose; assume any type of associative form or partnering strategy with individuals or corporations, domestic and foreign, in order to carry out activities related and complementary with its corporate purpose.

Letter to the Shareholders

Dear Shareholders:

We are glad to present the Company results and the most relevant aspects of its activities during the period January 1 - December 31 of 2014.

Our macroeconomic environment continued to show good behavior, mainly as evidenced by the Colombian GNP evolution, which between January and September 2014 grew 5% compared to 2013, mainly driven by the construction activity's 13.7% growth. The Colombian GNP's 4.2% growth during Q3 2014, compared to 2013, was above that of other companies in the region (2.2% in México, 0.8% in Chile, -0.2% in Brazil, and -3.2% in Peru). However, upon being in the lower part of the interval forecasted by the Central Bank's technical team (4.0% - 5.2%), it is quite possible that the 2014 growth will be under 5%, as opposed to previous predictions from such technical team, which forecasted a 5% growth.

The CPI had a 3.66% variation in 2014, exceeding the 2013 inflation rate (1.94%) by 1.72%. Faced with the accelerated inflation scenario seen since the first months of 2014, the Central Bank Board of Directors in April started increasing its intervention interest rate at a pace of 25 basic points each month, in August setting it at 4.5%, level it kept until the end of 2014.

The Producers Price Index (PPI) had a 6.33% change in 2014, 6.82% higher than 2013 (-0.49%), with positive effects in our 2014 electrical power sales contracts, which are indexed to this metric.

The peso Market Representative Rate (MRR) against the American dollar at the end of December 2014 was COP \$2,392.46/USD, a 24.2% nominal devaluation compared to the previous year's rate of exchange (COP \$1,926.83/USD). During Q4 2014, the MRR had a clear Colombian peso devaluation tendency, which significantly increased in December mainly as a result of the expectations of fewer American dollars entering the Colombian economy from the drop in oil exports caused by lower international crude prices, which in December continued to fall even further, reaching levels not seen for the last 5 years.



A recent relevant fact of our macroeconomic environment is the Colombian Congress approval in December 2014 of the new Tax Reform, promoted by the National Government. Among the most relevant aspects of this Reform is the creation of the richness tax (applied to net fiscal worth), which in the case of Emgesa will involve a rate that will be gradually reduced during the following 3 years (in 2015 the rate is 1.15%, in 2016 1%, and in 2017 0.4%).

We should also note that the Income Tax for Equity (CREE for its Spanish acronym) has been permanently set at 9%. A surcharge on this tax was also created, which will bring it to 14% in 2015, 15% in 2016, 17% in 2017, and 18% in 2018. This Tax Reform extends the Tax on Financial Activities (4x1000) between 2015 and 2018 and establishes a 1% gradual reduction for this tax each year, from 2018 until finally disappearing in 2022.

From all points of view, this new Tax Reform will significantly increase the already heavy tax burden our Company has been assuming, as well as that of all agents in the Colombian electrical sector, which - we must not forget - has traveled a long road in its consolidation process during the last two decades, starting with sanctioning of Laws 142 (Household Public Utility Services System) and 143 (Electrical Sector System) of 1994, which has resulted in the country today having a reliable and competitive electrical power generation offer that has allowed responding to a growing demand, hand-in-hand with the country's economic development. This consolidation process has only been possible thanks to the great effort we have made in substantial investments, both as a company and as a sector, so that we cannot be indifferent to the possibility of this new Tax Reform placing at risk

new investments required for expanding the installed generation capacity and the country's transmission and distribution systems. These investments will be necessary to ensure a reliable and competitive supply of electrical power, essential to the Colombian well-being and crucial for the country to continue its journey on an economic development sustainable path. We concur with the opinion of the most important economic groups in the country in the sense that the National Government's efforts in fiscal aspects should be focused on controlling the high evasion levels and contraband, not on burdening companies that, like ours, have compliance with the law as the governing and essential principle of all our activities.

Looking at 2015, we should highlight some risks the Colombian economy could be facing, as evidenced by the results of the "Survey on the Financial System Risks Perception" carried out by the Central Bank in December 2014 and involving Colombian financial system entities, business groups, economic investigation centers, and universities. Specifically, a few of the surveyed entities went on to say that, considering the high dependency the Colombian economy has on the oil sector, it is quite likely that in 2015 we will be seeing a reduction in economic growth, driven by international low oil prices, as well as greater fiscal pressures.

The demand for electrical power in 2014 reached 63,571 GWh, a 4.4% growth compared to 2013, according to the Colombian GNP's good behavior. In 2014, electrical power demand peaked on June 6, reaching 9,639 MW, a relevant circumstance inasmuch as in previous years the highest electrical power demand was usually seen in December,

additionally since the 2014 record is the highest historical value, exceeding by 1.42% the previews in 2012 (9,504 MW).

The electrical power offer in Colombia in 2014, similar to that of 2013, was influenced by relatively dry conditions, as evidenced by rain levels in the reservoirs of the National Interconnected System (SIM for its Spanish acronym) of 90.2% compared to the historical mean value (in 2013, rain levels were 90.8% compared to the historical mean value).

Rain levels lower than the historical mean, together with the expectation of the El Niño phenomenon - which became stronger from April on - brought a significant increase in energy pool prices, mainly in April, May, and June, resulting in the average pool price during 2014 reaching COP \$224.9/kWh, quite higher than the 2013 COP \$176.4/kWh average price.

Accordingly, Emgesa carried out commercial activities that brought quite positive results upon having been able to avail of the commercial opportunity provided by the fact that in our reservoirs - contrary to the accumulated SIN level - rain levels were above the historical mean value. As already mentioned, in 2014 rain levels in the SIN were 90.2% of the historical mean value, while in Guavio, Betania, and in the Bogotá River system they were 108.1%, 103.3% and 109.7% of their respective historical mean values, allowing us generating 13,631 GWh between January and December 2014, a 6.4% growth compared to the previous year. Having had this greater generation capacity in view of the COP \$1,859,869 million, 15.5% higher than in 2013.

The greater generation achieved in 2014, compared to 2013, which allowed us to maintain our leadership position in the sector (second generation company in the country), covering 21.4% of the national demand, was not only the result of good rain levels in our

reservoirs but also of effective technical management in our generation stations, based on proper execution of preventive and corrective maintenance according to established plans and routines.

Despite greater requirements on our stations due to the 6.4% generation growth, in 2014 we achieved a 90.8% availability index in our entire electrical generation park, only 1.3% lower than in 2013. We should also highlight the significant reduction, compared to the previous year, of 20.9% in the number of internal faults in our generation stations. The excellent results we have been able to maintain in our operation metrics confirm the effectiveness of our actions and the significant investment effort made during the last few years, based on the ongoing improvement of our generation park reliability and efficiency.

Additionally, as relevant milestones of our production activities in 2014 we should mention that in August the Guavio station achieved the highest monthly historical generation value since its commercial commissioning, with 805.9 GWh/month, as well as an annual generation record of the chain consisting of the Paraíso and Guaca stations upon reaching a 4,345.61 GWh/yr generation, 2.8% higher than in 2013 (previous record).

Total energy sales in 2014 were 15,773 GWh, 1.97% lower than in 2013. From the 2014 sales, 10,969 GWh corresponded to sales under contracts (7,669 GWh in contracts with clients from the wholesale market and 3,300 GWh in contracts with clients from the non-regulated market), 4,804 GWh having corresponded to sales in the spot market (pool, reconciliations, and AGC service).

Upon our purpose and our sustainability being tightly tied to our clients service and satisfaction, we have a comprehensive evaluation and measurement system regarding the quality perceived by our clients from the non-regulated market, whose purpose is guiding the organization in focusing its efforts and resources to potentiate activities and actions leading to our clients' satisfaction and adding value to our service.

The satisfaction model evaluates aspects such as negotiation and final agreements regarding the energy price, the commercial cycle, information and communication, the commercial coordinator assigned to the area, and our customer service line. The 2011 through 2013 results continue showing a significant improvement in the quality perceived by our clients. We expect this tendency to continue in 2014.

We should also mention that, included in our 2014 commercial management efforts - which seek offering an integral service portfolio and energy solutions to current and potential clients from the non-regulated market (according to our strategic growth policy) - we continued development our business plan in order to penetrate the natural gas trading business. In 2014 we actively participated in negotiation processes with producers, traders, and clients from the non-regulated market in several regions of the country, as a result of which we executed contracts with 13 clients we have been working with since December 1 of 2014. Our perspectives for 2015 are quite optimistic, starting with the fact that for the period between December 1 of 2014 and November 30 of 2015 we were able to negotiate the purchase of 6.501 Mbtud at competitive rates, which will allow us to also offer a competitive service to our clients.

According to the excellent results of our commercial and production activities, the Company reported excellent performance in its 2014 income statement upon having an EBITDA of COP \$1,716,611 million, 15.97% higher than in 2013, and net profits of COP \$1,005,533 million, 15.56% higher than in 2013.

As of December 31 of 2014, total Company assets were COP \$10,646,931 million, in which cash and cash equivalents represent COP \$960,988 million, a 14.78% growth compared to December 31 of 2013, mainly thanks to resources obtained from the pre-financing required for the investments in the El Quimbo project and the greater operational cash flow generated by the higher Company EBITDA. At the end of December Emgesa reported a financial debt of COP \$3,640,100 million (exclusive of interests), 14.05% higher than that of December 31 of 2013, mainly due to the issuance of the 6th tranche of the Bonds Issuance and Placement Program for COP \$590,000 million in May 16 of 2014.

Such local bond placement, made in May of 2014, was the result of a Dutch auction carried out in the Colombian Stock Exchange. The value initially offered was COP \$450,000 million, leaving open the possibility of increasing it to up to COP \$590,000 million should additional demand be received from the investors at an interest rate attractive to the Company. As a result of the demand (COP \$1,180 million), equivalent to 2.6 times the amount initially offered, Emgesa placed the entire tranche for COP \$590,000 million in 3 series: one series for COP \$241,070 million for 6 years with a CPI coupon rate of CPI +3.90%, another for COP \$186,430 million for 10 years with a coupon rate of CPI +4.30%, and a third series for COP \$162,500 million for 16 years with a coupon rate of CPI +4.60%. Resources from placement of the 6th Tranche of the Emgesa Bonds Issuance and Placement Program were used to pre-finance the EL Quimbo needs (COP



\$480,000 million), to pre-finance the maturity of the 2014 of July bonds for COP \$92,220 million, and to cover Company working capital requirements during 2014.

The positive placement results demonstrate the trust of the Colombian investors in our Company's administration and the transparency of information constantly delivered to the market, through good relations with the investors.

In August 2014, Emgesa received, for the second consecutive year, the IR recognition (investor relations) from the Colombian Stock Exchange upon voluntarily increasing its information disclosure management and relations with the investors models in excess of requirements in local norms.

The national long-term Emgesa rating for its Bonds Placement and Issuance Program was confirmed in AAA by Fitch Ratings Colombia in July 2014. The international Company rating as issuer of long-term corporate debt in local and foreign currency was confirmed by Standard & Poor's in "BBB" in August 2014 and by Fitch Ratings in May of 2014, with a stable perspective both cases.

Our Company's solid financial position and the pillars on which we will continue keeping it in the future will allow us to respond to the greater electrical power demand of the following years, with the expansion projects we continued developing in 2014, i.e. EL Quimbo and SALACO, according to our strategic growth policy.

On January 1 of 2014, the El Quimbo project (400 MW) had a physical 57.31% progress, 84.47% as of December 31 of 2014. Worth mentioning is the important work developed by the committee established to control and follow-up the new project budget, approved by the Board of Directors in March 2014, of COP \$1,093 million (COP \$256 million higher than the budget approved in September 2010), an essential tool for the project efforts.

Included in the El Quimbo project work is the main civil works contract, which as of December 31 of 2014 had a 91% progress. Regarding the electromechanical equipment, worth mentioning is the assembly and final installation of the two generation units and of the seven transformers, with a progress of over 90%.

In alternate roads and bridges, while at the beginning of 2014 progress was 7.5%, on December 2014 it was 68.9%. In resettlements, physical progress as of December was 71.1%, while in other work fronts of the project infrastructure at the beginning of December families had been moved to Santiago and Palacio (from the 15 families only 3 families were pending resettlement). In its social and environmental component, the project continues satisfactorily regarding development of the various activities in benefit of the communities living in the area of influence. Included in the environmental management plans, resources have been delivered in order to manage the water resource, biological, ecologic, and environmental studies having been made to evaluate fishing resources and the potential of the commercial and subsistence fishing activity.

In the SALACO project, as of December 31 of 2014 rehabilitation and commercial commissioning of all its generation units had been completed with respect to generation units considered for the Darío Valencia Samper, Salto II, Laguneta, and Limonar stations, part of the generation system we have deployed in the Bogotá River, adding 144.6 MW to our installed generation capacity, with which the Company closed the year with a total installed generation capacity of 3,058.8 MW.

Regarding our expansion projects as related to activities in the corporate social responsibility area (essential and closely tied to our corporate purpose and sustainability), we should note

that in 2014 we continued working to evolve towards being more integral and inclusive, not only focused on communities living in our areas of influence but also on our clients and their families, and in general on all the value chain stakeholders. We have been able to include and improve processes that make our customer support more efficient, our suppliers more satisfied, and our workers proud of our Company, our care for the environment being all-inclusive in all our acts, our shareholders having more trust in us and the neighboring communities developing hand-in-hand with us.

Our corporate social responsibility model has been successful upon being based on a deep and actual knowledge of the communities we work with, listening to them and familiarizing ourselves with their needs and potential. It has been a process that, based on results, has made such communities aware of the fact that it is more profitable and effective to implement productive projects and provide sustainable training, departing from the traditional assistance-based approach. The challenge is to consolidate our strategies related to education, aiding in the communities' education taking into account that we have a great deal to offer in these areas.

In 2014 it has been already 10 years during which our Company has prepared and published its Sustainability Report, making a transparent and responsible accounts rendition exercise before our groups of interest. In 2014, our Company completed 17 years in the country, with large projects but mainly with great persons.

We should again reiterate respect for life, above everything, as the driving principle in all our activities, based on which we have continued continuously working to reduce the number of our workers' accidents and those of our collaborating companies'. In 2014 we continued with our efforts to strengthen a management and operation model that will more decidedly help preventing work accidents, leaving behind the traditional reactive response.

Also, as on previous occasions our focus in our human resource development continues to be the pillar of our strategy. We continued working in our action plan in order to continue improving our organizational environment, plan that was mostly prepared based on the results of the previous years' Great Place to Work surveys. The plan considers initiatives addressed to improving everyone's perception on action categories such as personal development, change management, and meritocracy.

At the end of the year, our Company payroll included 589 collaborators, with which we have been working hand-in-hand to continue consolidating the Company as an attractive employer, competitive in the labor market and always in search of generating sentiments of belonging and pride in our collaborators. During 2014 we continued working on everything that will allow us to maintain in time our social-labor culture as a familiarly responsible company, granted by Fundación Más Familia in recognition to our work done to implement a new social-labor and corporate culture based on flexibility and respect and our commitment with our workers, looking to provide a proper balance between personal, family, and labor life.

As an integral part of our human resource development, during 2014 we continued consolidating our innovation system, known as "IDEO", which successfully included the various Company areas in a systematic development of initiatives and innovation projects addressed to continuously improving our processes and discovering new practices significantly improving our business competitiveness.

Innovation workshops were carried out in 2014 at the Guavio, Termozipa, Paraíso, Cartagena, and Darío Valencia stations, in the Muña pumping station, and in the El Quimbo project, with 80 ideas provided by the workers having been received and developed.

We would like to conclude our presentation by stating our conviction on the Colombian economy's growth potential, the highest quality and commitment of our human resource, and the support afforded by belonging to a world-class energy group as the ENEL Group is, which will allow us to tackle with optimism challenges we will be facing on a day-to-day basis in all our operations and the challenges that will be imposed on us in the short, mid, and long terms by the evolution of the electric sector at the national and regional levels.

We should add that no worth-mentioning events happened after the end of the year. In order to comply with article 47 of Law 222 of 1995 regarding activities carried out with the shareholders and the administrators, we inform that they have followed applicable legal norms and have been duly included in the financial statements. Similarly, Emgesa meets all norms related to intellectual property and copyrights and confirms that all software used for company activities is properly licensed, consequently complying with current intellectual property and copyright laws in Colombia.

In order to meet conditions in article 87 of Law 1676 of 2013, we inform that the Company has not obstructed the free circulation of invoices issued by our vendors or suppliers. According to the Emgesa corporate bylaws, we are submitting the following reports to the Shareholders:

- General Manager's Management Report corresponding to January-December 2014, approved by the Board of Directors.
- Internal Control Report from Ernst & Young Ltda., in its capacity of statutory auditor.
- Report according to article 446 of the Trade Code.
- Special report from the Corporate Group according to article 29 of Law 222 of 1995.

According to item 12 of article 68 of the Corporate Bylaws, we inform the shareholders that the Company has an internal control office watching over compliance with control and management programs. The external management and results audit is currently being done by Ernst & Young Ltda., whose results will be included in the Superintendence of Public Household Utility Services Information System according to deadlines contained in current norms.

Cordially,



LUCIO RUBIO DÍAZ
General Manager



JOSÉ ANTONIO VARGAS LLERAS
Chairman of the Board of Directors



Betania Hydroelectric Plant, Huila

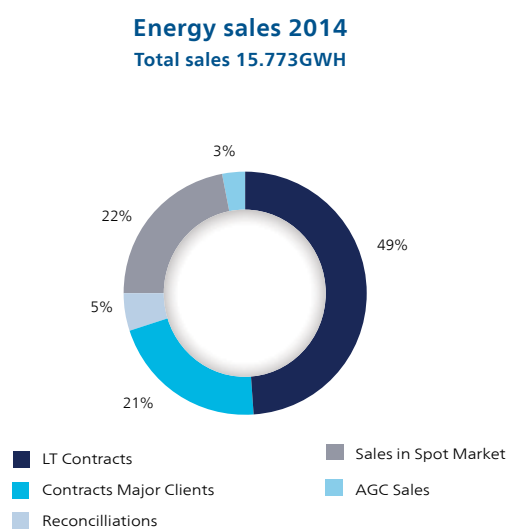
Energy activities

The Emgesa's main object is trading of electric power in the wholesale market, selling electric power to large clients, making block sales to electric power traders and generators, and making transactions in the spot-pool energy market, mainly with its generation assets. During 2014 Emgesa entered the natural gas trading business.

Variable margin

In 2014 Emgesa had a variable margin of COP \$1,859,869 million, a 15.5% growth compared to the previous year, with emphasis on activities carried out in the spot market to maximize the variable margin and optimize the water resource during the year, considering that during 2014 there were accumulated water contributions of 90.2% of the historical mean value in the National Interconnected System which, added to the expectations of the El Niño phenomenon occurrence, brought a considerable increase in the pool price in April, May, and June, months with the highest hydrologic deficit.

During 2014 Emgesa sold 15,773 GWh, of which 7,669 GWh corresponded to sales under wholesale contracts, 3,300 GWh to large clients, and 4,804 GWh to sales in the spot market.



Revenue	Millions of pesos
Long-term Contracts	1.082.535
Non- regulated Market Contracts	527.048
Spot Market	1.131.029
Reliability premium	357.732
Others	8.791
Total Revenue	3.107.135

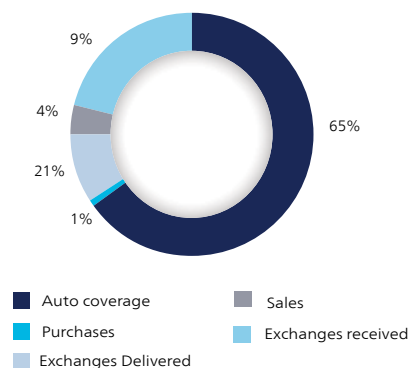
Expenditures	Millions of pesos
Contracts	30.278
Spot Market	565.758
Equivalent Cost of Energy	424.591
Law 99	53.192
FAZNI	15.578
Others	157.869
Total Expenditures	1.247.265
Variable Margin	1.859.869

Source: Internal Emgesa information.

Reliability charge and activities in the secondary market

During the December 2013 - November 2014 period reliability charge, the reliability charge remuneration received was 97.97% of the total assigned to Emgesa, including the positive effect of the remuneration obtained in the Firm Energy Secondary Market for the Reliability Charge (ENFICC), which contributed with USD 10.7 million (5.9% of the total assigned). The actual remuneration received was USD 178.7 million.

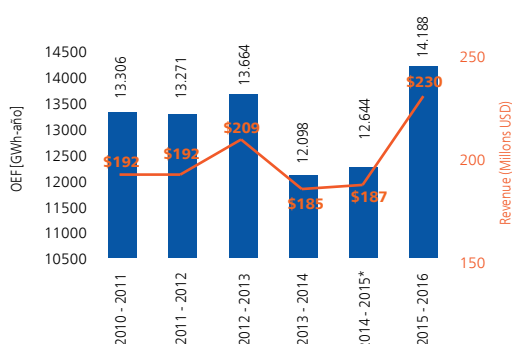
In the firm energy surplus secondary market for the reliability charge, both related to transactions with other generating agents and covering of our own needs, 1,097,718 MWh were recorded in the market, distributed as follows by type of transaction:



Source: Internal Emgesa information.

Future assignments of firm energy obligations for Emgesa

The Colombian system currently has assigned firm energy obligations for the periods between December 2011 and November 2016. The period between December 2014 and November 2015 was assigned during the first half of 2013. Obligations assigned to Emgesa for the above periods, together with equivalent per charge revenues (indexed to November 2014), are described below.



The above revenues result from the following rates:

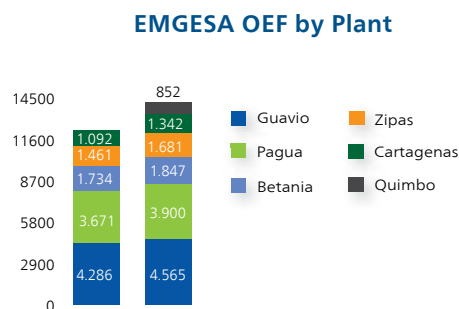
Period	Tariff [USD/MWh]	Description
2010 - 2011	13.045	USD ctes de nov. 2007
2011 - 2012	13.045	USD ctes de nov. 2007
2012 - 2013	13.998	USD ctes de may. 2008
2013 - 2014	13.998	USD ctes de may. 2008
2014 - 2015	13.998	USD ctes de may. 2008
2015 - 2016	15.700	USD ctes de dic. 2011

Source: Internal Emgesa information.

* The Firm Energy Obligation for the El Quimbo project is not taken into account for 2014 - 2015 considering the assignment made in October 2014.

Source: Internal Emgesa information.

The Firm Energy Obligation (OEF for its Spanish acronym) assignments for Emgesa, by plant, are shown in the following graph. It should be noted that those of the 2014-2013 charge period correspond to an ENFICC restatement requested by CREG in the first half of 2013, 94% of the reported ENFICC having been assigned using the demand prorate methodology.



Source: Internal Emgesa information.

Energy resource management

Contributions by the National Interconnected System during 2014 were, in the average, 90.2% with respect to the historical mean value. During the year there were some periods with greater deficits, according to the occurrence of the subsiding phase of the intra-seasonal wave MJO (Madden Julian oscillation). The ENSO conditions (oscillation of the South El Niño) were neutral; however, the Central Pacific Ocean started warming in November, making the occurrence of the El Niño phenomenon more likely for the end of 2014 and the first quarter of 2015. In January 1 of 2014, reservoir reserves were 10,495 GWh, equivalent to 69.5% of the accumulated useful volume. For December 31, reserves had reached 12,132 GWh, equivalent to 75.4%. In June and July, extraordinary water contributions were received, of 140% and 146% of the historical mean value, respectively. This 2-month period rated 4th among the greatest water contributions recorded since 1963.

Guavio reservoir

Water contributions to the reservoir were 108% with respect to the historical mean value, 91% higher than in 2013.

The reservoir started the year at 70% capacity and ended at 85%. In total, 619.2 GWh were produced.

Bogotá River and Muña and Tominé reservoirs

Non-regulated water contributions in the Bogotá River basin recorded during 2014 were 110% of the historical mean value, higher than the 2013 99%. The reservoirs started the year at 63% and 55% capacities, finishing the year at 60% and 57%, respectively.

Betania reservoir

Rain levels during 2014 were 103% of the historical mean value, 89% of 2013's.

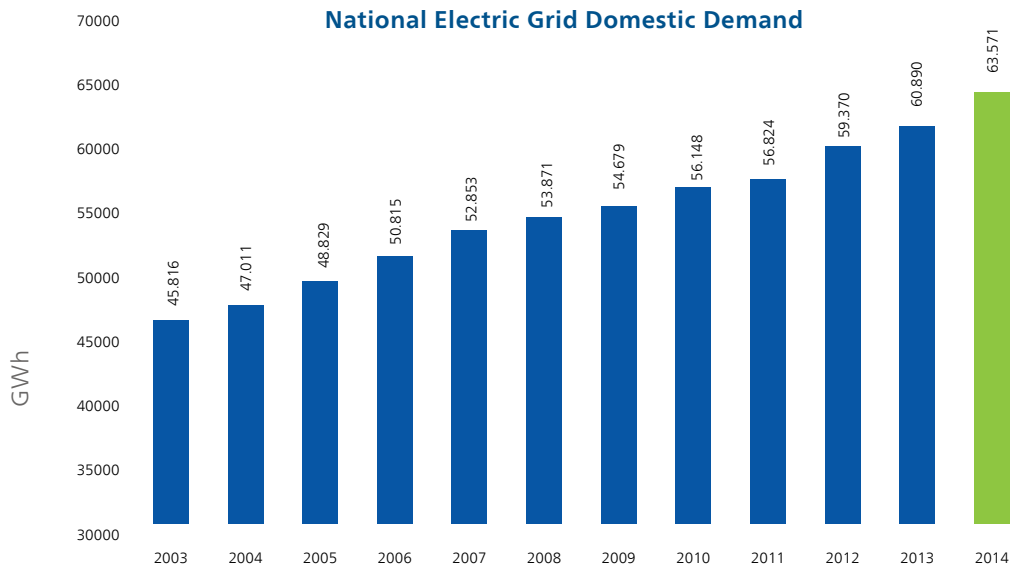
The reservoir started the year at 70% capacity, ending the year at 81%. A total of 61.6 GWh were produced.

National Interconnected System

Demand

The national electrical power supply during 2014 was 63.571 GWh, a 4.4% growth compared to the previous year.

In 2014, the highest electrical power demand was on June 6, with 9,639 MW, as opposed to previous years, when such generation was seen in December. The 2014 value exceeded the 2012 value (9,504 MW), the highest previous historical value (the increase was 1.42% compared to such year).



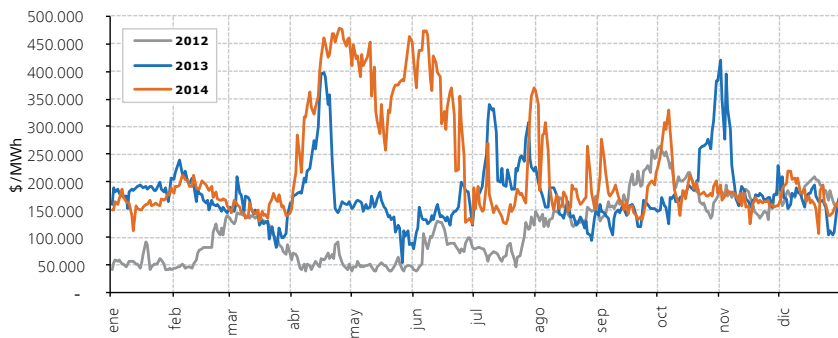
Source: www.xm.com.co

Pool price

The average pool price for 2014 was 225 COP \$/kWh. It should be noted that the increase was the result of the hydrologic deficit that happened mainly in April, June, and July in the National Interconnected System, during which the 18-day shortage price was exceeded. The average pool price for any particular day recorded for the year was 478.87 COP \$/kWh, on April 25.

The following graph shows the daily evolution of the pool price for the last 3 years:

National Spot Market Price



Source: www.xm.com.co own preparation.

Year	Average pool price (COP \$current/kWh)
2003	66.9
2004	64.5
2005	74.6
2006	73.8
2007	83.4
2008	88.5
2009	138.9
2010	128.3
2011	75.1
2012	115.6
2013	177.2
2014	225.0

Source: Internal Emgesa information.



Fuel management

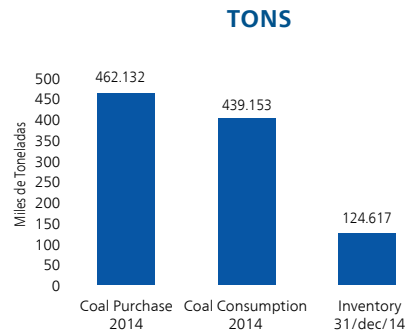
With commissioning of the El Bosque substation in Bolivar, where the Cartagena station is located, the area backup generation levels (from steam-driven stations) has been dropping since 2013. The above resulted in a reduction in the Cartagena station generation level.

Fueled required for steam generation is provided by local suppliers. There is a local combustóleo supplier, backed by two suppliers of imported product.

Coal

For the Termozipa steam plant operation during 2014, compared to 2013, purchases were made for additional quantities of 15%. There was a 5% decrease in coal consumption and a 10% increase in coal inventories at the end of the year, compared to the previous year.

The year closed with 22 suppliers with long term contracts valid until December 31, 2016, covering the Firm Energy Obligations (OEF) of the Reliability Charge (CxC).



Source: Internal Emgesa information.

Natural gas (generation)

No natural gas was used for generation purposes during 2014, as opposed to 2013 when 6,975 MBTU were used at the Cartagena station on account of emission tests

Liquid fuels

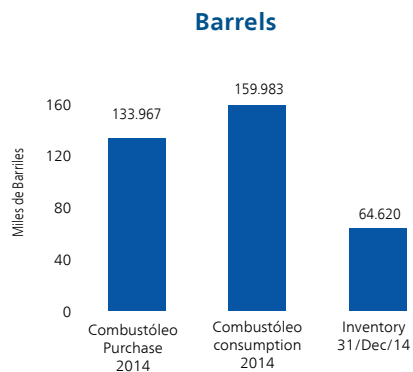
Special combustóleo

There was a 21% consumption drop during 2014 compared to 2013, due to lower generation levels at the Cartagena station.

The 2014 purchase volume dropped 39% compared to 2013, on account of lower stock replacement needs.

The inventory level as of December 31 of 2014 was 29% lower than in 2013, considering that Unit 3 of the Cartagena station will be undergoing scheduled maintenance from October 2014 until February 2015.

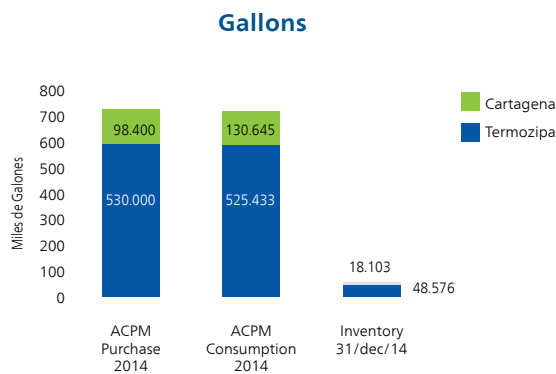
To ensure compliance with the Cartagena station Firm Energy Obligations of the Reliability Charge, there is a local product supply agreement until November 2016.



Source: Internal Emgesa information.

Fuel oil

There is a local fuel oil contract for the supply of the product associated to start up processes of steam plants.



Source: Internal Emgesa information.

Natural gas trading

Emgesa actively participated in 2014 as a new gas trader in negotiation processes with producers, traders, and clients of the non-regulated market. As a result of this, 6,501 Mbtud were negotiated for purchase in the Cusiana fields (primary and secondary market) for December 2014 - November 2015. 103 proposals at a national level were received (Antioquia, Cundinamarca, Eje Cafetero, Valle del Cauca, Cauca, and Llanos Orientales), with contracts having been to 12 clients, which are being attended to by Emgesa since December 2014, as follows:

- Perenco Oil Gas Colombia Limited
- Empresas Públicas de Medellín
- Transportadora de Gas del Interior - TGI
- Plexa S.A.
- Kellogg de Colombia S.A.
- Quala S.A.
- Industria Textil Colombiana- Intexco
- Congelados Agrícolas- Congelagro S.A.
- Casa Luker S.A.
- Manufacturas de Aluminio – Madeal S.A.
- CI Invermec S.A.
- Skinco Colombit S.A.

In October, boiler tests were carried out in the Frozen Productos Alimenticios plant, our first client using the virtual gas pipeline, which started production in December 2014.



Trading activities

Wholesale transactions

Emgesa sold energy in the wholesale market during 2014 under contracts with traders from the Integrated National System, awarded under public or private tenders, for a total of 10,969 GWh. Sales, itemized by purchasing agent and including the own non-regulated market are shown in the following Table.

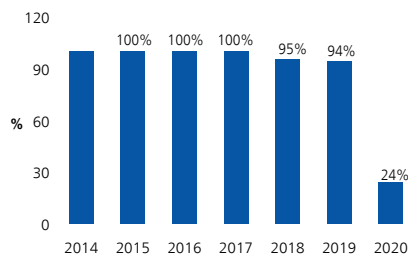
SALES	GWh	PARTICIPATION (%)
Emgesa	3.300	30,09%
Codensa	2.632	24,00%
Caribe	1.965	17,91%
EPM	1.000	9,11%
Meta	363	3,31%
CEO	332	3,02%
EEP	303	2,77%
Tolima	302	2,76%
Enerca	160	1,45%
Huila	147	1,34%
ESSA	139	1,26%
ESOCIAL	85	0,78%
EEC	80	0,73%
Isagen	78	0,71%
Otros	84	0,77%
Total	10.969	100,00%

On account of electric power sold under contracts during the year, Emgesa is the third electrical power supplier with contracts in the Colombian electric system, having 16% of total contracts among agents.

AGENT	PARTICIPATION IN CONTRACTS (%)
EPM	19%
Isagen	16%
Emgesa	16%
Gecelca	9%
Generarco	6%
Chivor	5%
Gensa	5%
EPSA	4%
Celsia	2%
Urrá	2%
Otros	17%

Regarding sales made to cover the traders' regulated demand or to provide support to contracts of other generators the Company participated in 46 processes, which resulted in the award of 34 contracts for the sale of electrical power between 2015 and 2020. The following contracting levels were achieved with these awards, according to the current commercial policy:

Contract Level

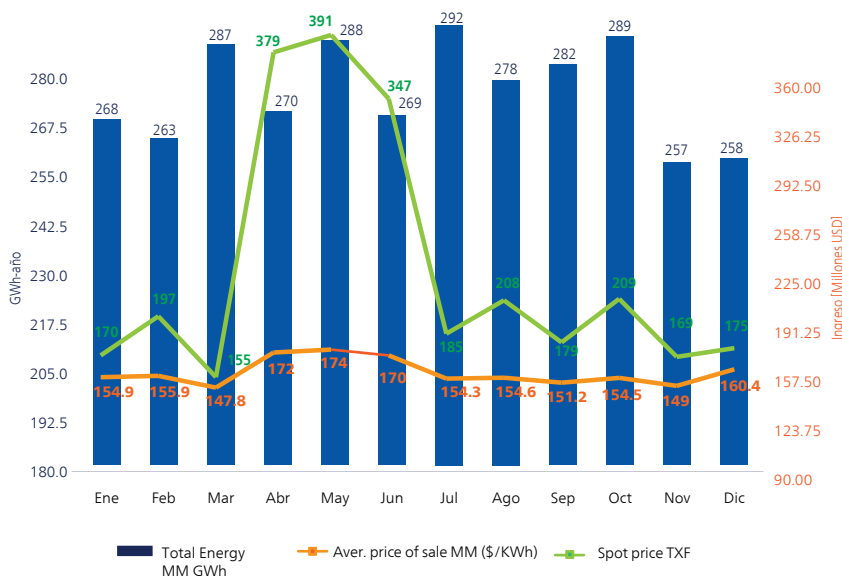


Source: Internal Emgesa information.

Evolution of the Wholesale Market prices

Emgesa sold electrical power to 17 agents from the wholesale market. Electrical power sold was 7.669 GWh, exclusive of its own demand in the non-regulated market.

Prices Evolution and Energy MM



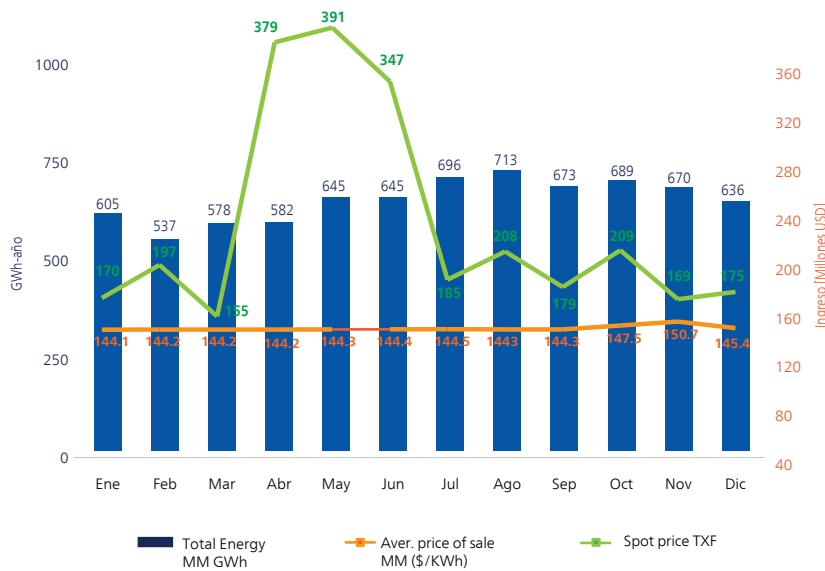
All prices in December 2014 pesos. Actual data from January to November, December estimates. Exclusive of previous years' adjustments.

Source: internal Emgesa information and the XM pool price.

Non-regulated Market activities

Emgesa covered an average of 800 areas in the non-regulated market, representing 13% of this market in the country. Sales in this market from January to December were 3,300 GWh, equivalent to 16% of the total national demand of the non-regulated market, Emgesa being the third supplier of energy in the non-regulated market in the country after ISAGEN and EPM.

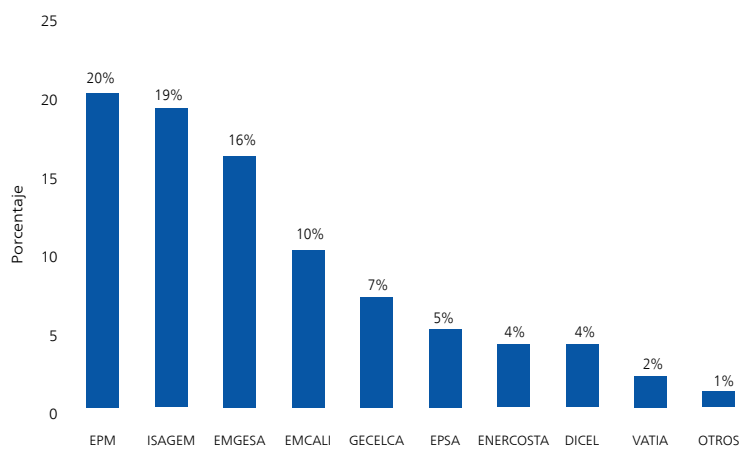
Price Evolution G+C and Energy NRM



All prices in December 2014 pesos. Actual data from January to November, December estimates. Exclusive of previous years' adjustments.

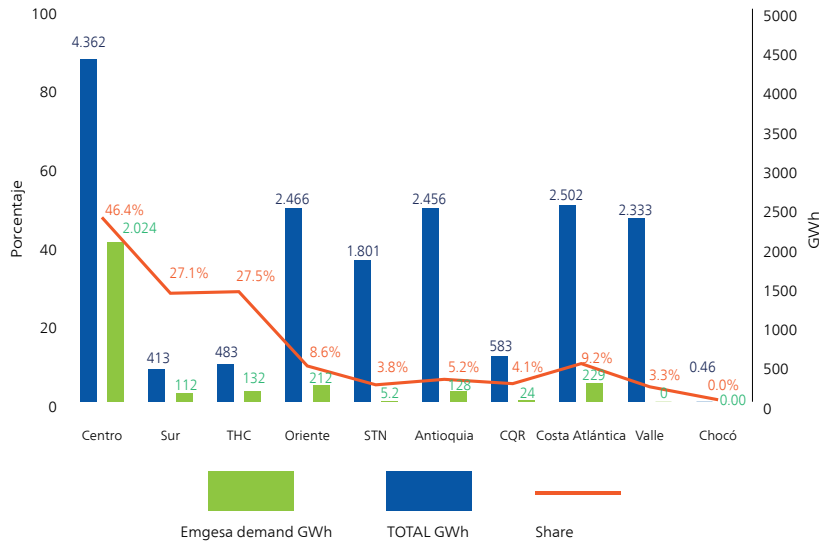
Source: internal Emgesa information and the XM pool price.

Share in NRM by agent 2014



2014 information. Source: XM with information from January to November.

Share of Emgesa by region 2014

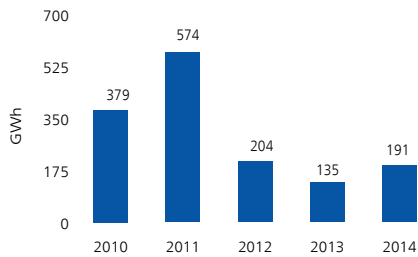


Source: XM with information from January to November

Electric energy purchases

In order to support electric energy sources under contracts, Emgesa purchases electric power from other agents in the wholesale market, both generators and traders. The following graph shows the 2014 electric power purchases.

Energy Purchases (GWh)



Source: Internal Emgesa information.

The reduction in purchases in 2013 and 2014 is the result of the low level of electric power available for trading in the market and the high prices, which do not allow for trading.

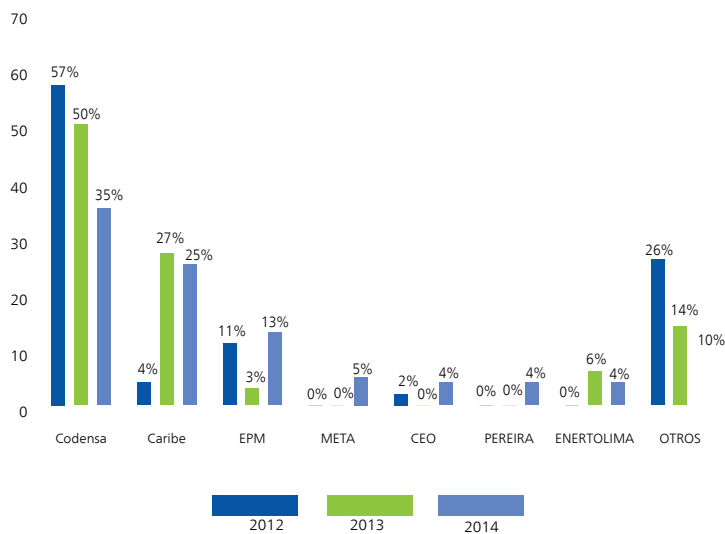
Commercial activities

Invoicing of sales made to Wholesale Market

In 2014, an average of 36 invoices were issued each month. The average value invoiced each month was COP \$90.224 million.

The accumulated value of invoices issued during the year was COP \$1,082,688 million. The agent with the highest participation in sales was Codensa, with 35%, equivalent to COP \$373,569 million.

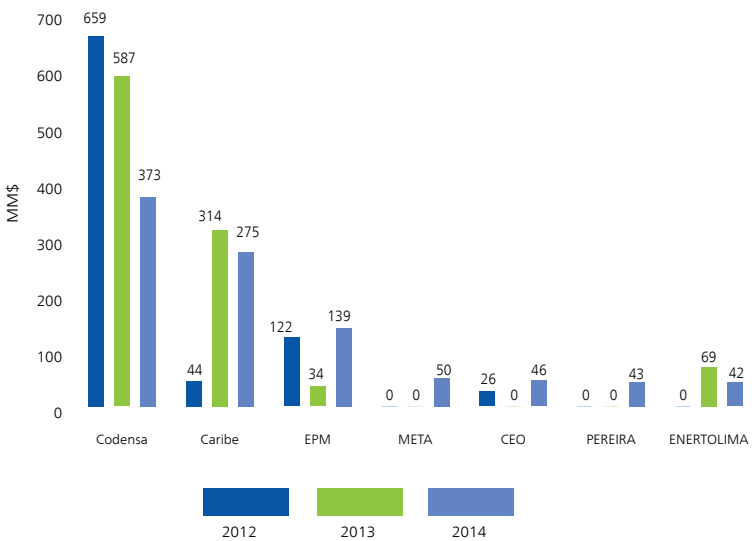
Share by Agent- Energy Sold



Does not include previous years' adjustments. Actual data from January to November, December estimates.

Source: internal Emgesa information.

Energy Sales by Agent



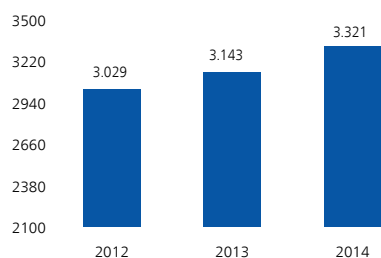
Does not include previous years' adjustments. Actual data from January to November, December estimates.

Source: internal Emgesa information.

Invoicing on account of sales to the Non-regulated Market

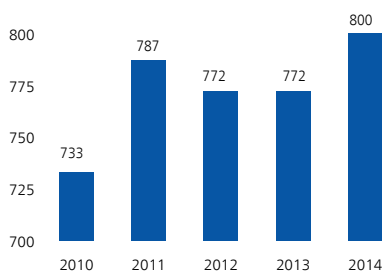
Electric power was invoiced each month to an average of 800 areas in the non-regulated market, for a monthly value of COP \$65,318 million. Revenues on account of sales to this market for 2014 were COP \$780,404 million.

Billed energy by year (GWh)



Actual information from January to November, December estimates, exclusive of the variable margin. Does not include previous years' adjustments; source: internal Emgesa information.

Average number metering points



Source: Internal Emgesa information.

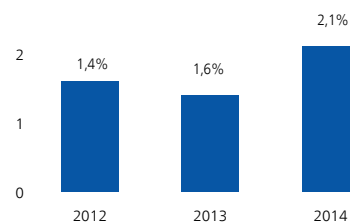
Credit portfolio and collection activities

The preventive credit portfolio management program continued in 2014, providing for greater interaction with our clients and allowing strengthening our relations with them. Collection channels were expanded by executing new collection agreements with Bancolombia for electric power and with Davivienda for the gas market.

There were COP \$933 million in accounts receivable in the average, corresponding to Consorcio Impregilo - OHL (contractor handling the main work of the EL Quimbo project), which directly affected our annual indexes; with the exception of the above, the year closed with 100% collection of the electric power credit portfolio.

Commercial activities carried out by the area, the flexibility of the invoicing policy, and application of strategies focused on timely collecting amounts due allowed us to in 2014 receive resources for an average of COP \$198,000 million, reaching an average 2.1% in the credit portfolio index and exceeding the year's goal.

Consolidated index of annual portfolio



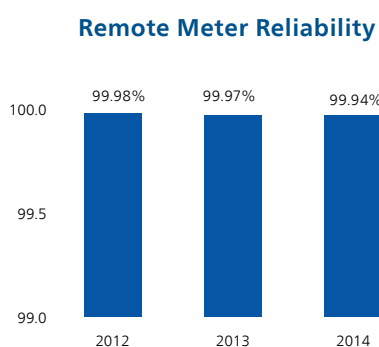
Source: Internal Emgesa information.

Telemedida (tele-measurement) activities

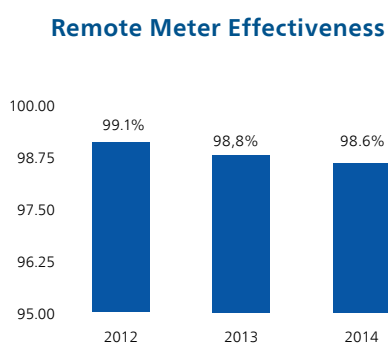
In 2014, the main purposes of the electric power measurement process were maintaining the measurement reliability levels, extending the tele-measurement contract for an additional year, standardizing processes using the SAP tool, and achieving zero work accidents.

Reliability and effectiveness of measurements

During the second half of the year, the tele-measurement effectiveness metric was mostly affected by the CREG 038 Measurement Code of 2014, considering that the market administrator applies typical curves to non-recuperated electric power consumption within regulatory times.



Source: Internal Emgesa information.



Source: Internal Emgesa information.

Service to clients in the Non-Regulated Market

The program that allows getting closer to our non-regulated clients includes activities that will allow us to stay close and better communicate with them. This program includes commercial visits, training, events, visits to generation stations, and others.

Training program

We had 12 training seminars in 2014 on the following subjects: energy quality, cogeneration, economic challenges, and the new Measurement Code. 165 clients from Bogota, Barranquilla, and Cali attended. Their purpose is sharing business-relevant trading information with them.

Energy Explorers

In 2014, included in the "External Energy Explorers" program, 17 companies visited the Cartagena steam generation plant. These types of events are very popular with the Emgesa non-regulated market clients.

Visitors were able to see some of the social projects Emgesa is developing with the communities of its area of influence, in addition to the electric power generation process.

Communications with our clients

Emgesa webpage

In the new website <http://clientes.Emgesa.com.co>, clients have access to contents providing information on changes related to the electric power business subject to affecting their electric bills or their condition in the market. The web platform was renovated in 2014; the new page functionalities are:

- Grouped queries by tax identification number.
- Downloading of the electric bill.
- Queries related to the integrated work plan: visits, events, training, and bulletins.

This platform contains 3 main sections:

Energy market : Explains how the energy market operates in Colombia, its organizational structure, the role played by control entities and organizations such as the Ministry of Mines, the Energy and Gas Regulatory Commission (CREG), and the Superintendence of Public Household Utility Services, among others. It also explains the four main activities comprising the energy market in Colombia (generation, transmission, distribution, and trading) in which various agents in the sector participate.

Energy and businesses report : Information, updated every week, on topics of interest to the client, such as the energy pool price, the total system demand, the behavior of our main reservoirs, the national aggregate, and contributions to our reservoirs, by region.

Technical services portfolio: Technical solution offers for electric work and projects, integral electric power management, installation management, backup equipment, fiber optics and structured cabling, electronic security equipment, and lighting and decoration, mainly focused on implementing energy management plans inside the companies.

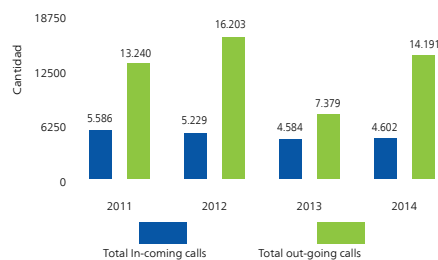
In addition to the above, clients are also able to verify their hourly electric power consumption and make their payments using the updated PSE platform.

Call center

During 2014, Emlinea, the Emgesa customer service line, received 4,602 calls and made 14,191 calls under campaigns oriented to seminars and work breakfasts with clients from the non-regulated market, as well as to predictive credit portfolio collection activities.

The greater number of outgoing calls, compared to 2013, is the result of more campaigns having been made including the issue of the new gas business.

In-coming and out-going phone calls- Call Center 2011-2014

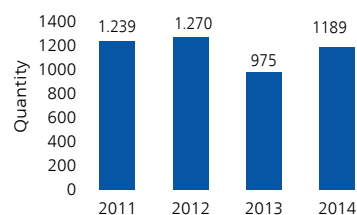


Customer service

1,189 visits were made by the Emgesa's zone commercial coordinators in 2014 to respond to clients in the non-regulated market.

In addition to visits made by the zone commercial coordinators, in 2013 there were work breakfasts with clients from the non-regulated market, looking to strengthen our commercial relations and provide market information.

Visits Made



Source: Internal Emgesa information.

Satisfaction survey

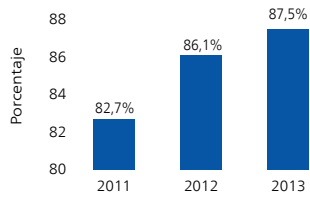
The perceived quality system is a follow-up tool related to the perception the market has on the quality of the Emgesa products and services. The design of the measurement methodology focuses on guiding the organization in addressing its efforts and economic resources to aspects and actions of the operation that will bring satisfaction to the client and add value to the product.

The model evaluates aspects such as negotiation and electric power price agreements, the commercial cycle, information and communications, commercial coordinator in the zone, and the customer service line.

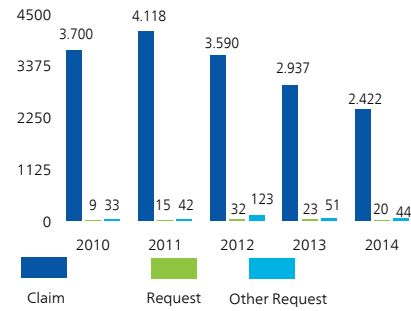
The ISCAL result reports the percentage of clients rating their satisfaction with the service provided in the two highest positions: satisfied and very satisfied.

These results identify a significant improvement during the last few years, thanks to the liaison strategy developed with the clients. The 2014 results are still pending.

Satisfaction Index-ISCAL



Number of RCG 2010-2014



Source: Internal Emgesa information.

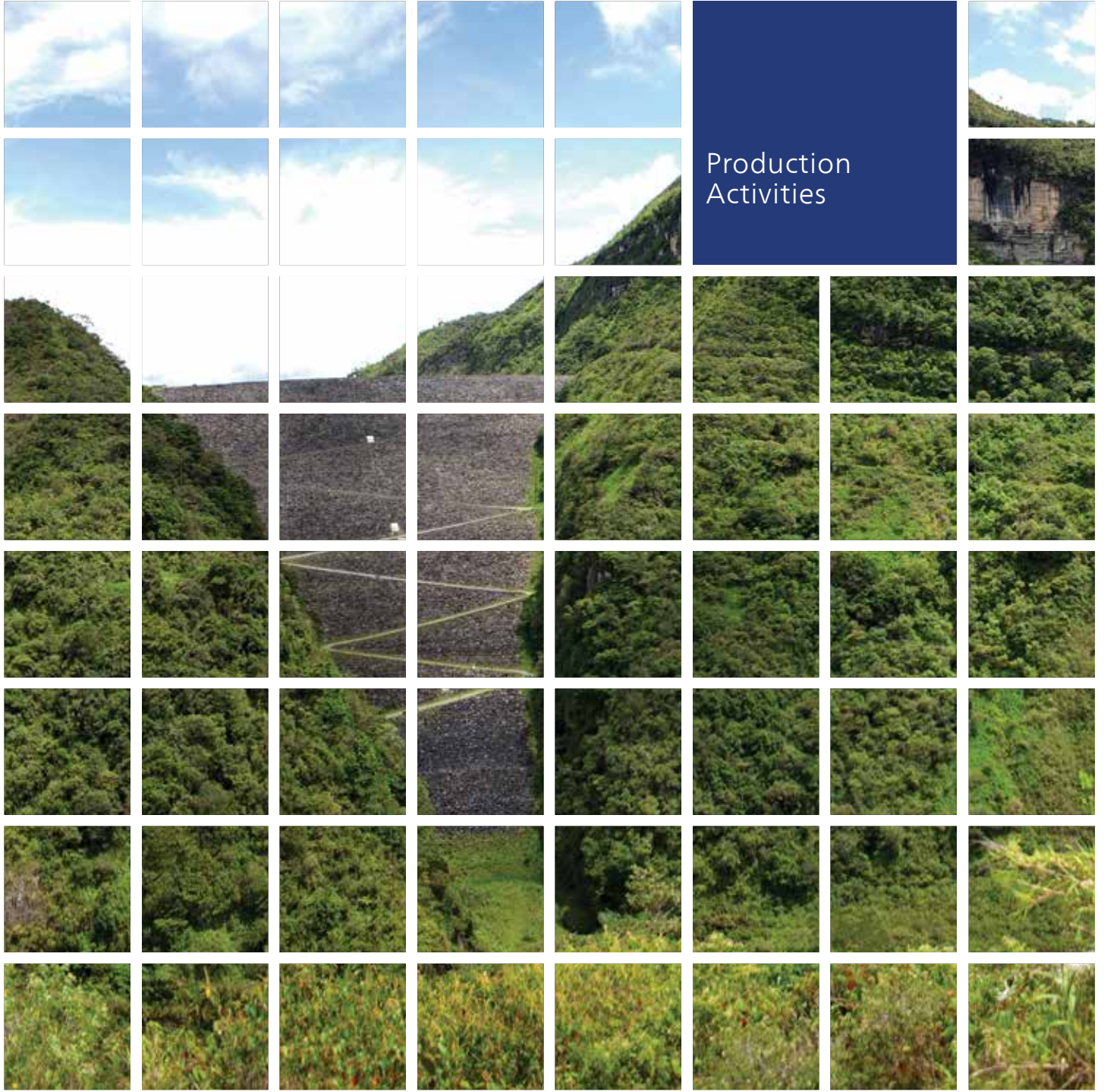
Cogeneration

The structuring of the business plan for development of cogeneration projects with client from the non-regulated market was started. This business plan included analyzing 5,600 areas in the country. The results suggest that the market potential includes 447 projects (558 MW). The business case was analyzed in order to develop 100 MW.

After analyzing the market potential, commercial activities were carried out with various equipment suppliers, engineering companies, and construction companies, including Cummins, Genser Power, INDISA, Abantia, AESA, Dresser-Rand, and Kawasaki, in order to evaluate the pre-feasibility phase of 10 projects. Results were the following at the end of the year:



San Antonio Hydroelectric Plant, Cundinamarca



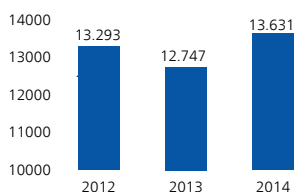
Production Activities

El Guavio Hydroelectric Plant, Cundinamarca.

Generation

The end-of-year net Emgesa generation was 13,631.1 GWh. Participation of the hydraulic park was 92.8%, 7.2% of the steam park.

Accumulated Generation Emgesa (GWh)



Comparative annual figures.

The highest generation level since commercial commissioning of the Guavio station was achieved in August and September 2014, generation in August having been 805.9 GWh/month, 691.0 GWh-month in September.

The highest historical level was reached in August at the Guavio reservoir: 1,631.30 meters above sea level.

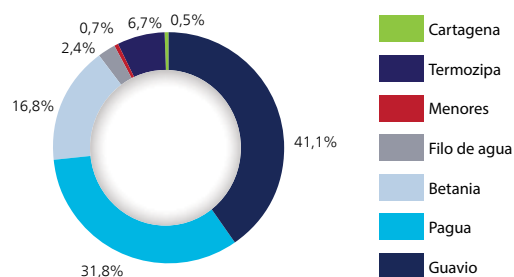
The highest annual historical generation level was achieved in 2014 in the Paraiso and Guaca generation chain: 4,339.4 GWh, 2.8% higher than 2013.

The annual Emgesa generation improved with respect to 2012 and 2013.

The following table shows generation levels between January and December 2014.

CADENA	(%)	GWh
Guavio	41,1%	5.603,1
Pagua	31,8%	4.339,4
Betania	16,8%	2.285,6
Filo de Agua	2,4%	321,9
Menores	0,7%	93,0
Termozipa	6,7%	914,3
Cartagena	0,5%	73,6
Total	100.0%	13.631,1

Generation Emgesa (%)



Participation in the National Interconnected System

Emgesa's participation in the supply of electric power to the National Interconnected System was 21.2% during 2014, 0.7% higher than in 2013.

S.I.N.	(%)	GWh
Others SIN*	78,8	50.696,8
Emgesa	21,2	13.631,1
Total	100.0%	64.327,9

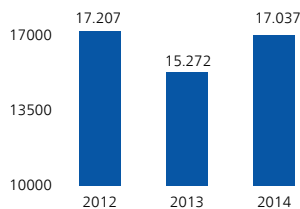
*Otras empresas.



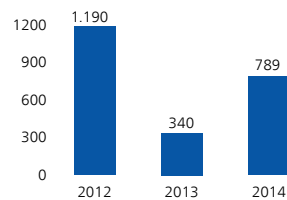
Energy resources

During January - December 2014, 17,037 hm³ of water were used, 11.6% more than in 2013. 789.3 hm³ of water were spilled, 132% more than in 2013, due to hydrology changes, going from a deficit condition in May to a surplus condition in June and July in light of the possible occurrence of the El Niño phenomenon at the end of the year. In Guavio, the volume spilled was 228.8 hm³ (equivalent to 619.2 GWh); in Betania it was 355.6 hm³ (equivalent to 61.6 GWh). The volume spilled in the Alicachín gates was 204.9 hm³ (equivalent to 72.6 GWh in smaller plants) as a result of the Bogotá river hydrology. .

Turbinated Volume Evolution (hm³)



Discharged Volume Evolution (hm³)

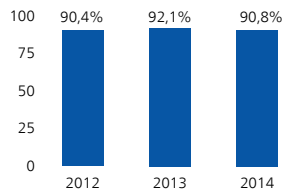


Comparative annual figures.

Metrics

The availability factor was 90.8% (94.1% for hydraulic units, including minor plants and run-of-the-river plant, 71.5% for steam plants), 1.3% lower than in 2014.

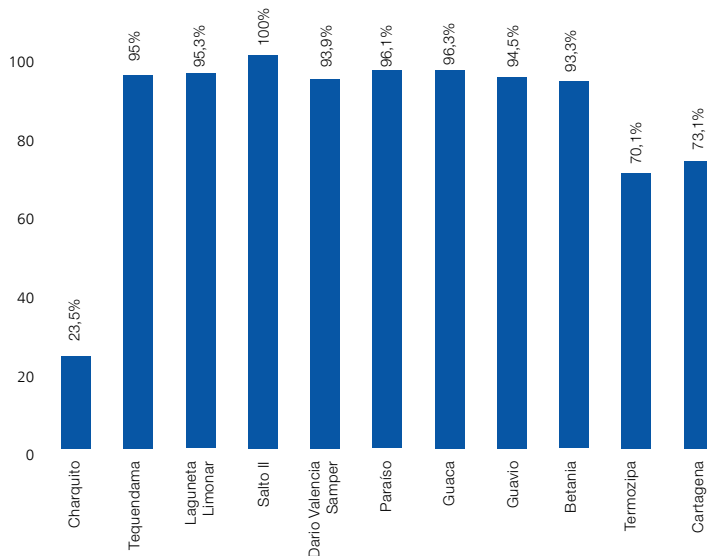
Availability Evolution



Comparative annual figures.

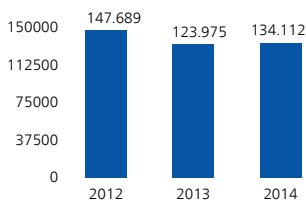
The availability reached in each production center during the year is shown in the following graph:

Plant Availability Accumulated (%)



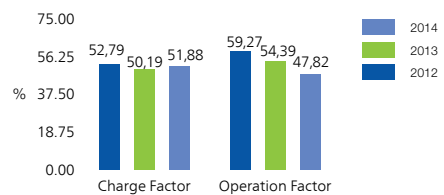
The total number of hours of operation at the generation units was 134,112 hours, with a factor of operation (service hours) of 47.8% and a load factor (generation) of 51.9%.

Units Hours of Operation



Comparative annual figures..

Evolution of Ancillary Services use by Plant Type

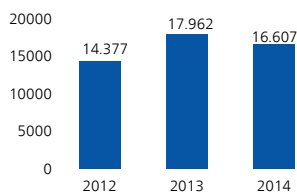


Comparative annual figures..

Pumping

During January-December 2014, the Muña pumping stations operated 16,607 hours, i.e. an average of 4,152 hours per unit. The volume pumped from the Bogotá River to the Muña reservoir was 990 hm³.

Muña Units Hours of Operation



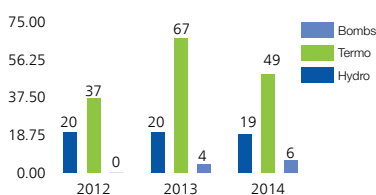
Comparative annual figures.

Events

Between January and December of 2014 there were 68 trigger events due to internal circumstances and 24 due to external circumstances, for a total of 70 events. At the Muña pumping stations there were 6 internal and 7 external trigger events. In 2014 there was a 26.8% reduction in internal events at the steam plants.

PLANTS / PUMPS	ACUMULADO		TOTAL
	Internal	External	
Hydro CND	13	0	13
Small and auxiliar	6	0	6
Termo CND	49	2	51
Sub total Plants	68	2	70
Pump	6	7	13
Total	74	9	83

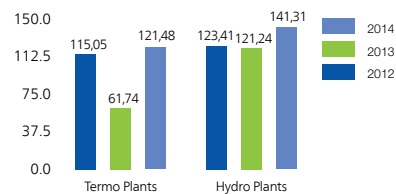
Muña Units Hours of Operation



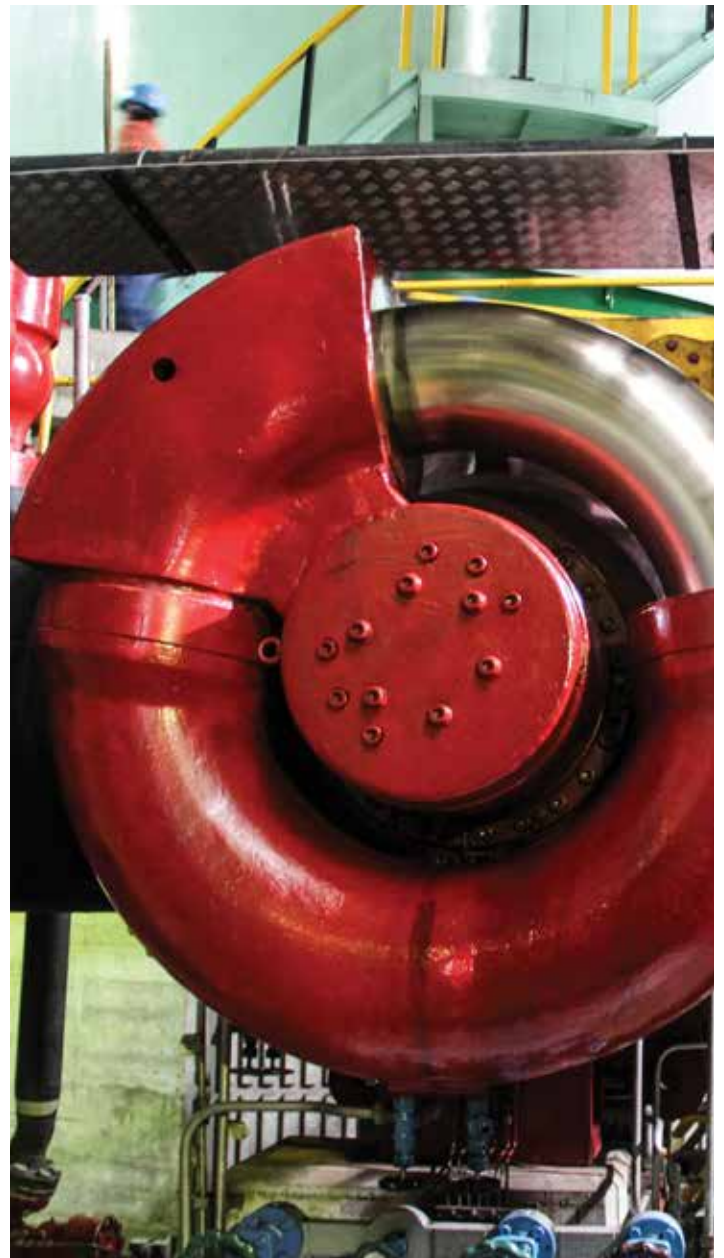
Electrical power used

Accumulated as of December 2014, generation stations had an electrical power consumption level on account of auxiliary services of 262.8 GWh.

Evolution of Ancillary Services use by Plant Type



Comparative annual figures



Maintenance

Preventive maintenance was done during 2014 to the stations according to established maintenance plans and routines. The most relevant activities are the following:

Hydraulic park



Guavio

- Annual maintenance of Unit 5 between January 14 and 27 of 2014. Maintenance to the push bushing heat exchangers and replacement of 2 generator poles.
- Annual maintenance of Unit 5 between February 5 and 18. Maintenance to the push bushing heat exchangers.
- Annual maintenance Unit 3 between June 19 and July 2 of 2014.
- Annual maintenance Unit 2 between July 22 and August 4.
- Annual maintenance Unit 4 between August 29 and September 13. Checking of push bushing segments, replacement of the spherical valve service seal, and replacement of 4 generator poles.
- Maintenance of duct wells, of the wells' metal portion of the platforms, enforcement of fixings elements, maintenance to drainage and water collection systems, and preparation of new drainages at the wells.
- The station's escape tunnel was maintained between September 6 and 7. It was found to be in good condition.

Cadena Paraíso y Guaca

- Major maintenance to Group 2 in Pagua from September 22 to October 5. Relevant activities were: replacement of the two rotor coils in the Paraíso Unit Inspection and correction of partial discharges in stator coils of the two generators, under the contractor Ansaldo warranty.
- Respond to problems with Pelton bushings of the Guaca station as follows: October 20 in unit 1 and December 16 in unit 2. Two bushings are being manufactured by Voith, the remaining two being repaired by Andritz.
- A record annual historical generation value in the Paraíso and Guaca chain was achieved in 2014 with 4,345,61 GWh, 2.8% higher than the previous 2013 record.

Betania

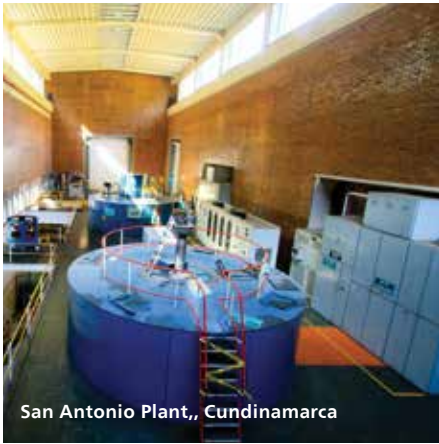
- Annual maintenance of Unit 1 between February 3 and 28. Cracks in the bushing were repaired, leaks in the central seal checked, and the meter flow installed in the inlet piping.
- Annual maintenance of Unit 2 between March 11 and April 10. Cracks were repaired and the connection of the blades with

the lower crown of the unit 2 bushing reinforced according to a study made by Voith. Leaks in the central seal were checked. A flow meter was installed in the inlet piping.

- Corrective work was done to the unit 3 stator after a grounding problem of a coil on August 11 of 2014. The faulty coil was bypassed. The entire unit coil system will be replaced in January 2015.
- New instruments were installed in September in unit 3.
- The collection reserve servomotor was repaired in November.

Muña pumping station

- Purchase and installation of floating barriers designed to contain solids in the river, at the Muña 3 water inlet, the Charquito water inlet, and the Tequendama water inlet, this way limiting waste access to the machinery and improving operation.
- General maintenance to the Granada tower floating structure.



Minor stations

Charquito

- General maintenance to the grille cleaning machines at the water inlet and installation of new grilles.
- The Unit overhaul was concluded in November, 16 years after the last major maintenance. The discharge elbow shielding was recovered, a problem we had been having for 20 years. The ring was recovered according to design sizes, balancing it for the first time. Wear lids were replaced in the distributor, something that had not been done since 1998. New blades were installed, recovering the Unit's starting conditions. According to the hydraulic profile, the spiral elements were recovered using ceramic elements, regaining the fluid thickness and continuity values. The rotor and the stator were cleaned, making tests to the poles. After 263 days of work it was restarted in December with vibration levels within operation ranges. It was possible to return the Unit to a generation capacity of 40 MW, with satisfactory behavior, stable temperatures, and going back to normal operational conditions.

San Antonio

- The station was decommissioned in March 14 and removed upon the Salto II Unit having been commissioned.

Dario Valencia run-of-the-river station

- The Unit 5 rotor insulation problems were finally corrected.

Steam park

Cartagena

- Unit 1: Scheduled stop between July 21 and August 12. Main work done: inspection and boiler NDT, replacement of the machine room facade in the transformers sector, replacement of the boiler's back wall throat curves, general cleaning to the boiler air box, ducts, and hoppers, mechanical cleaning of condenser pipes, calibration of the turbine valves, internal inspection of the circulation water pump discharge piping, among others. Between October 8 and December 13 the turbine was inspected and vibration problems in bushing 1 corrected, the turbo group having being aligned and balanced.
- Unit 2: From September 9 until September 29 the Unit was stopped for the boiler's integrity study. Work was done before the boiler recuperation considered in the 2015 reliability plan.
- Unit 3: Between February 27 and March 15 work was done to recover the turbine's bushing 1. Misalignment problems between the turbine and the generator were corrected. Scheduled maintenance will be done from October 15, changing the boiler piping and critical controls in order to provide more reliability. It will be concluded February 17 of 2015.
- Erection and commissioning of stale air extractors in units 12, and 3. Erection and commissioning of 5 fans located on the roof of the machinery room.
- Recuperation of the water plant pumps, improving production of demineralized water.

Termozipa

- Bushing 1 of turbine 3 was replaced in March due to temperature problems. The inspection found that all the group bushings were affected, which were repaired.
- The circulation water pumps' rotary grills were replaced, which were quite damaged and affected the condensers and the Unit availability.
- Annual maintenance was done to Unit 5.



Special projects

In order to optimize the stations' availability, comply with norms, and meet corporate goals, the following special projects were carried out during the year:

Salaco project

- Unit 1 of the Darío Valencia Samper run-of-the-river station was commercially commissioned on January 28 of 2014, with an installed capacity of 50 MW. It generated 103 GWh since its commissioning, up to December 31.
- Unit 5 of the Darío Valencia Samper run-of-the-river station was commercially commissioned on March 28 of 2014, with an installed capacity of 50 MW. It generated 82.4 GWh since its commissioning, up to December 31
- Unit 2 of the Salto II run-of-the-river station was commercially commissioned on June 25 of 2014, with an installed capacity of 35 MW. It generated 44.3 GWh since its commissioning, up to December 31
- On December 13 the minor Laguneta station (Unit 1) was commissioned, with an installed capacity of 18 MW. It generated 1.7 GWh since its commissioning, up to December 31.
- Modernization work and tests were concluded in the minor Limonar plant (Unit 3) on December 14.
- With the reconfiguration change of the Laguneta run-of-the-river plant to two minor plants, it was no longer necessary to take the Limonar off system, which allowed for continuous generation of this minor plant.
- As of December 31, the SALACO project had generated 323.8 GWh.



Cartagena

- **Cartagena Central Reliability Project:** The company will make investments for approximately USD 39.56 million (2014-2016), in order to ensure the station's reliability charge and maintain its operational standard.
 - Included in the above project, between July 21 and August 10 an integrity and residual life study was made to the Unit 1 boiler, consisting in NDT in various previously defined sections using ultrasound, magnetic particles, penetrating dyes, metallographic, deposit analysis, boroscopy, visual inspections, hardness tests, Remote Field Electromagnetic (RFET), Internal Rotary Inspection System (IRIS), and digital x-rays.
 - The results will be used to adjust and determine the work that will be required to recover the boiler in 2015, including modernizing the boilers and its control system. The Unit 3 study was carried out in 2013.
- There was a scheduled stoppage between September 9 and September 29 for Unit 2 according to the Boiler Integrity Study, work prior to the boiler's recovery work considered in the 2015 reliability plan.
- Included in this project, work required to recover the 3 boilers was contracted for \$27,438 million, which will be done between 2014 and 2015.

Termozipa

- **Dry ash extraction system:** The contract for construction of the silo that will be storing 2,350 m³ of ashes started February 2014. The compressor room work has started and work done to the electric room and the silo, including piling, foundation plates, and the silo body construction. Equipment imported by ALSTOM Colombia is being received for the dry ash extraction system.
- The cooling water towers recovery work was concluded by COMTECOL.

Operation activities

- The Unit 5 rotor problems were corrected in May at the Dario Valencia Samper station, a coil having been replaced due to a stator problem.
- The Paraíso and Guaca units' rotor pole coils are being rebuilt to resolve the magnetic asymmetry problem.
- The stator coils were repaired by replacing the insulation in the arms and recovering the conducting layer in order to correct problems with the Toshiba coils of the Pagua units.
- Electricity meters were relocated and registered in Paraíso, Guaca, Guavio, Salto II, Tequendama, Laguneta and Limonar, Termozipa units 3, 4, and 5, and cable replacements in Betania and Charquito, recovering 31,7 GWh since their installation.

Civil works

Muña pumping station

- Cleaning of the Muña 3 and Muña 2 Bogotá river adduction channel.
- Contractual rehabilitation of the pumping station wells

Charquito

- Cleaning of the Bogotá river adduction channel.

Paraíso

- Construction of the drinking water treatment plant for the mess hall, the locker room, and the machinery room.

Betania

- Work to stabilize the impact well embankment in its lower and intermediate sections.

Cartagena

- Work to the machinery room facade in Unit 1, east side.
- Work to reinforcement steel and concrete at the units 1 and 2 boilers.

Termozipa Control Modernizing Project

- The contract initiation document was signed May 27 of 2014 for the contract with Invensys Process Systems for turnkey delivery of a control system required by the Termozipa station, considering BMS subsystems (boiler safety), DCS (distributed control system), and TMC (steam turbine speed regulator). The contract term is 3 years and its value USD 4,648,433, exclusive of VAT
- The project is 19% complete as of December 31 of 2014

Installation of flow measurement systems for the main units' load in the Betania station

Pioneer project consisting in installing 16 ultrasound flow sensors using the transit time method, according to norm IEC60041.

As of December 2014, the system had been installed in 2 of the 3 load elements of the Betania station.

The project is scheduled for completion in February 2014 with the installation of the Unit 3 system.

Regulatory compliance

- Satisfactory emission tests were done in February to the Termozipa station Unit 2, as corresponding to 2013.
- In July and August, Unit 1 of the Cartagena station satisfactorily passed discretionary availability tests requested by the National Dispatch Center according to resolution CREG 177, to a 61 MW net effective capacity during 12 continuous periods.
- Official regulatory emission tests were made between may 7 and 8 using liquid fuels at the Cartagena station. Results confirm compliance with the norm.
- The Net Specific Steam Consumption and the Net Effective Capacity (heat rate) tests were made in September and November in units 3, 4, and 5 of the Termozipa station.
- Corporación Autónoma Regional de Cundinamarca (CAR) issued Resolution 2136 of 2013 granting an emission permit for the Termozipa station's 4 units, for 5 years. This is the result of coordinate activities carried out by the Environmental Area, the Steam Assistant Managers Office, the Termozipa Central Division, the Legal Manager's Office, and the Regulation Manager's Office.



El Quimbo
Hydroelectric
Project

General progress

The year started with a 57.31% cumulative physical progress, the year concluding with 84.97%, representing 27.16% progress in 2014. The scheduled progress had been 20.31%, so the 12.84% deviation forecasted at the beginning of the year had come down to 6.85% by the end of the year.

In the economic aspect, between January and December 2014 homogeneous currency (COP \$2,209/USD) resources were received for USD 296,881,693, with a total investment of USD 861,651,067 in the project by the end of the year. Investment levels for 2012 and 2013 reached USD 118,903,215 and USD 135,131,758, respectively. This means that in 2014 investment was USD \$250,000 higher than in 2012, 220% compared to 2013. These increases are explained from invoicing under resettlement contracts, roads, infrastructure replacement, and grid movements, reservoir customization, initiation of irrigation districts, and the supply of the dam's fill material. The monthly execution average in 2014 was USD 24,740,141, USD 19,064,844 for 2012, and USD 17,572,050 in 2013, with increases of 129.8% and 140.8%, respectively.

Committees responsible for controlling and following up the reapproved budget of USD 1,093 million continued to be implemented during the year, becoming an essential tool for project efforts. Relevant committee approvals are the addition to the supply of materials for the press, pilot test contracts, round vegetation replanting, assignment of resources for the perimeter road, addenda to civil work contracts, electromechanical work, and detail engineering.

Project work

Civil work contract

Following is contract execution during 2014

	January	December	% Progress
	% Executed	% Executed	
Right plinth	94%	100%	6%
Left plinth	83%	100%	17%
Dam fill	58%	97%	39%
Auxiliary dyke	57%	74%	17%
Spillway	71%	98%	27%
Injection galleries	58%	100%	42%
Adduction structure	65%	90%	25%
Bottom discharge	98%	98%	0%
Machinery room	85%	94%	9%
Total civil work	65.61%	91.8%	25.57%

The dam fill progress was 39% during the year, representing an approximate volume of 3,282,217 m³, a daily progress of 13,507 m³.

The dam fill was concluded in October 22. The approximate volume placed up to the 718 m above sea level marker is 8,000,000 m³.

The auxiliary dyke progress during the year was 27%, not considering the fault. Considering the impact of such fault, the percentage would be 17%. 672,529 m³ were placed in the fault area, at a pace of 5,213 m³/day, ahead of schedule. The Phase 1 progress of the fill was 22.99% versus 21.68% scheduled.



El Quimbo Hydroelectric Project, Huila

The solution to the fault at the auxiliary dyke area consists in creating upstream counterweight fills. In the work schedule agreed with Consorcio Impregilo-OHL, the auxiliary dyke fill at the 718 marker will be completed by June 30 of 2013, July 30, 2015 in marker 726.

Contract progress at the beginning of the year was 65.61%, with an 11.69% deviation, while in December these figures were 91.18% and 5.57%, respectively. The performance improvement is the result of the good performance of the dam fill and conclusion of its concrete face. After concluding the main dam fill, resources focused on the auxiliary dyke, which has also reported good performance.

Electromechanical equipment contract

During January-December 2014, erection of the units 1 and 2 aspiration tubes was concluded with the pre-distributor, both units having been placed and assembled with the load tunnels and hydrostatic tests having been done prior to concrete pouring activities. The units 1 and 2 rotor and stator were lowered.

7 Transformers were received and stored at the worksite, in the machinery room. The bridge cranes were assembled and tested according to specifications. All project standards were met.

Regarding the Tesalia substation connection, the contractor made the design and concluded the work, including installing the equipment. The respective cabling and connections are still pending. 4 towers out of 6 were concluded. Tower 5 concluded the year with a 50% progress; for tower 6, foundation problems have first to be resolved. Energizing of the Tesalia substation by

EEB was concluded on December 16 of 2014. Progress at the beginning of the year was 68%, with a 9.32% deviation below expectations. In December, progress was 94.77%, deviation 3.27% below expectations. Progress during 2014 was 26.77% against the 20.72% scheduled, 6.05% above expectations.

Infrastructure work

Regarding substitute roads and bridges, the year started with 7.50% progress and -2.3% deviation, while in December progress was 68.85%, deviation -1.93%. Contract progress was affected by adjustments and revisions to designs, by permits and authorizations, and by community blockages and stoppages, so that it was necessary to recognize this impact on the contractor and rescheduled the work.

Physical work in resettlements started the year with an average progress of 12% and 24% deviation, which required rescheduling, as a result of which as of December progress was 71.07%, deviation 0.29%. 15 families started being resettled to Santiago y Palacio; 3 are still pending resettlement.

In other work fronts, the Santiago and Palacio irrigation district construction started, as well as that of the Llanos de la Virgen and the La Galda irrigation districts and Montea. Work in the La Jagua ponds continued with excavation difficulties due to archaeological findings and community stoppages. These problems have already been resolved. The electric line replacement contract started in sections 1 and 3 of substitute roads.

Social and environmental management

Regarding social and environmental activities, the project has had to quickly comply with Ruling T-135/13 of the Constitutional Court, opening the census and generating spaces and providing for conditions necessary for those affected by the project to be able to file their documents and request being included in the census, for which a work program was designed. In this phase 28,664 requests were received, which are currently under review. Phase 1 was started to initially respond to 14,935 requests, for which 4,130 letters have already been sent.

During the customization work done to the reservoir, the useful biomass volume was practically doubled, going from 150,000 m³ to approximately 300,000 m³, which required amending the contract with REFOCOSTA. At the beginning of the year an economic agreement had been reached with this company in order to perform the reservoir customization work in areas 1, 2, and 3, right riverbank, where 68% of the biomass is located, keeping the same value of contract CEQ 728, including forest use, wildlife management, and industrial facilities included as part of administrative costs. The main problem with this contract has been community blockages preventing access to land properties in La Honda and the problems in agreeing on the forest use rate with Corporación Autónoma del Alto Magdalena (CAM), needed for its use.

As of December 31, physical progress was 30.03% versus 29% scheduled, causing a 1.03% deviation. An agreement was made with REFOCOSTA which maintained the original contract value. It was agreed that the contractor will use the forest, which includes cutting, extracting, and piling all trees with diameters in excess of 10 cm in areas 1, 2, and 3, at the right Magdalena riverbank, making sure that REFOCOSTA will manage wildlife in areas 1, 2, 3, 5, 6, and 6 with the same personnel it now has and during the contractual term.

Regarding land property management, the year started with 372 land properties still pending negotiation. By December, only 105 land properties were still pending.





The generation business Development Managers Office activities were focused on strategic planning of the mid- and long-term expansion and development of new generation projects that will ensure the company sustainability and growth.

Progress of the existing pipeline

Hydroelectric projects

El Paso hydroelectric station. 160 MW:

- Internal contracting and execution of the forest inventory and the strengthened census were coordinated (in view of the new scenario resulting from the Constitutional Court ruling for the El Quimbo census, which involves including these elements into the El Paso hydroelectric project).
- The connection study was developed, which will allow connecting the project to the electric system.
- Progress was made in additional contracts that will allow strengthening project feasibility and environmental studies.

Guaicaramo hydroelectric station. 467 MW:

- The 2013 census was closed with local authorities. The social Management and Early Environmental Management Program is underway, according to schedule and with permanent presence of professional personnel in the area.
- Project optimization processes were carried out.

Campohermoso hydroelectric station. 168 MW:

The environmental diagnosis of alternatives was started. During 2014, from the engineering, energy, social, and environmental perspectives; possible project locations were identified and analyzed.

Steam projects

- Térmica Zipa 6 (Cundinamarca). 165 MW: technical and environmental studies of the current plant were carried out, looking to a possible expansion.
- Expansion: 3 possible locations are being studied for the possible installation of a coal station in the departments of Boyacá, Norte de Santander, or Cesar. The possibility of customizing existing stations is also being studied.

Wind power prospecting

Measurements continued in 12 locations in the national territory. Included in commitments arising from consultations made in Alta Guajira, contracting offsetting required to comply with two additional years in Watcuary, Castillete, Patomana and Siapana, and systematization of process carried out with the 7 Wayúu ancestral communities, which also includes the communities of Warrutamana, Topia, and Flor de la Guajira.



Church San Vicente de Paul,
Icononzo, Tolima



Icononzo, Tolima

Early social and environmental management

The Early Social and Environmental Management Program continued regarding own development projects. Its purpose is getting close to the communities in order to provide for their early involvement and active participation in the areas of influence of projects with potential, providing for an integral knowledge of the territory and of the groups of interest and building stable relations that will allow, in the social aspect, performing our activities. The program works in 6 dimensions: i) institutional relations dimension, ii) communications dimension, iii) social investment dimension, iv) environmental education dimension, v) environmental investment dimension, and vi) construction of support networks dimension.

Sociopolitical strategies were defined in the territories. The main groups of interest were identified and followed up for the main hydroelectric and steam projects, both under development and potential, in the areas of influence.



Review of the projects portfolio

A strategic analysis was made regarding the Company's expansion and portfolio, taking into account aspects such as the environmental partner's feasibility, the most agile developments, and the shortest construction times that will allow continuing with mature projects under study and exploitation of new projects that will allow strengthening our pipeline. This includes various work fronts, including i) hidroscouting, ii) review of third-party projects, and iii) development of new own projects.

In search of growth opportunities that will ensure the Company's sustainability and growth, the Country Energy Efficiency Plan was carried out, which included a market and a competitive analysis of these types of services in Colombia, a market quantification, an evaluation of opportunities in this field in the Colombian market in light of the experience and skills of the group companies in Colombia, and a definition of product lines to be promoted, together with their respective development strategies.



Financial
Activities

The 2014 Emgesa operational revenues reached 2,614,475 million, of which \$2,607,135 million were provided by the electric power generation and trading business and \$7,340 million by other services associated to the main company activity.

Total operational revenues increased 9.1% compared to 2013. The main aspects explaining this result are i) higher prices and electric power pool sale volumes; ii) greater own generation due to favorable hydrologic conditions in the areas where the Emgesa generation stations are located. This allowed meeting contractual obligations and having electrical power available for pool sale purposes; and iii) the greater annual average level of the PPI, which a significant percentage of electric power sale contracts is indexed to in the wholesale market.

The cost of sales increased to \$1,012,827 million, a 2.4% reduction compared to the previous year, as a result of lower steam generation, offset by greater hydraulic generation, representing lower fuel costs.

The combination of the revenue growth and the reduction in the cost of sales resulted in an EBITDA of \$1,716,611 million, a 15.97% growth compared to 2013, and an EBITDA (EBITDA over operational revenues) of 65.66%.

Net company profits during 2014 were \$1,005,533 million, a 15.56% increase with respect to the previous year, mainly the result of the better EBITDA. This represents an ROI of 9.44% on total assets and 19.25% on total equity.

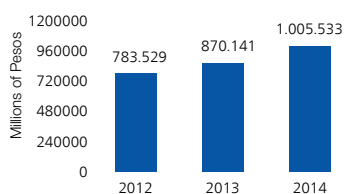
As of December 31 of 2014, total company assets were \$10,646,931 million, of which cash and cash equivalents were \$960,988 million, a 14.78% growth compared to the December 31 of 2013 information, mainly due to resources obtained from the pre-financing for the El Quimbo project investments and the greater operational cash flow generation provided by the greater company EBITDA in 2014.

Regarding indebtedness, as of December 31 of 2014 Emgesa had a financial debt of \$3,640,100 million (exclusive of interests), representing a 14.05% increase compared to 2013. The result is thanks to the bond issuance from the 6th tranche under the Bonds Issuance and Placement Program for \$590,000 million made in May 16 of 2014, resources that were used to finance the El Quimbo construction needs, pre-finance bond maturities, and cover the 2014 working capital needs.

As of December 31 of 2014, the financial debt was divided in bonds issued in the local capital market for \$2,598,340 million, bonds indexed to Colombian pesos issued in the international market for \$736,760 million, and a facility with local banks for \$305,000 million.

During 2013 the company continued with its policy of minimizing the income statement exposure to exchange variations, with which by the end of the year the entire company debt was denominated in pesos. Regarding the reference interest rate, 72% of the debt was indexed to the CPI, 8% to the IBR, and 20% to a fixed rate.

Evolution of net profit





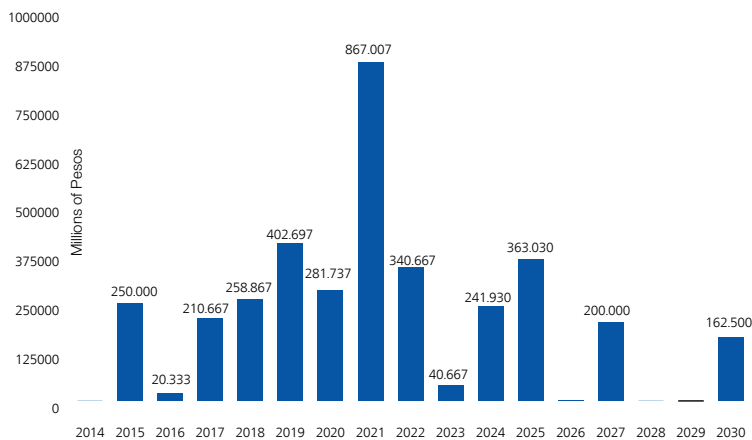
PRESENTATION OF FINANCIAL RESULTS (Sept 2013)

The average life of the debt went from 6.88 years as of December 2013 to 6.71 years as of the end of 2014.

Regarding the company maturities profile, in 2015 there will be a bond maturity in February for \$250,000 million. In 2016 the first payment of \$20,333 million will have to be made in December, regarding the loan principal to local banks.

Following is the Emgesa maturities profile as of December 31 of 2014.

Maturity Profile



Dividends

In March 26 of 2014, the General Shareholders Assembly approved during its ordinary session distribution of profits for the January-December 2013 period for \$870,141 million. This is equivalent to \$5,812.42/ordinary share and to \$5,843.24/preferential share. During 2014 Emgesa made dividend payments to its shareholders for 739,668 million. In January 2014, Emgesa made the last payment corresponding to 2012 profits for \$195,882 million. Subsequently, Emgesa paid dividends for \$328,639 million in June and \$215,147 in November, corresponding to 62.5% of the 2013 net profits.

On October 29 of 2014, the General Shareholders Assembly approved distributing profits for the January-August 2014 period, for \$719,310 million, which will be paid within the following 12 months.

With the above, the dividends pay out remains at 100% of distributable profits.

Financial debt refinancing and title issuances

In May 16 of 2014 Emgesa successfully placed bonds from the 6 tranche under its Placement and Issuance Program in the local capital market, through a Dutch auction in the Colombian Stock Exchange. The amount initially offered was \$450,000 million, leaving the possibility open of increasing it up to \$590,000 million should additional demand be received from the investors at interest rates attractive to the company.

As a result of the demand (\$1,180 million), equivalent to 2.6 times the amount offered, Emgesa placed the entire tranche for \$590,000 million in 3 series: series B6 for \$241,070 million for 6 years with a coupon of CPI + 3,90%, series B10 for \$186,430 million for 10 years with a coupon of CPI + 4,30%, and series B16 for \$162,500 million for 16 years with a coupon of CPI + 4,60%. The 6 tranche resources were used to finance the El Quimbo needs (\$480,000 million), pre-finance the 2014 July bond maturities (\$92,220 million), and cover the company working capital needs during 2014 (\$17,780 million). The positive placement results show the trust the Colombian investors community has in the company administration activities and in the transparency of the information delivered to the market, through good investors relations which allowed the company to perform this transaction with agility and to benefit from the attractive conditions of the local market.

El Quimbo Hydroelectric Project financing

In order to obtain resources required to finance the El Quimbo construction, a financing strategy was designed focused on ensuring availability of resources, maintaining the high Emgesa credit rating, achieving financial cost efficiency, and minimizing exposure to exchange risks and interest rate fluctuations. This strategy is being carried out in 2 phases:

- **Fase I** - Issuance of an international bond and back up sources (2010-2011): Involved Emgesa acting as an issuer in the international capital market by issuing the first international bond by a Colombian corporation, denominated in pesos and payable in dollars at a fixed interest rate, for \$736,760 million (close to USD 400 million), of which \$646,760 million were assigned to project financing. Additionally, together with local banks we developed instruments that made available additional resources for the project, ensuring their availability during its construction. As a result of this, facilities were negotiated with local banks in January 2011 for \$360,000 million, including the obligation by participating banks of granting credits to Emgesa



by request, despite uncertainties existing at that particular time. An intercompany facility was made available with Codensa for up to US \$300 million

- **Fase II – Optimize the financing cost (2012-2014):** *Considering the support mechanisms already available to ensure liquidity availability at all times for project needs, efforts for the second financing phase focused on having the necessary flexibility - regarding both time and sources - to minimize the cost of the debt. Consequently, once resources from the international bond issuance issued in 2011 had been depleted in October 2012, the El Quimbo project needs were financed with short-term intercompany credits with Codensa, the local and international market conditions being continuously followed up in order to identify the best moment in which to issue a new bond that would allow for long term financing of short-term resources, additionally ensuring resources to finance the following months' investments at an adequate financial cost.*

After such market conditions follow-up, in December 2012 a fourth tranche was issued under the Issuance and Placement Program in the local capital market for \$500,000 million, such resources having been obtained at an average rate of CPI + 3.57%. In September 2013 the 5th tranche of the program was issued in the local capital market for \$565,000 million, at an average rate of CPI +4.73%, of which \$516,000 million were assigned to El Quimbo. Finally, in May of 2014 the 6th tranche was issued for 590,000 million at an average rate of CPI +3.75%, of which \$480,000 million were assigned to the project.

This way, considering the budget up to the moment approved for the project and the progress made in phases 1 and 2 of the financing strategy, by December 2014 Emgesa had financing and support for 87% of the estimated El Quimbo investment, providing financial peace of mind and feasibility in terms of economic resources, allowing continuing making investments for the project according to plan.

Current ratings

The national long-term rating of the 3rd issuance and of the Emgesa Issuance and Placement Program were confirmed in AAA by Fitch Ratings Colombia in July 2014. The international Emgesa rating as issuer of long-term corporate debt in local and foreign currency was confirmed by Standard & Poor's in "BBB" in August 2014, by Fitch Ratings in May of 2014, with a stable perspective both cases.

In the Fitch Ratings case, the decision was based on the company's solid financial behavior, its robust cash generation, and its expectations of low and moderate leverage after full commercial commissioning of El Quimbo in 2015. The decision also considered the generation assets portfolio diversification, the company growth strategy, the significant progress made in the El Quimbo project, and the positive generation of cash flows associated to the conclusion of this project in 2015.

In its press release, Standard & Poor's mentioned the energy demand growth in Colombia and the Emgesa solid operational performance and satisfactory competitive position showing proper diversification through its 12 generation stations. Additionally, S&P highlighted the Emgesa low risk business profile, its strong credit protection metrics, its high liquidity, and the stability of its cash flow generation sources.

Bolsa de Valores de Colombia recognition

In August 2014 Emgesa received the IR recognition rating from the Colombian Stock Exchange, granted to issuers with the highest standards of transparency and corporate governance in Colombia and to companies with the best investor relations practices.

Certification to processes from the Treasury Assistant Managers Office

Since 2010 and 2011, the companies' payment management and liquidity surplus processes have obtained the ISO 9001 quality certification granted by the international certifying entity Bureau Veritas. These two processes are focused on managing the companies' monetary resources.

Internal control

During 2014, the Internal Control Unit (UCI) coordinated self-evaluation of the internal control model in compliance with Italian Law 262 and Sarbanes Oxley (SOX) for H1 2014.

Internal Corporate Auditing and External Auditing audited the relevant Company processes, making design and operational tests to controls. As a result of the above, improvement opportunities were identified and action plans prepared.



Implementation of NIIF Norms

During 2014 the Company concluded the transition phase according to the schedule, as contained in Convergence Law 1314 of 2009 and in Decree 2784 of December 2012, which involves keeping its accounting according to current norms in Decree 2649 of 1993 and simultaneously preparing information according to the new norms, for comparison purposes.

According to Resolution SSPD 20141300033795 of July 30, 2014, on August 2014 the Company submitted the opening financial statement - ESFA, the equity conciliation, disclosures, and policies as of January 1 of 2014 to the Superintendence of Public Household Utility Services.

Within the NIIF adoption process, the Company is carrying out the various activities considered in the implementation project, including the following:

- Analysis workshops on technical issues, attended by the group implementing the NIIF and an external advisor. Analyses are made of all elements in the balance sheet to establish possible impacts.
- Definition of accounting policies. It was decided that the accounting policies would be those of the Enel parent company.
- Information systems: A project was developed together with the IT and Telecommunications area in order to apply parameters to the economic-financing SIE system, including customization work to the properties, plant, and equipment module and preparing additional reports.
- Training plan: Training sessions were held during 2014, focused on the accounting, technical, commercial, production, finances, treasury, legal, regulatory, taxes, and IT and telecommunications areas.



Juan Manuel Pardo Gómez
Administration, Finance and Investor Relations Manager

- Communications plan: Being executed according to schedule and focusing on issues relevant to the NIIF project. A multimedia program was launched with basic NIIF concepts such as definition of norms, the norms' framework, and the implementation schedule, among others, in order to reach everyone inside the organization.
- Presence in business groups and groups of interest: The Company led analysis and discussion meetings with the Stock Exchange, which allowed reviewing the effects of implementing NIIF norms and adoption of best practices. A lecture on the effects of the NIIF implementation on security issuers was given in October.

Decree 2649 of 1993 will no longer apply from January 1 of 2015 on for legal accounting purposes, the new NIIF starting to apply. For fiscal purposes, Decree 2649/93 will be the starting point to establish the fiscal balance.

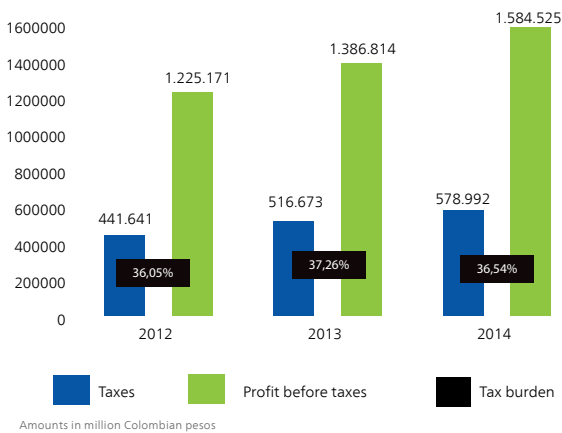
The General Manager and the Administration, Finances, and Control Manager continued working in process and systems' assurance and in other fronts required for submitting the first financial statements according to NIIF from January 1 of 2015 on, this way complying with the National Government norms.

Fiscal assistance

Activities carried out by the Fiscal Assistance Managers Office in 2014 focused on active participation regarding the various Company activities, as follows:

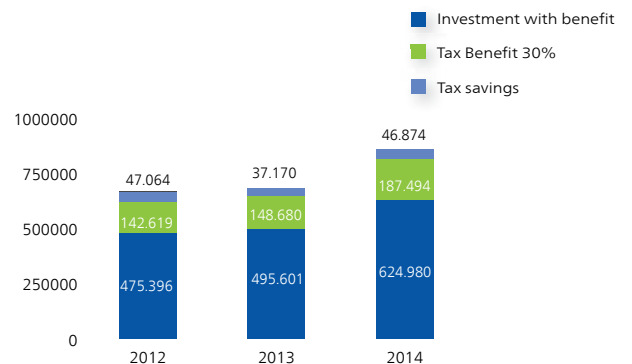
- The Constitutional Court declared constitutional article 181 of Law 1607 of 2012, as such energy trading by generating companies being subject to the ICA tax according to Law 56 of 1983 (special norm). To achieve this, it was necessary to prepare a strategy in coordination with various areas, such as business groups, the academia, and other institutions to defend this special norm. The ruling reduces the risk of possible contingencies arising from disagreements with some municipalities where Emgesa generates electric power.
- Together with the technical area, the supplies area, and the legal area, a contracting procedure was implemented that will allow for fiscal savings in electric power generation imported equipment.
- The external auditor delivered a report with no objections regarding compliance with obligations under the legal stability contract for 2013, according to which the special deduction benefit for real productive fixed assets is maintained for the El Quimbo project.

- An agreement was reached with the Ministry of Mines and Energy and the Ministry of Industry and Trade on the adjustment to the legal stability contract premium, the respective payment having been made. This complies with the company obligations and avoids risks associated to the contract.
- A favorable ruling was obtained in two processes under which Emgesa filed and annulment and reestablishment claim regarding the right against resolutions with which the municipality of Yaguará disavowed the special norm applicable to the industry and trade tax, liquidating the tax according to general norms. The tax and the sanctions under discussion amounted to \$35,790 million.
- The last 3 years' tax burden is shown below.



- The value of savings generated with respect to the income tax on account of the investment in El Quimbo has been the result of joint efforts made by the fiscal department and the project personnel, which designed strategies, benefited from synergies, and followed up procedures implemented in order to document and define which costs incurred by the project meet requirements contained in fiscal norms in order to benefit from this tax exemption. During the last 3 years, savings achieved in the income tax are the following:

Quimbo tax benefit



Amounts in million Colombian pesos



Department of Huila

Generation environmental management

Within the Company's environmental policy, environmental management is focused on ensuring environmental protection, legal compliance, contractual compliance, the rational use of natural resources, and pollution prevention.

- Regarding compliance with legal requirements, during 2014 activities focused on:
- Execution of environmental activities contained in the environmental management plans for generation stations, as required by the National Authority of Environmental Licenses (ANLA) through administrative acts.
- Activities before the regional environmental authorities to renew environmental permits related to effluents, forest use, riverbed occupation, emissions, and water concessions.
- Managing environmental obligations arising from the State Council and the Bogotá River popular action, including participation in inter-institutional workshops and maintenance activities in the Muña reservoir, focused on manually and mechanically removing weeds, removing vegetation with tractors in the Emgesa land properties and in properties near the reservoir, larvae monitoring, application of pesticides, maintenance of barriers, water quality monitoring, and mosquito monitoring and follow-up.

During 2014 the environmental authorities followed up compliance with the Guavio, Paraíso, and Guaca environmental management plans. A reply was given to requirements imposed by ANLA in 2013, including the following:

- **Guavio:** execution of the sediment and hydraulic study, design of control and stabilization work of the Moncabita stream, and landscape management measures.
- **Cartagena:** Submittal of a proposal to amend the environmental management steps for the Cartagena station.

Regarding environmental protection, the efficient use of natural resources, and pollution prevention, during 2014 hazardous waste was managed by disposing of it, as well as of scrap material and equipment no longer used by the generation stations. 4,819 tires were removed and disposed of by authorized companies, equivalent to 58.9 tons, removed from the Bogotá river stations' inlets. According to the environmental liabilities program, infrastructure no longer used at the Dario Valencia and the Muña reservoir was demolished.

Biodiversity continued to be protected with programs focused on making it known at the Guavio, Charquito, Salto II, and Tequendama stations, planting at the Guavio reservoir round, and fish repopulation activities at Betania.

Other important environmental activities are liaison activities with communities and institutions, including the following:

- Training and environmental awareness under agreements and contracts related to environmental education, with educational workshops and visits to the municipalities in the direct area of influence of the productive centers.
- Execution of cooperation agreements with CAR and CORPOGUAVIO, whose action lines include protection, recuperation, and restoration of supply basins, environmental education, biodiversity protection projects, etc.

9 internal audits were made, part on the Environmental Management System maintenance process, together with an external follow-up audit regarding the certification for the environmental management system by Bureau Veritas Certification, with zero defaults, the ISO 14001:2004 certification being kept.

Regarding environmental regulations, the Ministry of the Environment and Sustainable Development issued the following:

- New boundaries to the producer protective forest reserve of the Bogotá River upper basin.
- Zoning and organization of various forest reserves contained in Law 2 of 1959, including the Amazonia Reserve.
- Issuance of the Technical Guide for formulation of organization and management plans in hydrographic basins.
- Regulation of the study permit for collection of wildlife from the biologic diversity for environmental study preparation purposes.
- Issuance of the new environmental licensing decree.
- Regulation regarding the use of treated residual water. Follow-up continued in 2014 to the implementation of the Integral Policy for the Water

Resource Management and norms related to effluents and environmental flows.

Generation regulation activities

These activities focused on following up proposals and norms from the electric market, implementation and support to the natural gas trading market, and inclusion of nonconventional renewable energies in the system.

Regarding the electric market, during 2014 activities were addressed to i) propositions, comments, and follow-up to the final version of the Shortage Risk Situations Statute, ii) comments and management of the base project of Law 1715 and subsequently of proposals related to the regulation from the Ministry of Mines and Energy and CREG, with which the National Government promotes electrical power generation with nonconventional energy sources and the efficient use of energy, iii) direct management of the proposal related to the National Development Plan Bases proposed by the DNP, iv) direct comments - and through business groups - regarding the proposal related to the amendment to the expansion mechanism, particularly the assignment of the Firm Energy Obligations regarding generation resources, v) comments and proposals regarding the Firm Energy calculation for geothermal resources and a proposal related to the change to wind resources, vi) comments to the Commission regarding the market demand participation schemes, and vii) direct comments and participation in the National Operation Counsel Group in the review, issuance, and implementation of the new Measurement Code.



Worth mentioning are the following regulatory management milestones:

- Comments and active participation in workshops scheduled by UPME, particularly regarding i) the Natural Gas Supply Plan, ii) the 2014-2028 Generation-Transmission Expansion Plan, iii) the National Energy Plan, iv) the long-term Colombian electric system sustainability, v) integration of intermittent sources, and vi) studies on vulnerability of - and adaptation to - the sector's weather change.
- Proposals and comments on the possibility of changing fuels to support the Firm Energy Obligations assigned, within times considered in the regulations.
- Active participation in flexibility alternatives is so that plants able to use liquid fuels will be able to offer, with natural gas, amounts lower than those required to cover their Firm Energy Obligations, this way using available amounts of natural gas considering the Venezuela exports limitations.
- Analysis and comments to the Commission regarding the invitation to the reconfiguration auction for 2014-5015 and alternatives in order to be considered for parameter reporting, particularly for liquid fuels.
- Comments regarding the time allowed for the system operator and administrator (CND and ASIC) to adjust liquidation procedures and systems for implementation of the Voluntary Disconnectable Demand security ring.

Regarding issues related to the natural gas regulation, activities were addressed to i) making comments to the gas market manager selection process, ii) analysis and comments on the declaration of the 2014 natural gas production, iii) proposals regarding the definition of direct negotiations as a gas trading mechanism and the schedule for their start in 2014, and iv) participation in a meeting with the consulting company Quantil S.A.S (retained by CREG) in order to review experiences in direct negotiation processes carried out in 2013 and 2014 and in the long-term "use it and sell it" processes. Direct support was given to the operation and to liaison activities with market agents, according to the end user service and response system.



Human Resource Management

Selection process

A 98% effectiveness average was achieved in selection processes during 2014, an improvement compared to the previous year.

The average effectiveness achieved for selection processes during 2014 was 98%, an improvement compared to 2013.

The following table shows the number of selection processes in 2014, compared to previous years:

Emgesa	Type of contract		
	Direct	Students/ apprentices	Temps
2011	65	80	141
2012	55	49	159
2013	78	39	176
2014	71	59	166

Internal opportunities

Growth opportunities were given to group employees during 2014, internally filling 30% of all vacancies.

Emgesa	Vacancies filled	
	Internally	Externally
2011	9	65
2012	4	51
2013	26	78
2014	21	50

The selection area made 21 promotions, fully continuing with the personalized feedback process regarding those applying to internal promotions in order to inform them of their strengths and opportunities for improvement.

Brand pride and recruiting

A number of activities were carried out in 2014, focused on developing the employer brand with corporate alignment and making emphasis in attracting talent. The main activities were:

- Defining the employer brand concept based on growth, competitiveness, and sustainability strategic guidelines.
- Defining the target market (careers, universities, and institutes) according to the Recruiting Colombia team experience and knowledge.
- Redesigning actions in order to be present in target universities.
- Strengthening alliances with headhunters: update and presence through the portal empleo.com and LinkedIn.

As of December 31, achievements are:

- Definition of the most attractive careers: electrical engineering, civil engineering, mechanical engineering, IT engineering, and industrial engineering. Target universities for strategic alliances were Universidad Nacional, Universidad Salle, Escuela de Ingeniería Julio Garavito, Universidad Javeriana, Universidad de los Andes, and Universidad Tecnológica de Pereira.
- Strategic personalized spaces were created with academic leaders from these universities. Visited universities were Universidad de la Salle, Universidad Nacional de Colombia, Escuela de Ingeniería Julio Garavito, and Universidad Tecnológica de Pereira.
- Image change and update of the corporate base of the number 1 Company recruiting portal: empleo.com.
- Recruiting of candidates with specialized profiles in the LinkedIn social network.
- Launch of the update to the candidates' database with target professional careers, as contained in the corporate database.

Two additional recruiting campaigns will be launched in January 2014, addressed to collaborators, reporting those referred with professional careers, and a campaign addressed to the energy sector: persons with experience in the generation business.



Training and Development Division

Organizational Environment

The Great Place to Work survey was carried out on December 2013, with a 91% participation in Codensa. Work was done during 2014 in the 2013-2014 Colombia Action Plan, which originated from the results of the surveys (Great Place to Work 2013 and the 2012 Environment and Safety Global Survey). The plan considered 11 initiatives, focused on improving perception regarding the following categories or action lines: personal development, change management, and meritocracy. The Great Place to Work survey was again developed in December 2014, with a 96% global participation. The results of the study will be informed to the employees Q1 2015.

The environment thermometer was applied in April in order to follow-up the employees' commitment level and their perception regarding the labor health and safety culture with respect to the most recent global survey. Colombia was the country with the highest participation in Latam and IBAL. Additionally, the sustainable commitment index remained stable at 83%, improvements having been made in all categories, demonstrating the effectiveness of action plans implemented.

The "feedback thermometer" tool was used in September 2014 in order to know the workers' perception regarding this development element. From the selected sample, 85.83% stated having received feedback, 75.36% rating it between 4 and 5 in a scale from 1 to 5.

Performance management

The 2013 evaluation process was concluded in 2014 with participation of 97% of the workers and the definition of individual development plans for 387 persons, representing an 65.81% coverage. The 2014 objectives definition process was also concluded.

Leaders program:

The following activities were carried out during the year:

- Coaching: 12 collaborators.
- Mentoring: 3 leaders.
- Management Skills Program - Universidad de Los Andes, with 4 leaders participating.
- Manager's Anatomy Program, with 25 leaders participating in 13 sessions.
- Change Management Program: 18 participants.
- "The Art of Leading Teams" conference, attended by 20 persons.
- 3 discussion sessions held to share the environment practices among leaders: 14 persons participated.
- A leadership practices homogenizing program is being developed, up to now 13 basic principles of a leader having been defined, to be informed early 2015.
- Customer service conference with the hospital director Jorge Tobón, attended by 10 persons.



Other initiatives

A management renewal project was started, whose purpose is identifying critical knowledge regarding positions involving collaborators nearing retirement, in order to transmit it to their successors.

The following has been done up to now:

- Mapping of critical positions with collaborators nearing retirement, with their possible successors.
- Workshops to identify critical knowledge.
- Preparation of the mentor's guide.
- The critical knowledge transfer process was started.

International assignments

International Mobility - Colombians Abroad

We have 5 Emgesa employees working in various group countries.

International mobility - foreigners in Colombia

We have 6 foreigners working in Colombia.

Training Division

The Training and Development Plan included activities focused on strengthening issues strategic to the Company, such as occupational prevention in occupational health and industrial safety, languages, and innovation, among others. The investment in training was \$535,704,761.

The total number of hours was 31,829, 3% more than in 2013, with 2,393 participants, 16% less than in 2013. The above thanks to training initiatives and inter-institutional agreements made to optimize costs and expand coverage.

Other projects

- 78 persons participated in the customer service strengthening workshop.
- Under the knowledge community programs, two diploma courses on project management, 1 diploma course in contract management, and a course on programming, follow-up, and control in MS project were carried out.



Visit to the RENACE forest, workers and their families.

Corporate induction

2-day corporate induction sessions were held, during which participants receive information on the organization businesses and support areas, visiting generation stations and the training or control center.

7 corporate sessions were held in 2014 for direct personnel and interns.

51 employees participated, representing a 78% attendance level.

Satisfaction regarding the induction process during the year was 4.6 in a 1 to 5 scale.

Quality of Life

Familarly Responsible Company Certification (EFR)



Emgesa was again certified in August by Fundación Más Familia as a familiarly responsible company at a global level, together with group companies from America and Spain

As a familiarly responsible company and under the management model focused on positively affecting the quality of life of its workers upon promoting balance between personal, family, and labor life, during 2014 Emgesa developed programs and initiatives that allowed providing the workers and their families with integration and well-being spaces

Programs were implemented and strengthened; as of December 542 uses had been recorded, itemized as follows:

Programs	Use
Balance day	318
Flexible work hours	51
Birthdays	83
Tele-work	24
Assistance to sick relatives	18
Short Christmas work days	10
Halloween with the children	27
First day in school	3
Voluntary work day and balance	7
Gradual postnatal return to work, mothers	1
Total general	542



New quality of life benefits

The purpose of these benefits is having, supporting, and promoting a positive working environment affecting the quality of life of company employees.

Benefit	Description
First day in school	Allows for the employee to share with his children the first day in school (transition and preschool), this being a special moment for the family in their children's education.
Voluntary work day and balance	Give free days to the employees for voluntary work activities, some work days being dedicated to these activities.
Stand discounts in products	The STAND product displays (Alpina – Coca-cola and Bimbo) allows employees to familiarize themselves with them and have access to products they may be interested in, with a 7% discount over the suggested retail price. 8 Codensa centers were visited.
Colsanitas dental plan	Workers have access to the following Colsanitas benefits, with full coverage and no waiting times.
Direct appointments with a specialist.	Este beneficio ofrece una tarjeta con acceso a descuentos en más de 2.000 establecimientos a través de una tarjeta transaccional, personalizada para cada empleado y un familiar. Se cubrió el 100% de los usuarios en el año 2014.
	• Care for previously-diagnosed dental diseases. Should be included in the dental plan.
	• Procedures require no authorization.
	• The plan has no age limits.
	• The worker should be affiliated to an EPS.
109 Codensa workers were affiliated, with 260 beneficiaries.	
"TUYO" discount card	A card with discounts in more than 2,000 stores, with a transactional card, personalized for each employee and one relative. All users were covered in 2014.

Labor Equity Certification

The “Sello Equipares” labor equity certification is a cultural and organizational transformation tool focused on improving the companies’ internal systems in order to eliminate differences, barriers, and gender gaps existing in labor aspects.

It is a pilot initiative from the Ministry of Work, from the Presidential Higher Presidential Advisor on Women Equity, and from the United Nations Development Program, covering 8 aspects:

1. Personnel recruiting and selection.
2. Professional promotion and development.
3. Training-performance.
4. Remuneration and salary.
5. Conciliation between family and work life.
6. Sexual and work harassment.
7. Working and health environment.
8. Nonsexist communication.

The Emgesa upper management is committed in obtaining such certification. The process includes a diagnosis with gender shades, using as a tool the results of the environment and EFR results. An instrument was applied to the directors-employees. Group activities are currently being carried out. After this phase, actions contained in the plan will be defined and implemented in order to close existing gaps. Finally, internal and external audits will be made before obtaining the labor equity seal.



Employment equity signature certification- Equipares.
Lucio Rubio Díaz, Chief Executive Officer

Loans to date

During 2014 the Company provided economic resources for employee loans for \$5,061,073,641 in the various credit lines, distributed as follows:

Type of loan	Emgesa
	Value
Housing for unionized workers	\$1,545,959,575
Integral housing	\$1,113,926,879
Study loan	\$109,944,375
Vehicle loan	\$1,376,468,069
Higher education loan	\$483,346,546
Domestic accidents/injuries loan	\$24,800,000
Dental loan	\$3,696,000
Guaranteed college loan	\$81,427,099
Vacation loan	\$321,505,098
TOTAL	\$5,061,073,641

Other benefits

Benefit	CONCEPT
Prepaid medical plan	The Company gives to workers with integral salaries a benefit guaranteeing proper health coverage under prepaid medical plans for the employee and its basic family group. In 2014, 194 workers and 545 beneficiaries had access to this program. Contract value: \$937,047,442.
Excellence scholarship	During 2014 the Company granted excellence scholarships, consisting in subsidizing professional studies of our workers’ children with the highest ICFES grades in SABER 11 tests, having placed higher at a national level.



Innovation management

Innovation activities in 2014 had excellent results. 177 ideas were recorded in the IDEO innovation system through idea workshops, the Eidos Market, and the email address ideo@endesacolombia.com.co. Our workers fed the innovation system with their ideas, sharing their knowledge and their thoughts and generating value for projects, demonstrating that the Company has a consolidated innovation culture.

During 2014, communications were sent and activities carried out to promote and create an innovation culture. This time, the campaign was called IDEO PLAYERS.

All generation stations were visited under the 2014 innovation plan, with the exception of Betania, this way getting closer to their personnel and inviting them to develop their ideas. Existing doubts related to the innovation system, the idea registration system, project execution, and innovation leaders were resolved. The communications campaign was carried out in order to maintain a culture of innovation throughout the Company.

These activities supported various Company areas in order to create innovation skills and be applied to daily life and to everyone's work. For this reason, this year we had a different approach regarding the manner in which to impact culture: we went from innovation workshops to innovation experiences, in which more than 193 persons participated including 50% of middle managers. Experiences: Different Coffee, Cooking and Innovating, Amazing Race, World Ideas, Innovating, the Exercise of Happiness (given by Mario Chamorro), Chain Reaction, and Change Rally.

Every year we hold a recognition delivery event in order to acknowledge projects in the IDEO system. This year we delivered \$49 million to 16 workers who participated in execution and closing of innovation projects, which according to results received such recognition.

This year we had 8 innovation leaders from various business areas. They support activities related to the innovation culture and propose ideas for development.

This year we also had the innovation day in December. The IDEO FEST -as we call it - was held. This was a quite innovative event providing for a live prototype experience, materials, tools, and new tendencies. A Projects Fair was also held in order to receive information on new developments in progress.

Three innovation projects were approved this year, presented to the Innovation Committee chaired by the Country Director, which together with the Company directive team approved \$687 million in risk capital for investment in projects generated by the workers' ideas.

Four projects in progress were delivered to the business line, demonstrating the good results of the value generation system. Benefits of \$8,861 million were achieved this year from pilots carried out, additionally generating value opportunities for \$62,863 million.



Processes and continuous improvement activities

Improvement Model

The continuous improvement model was consolidated during 2014, whose purpose is transforming our initial state from directed and corrective improvement to a mature state in which continuous improvement will be autonomous and proactive. It consists in solving problems by applying the Lean Six Sigma philosophy.

70 persons have been trained in continuous improvement methodologies, of which 9 were accredited in the Yellow Belt and Green Belt levels upon having met the requirements, passed the knowledge test, and having submitted an improvement project.

Under this model, 10 continuous improvement projects were developed. Those concluded allowed for economic savings, fewer mistakes and nonconforming products, additionally reducing process times.

Gas trading process normalization

Considering this new business, the processes and their characteristics were defined in order to standardize practices ensuring its consistency quality, and accountability.

New internal client satisfaction study

Sensitization workshops and service validation workshops were held looking to make aware all Company employees of the importance of their role as clients or suppliers of a service, as well as of the importance of providing high-quality services for their internal clients.

The internal client evaluation was made in November, whose purpose is knowing what the internal client thinks of services provided by other company processes, with a 78% attendance.

The review phase of information and structuring of results was started, which should be formalized in January 2014, in order to subsequently have action plan workshops and provide support to the processes and improve the internal client service.

Development of the Value Chain Project with Suppliers

This year the project was developed under the continuous improvement model, whose scope covers the entire organization. It looks optimizing the various phases (planning, preparation, offer, contracting, execution, evaluation) of the value chain with the suppliers. This year, the project includes a diagnosis of the current situation, identification of quick gains, determination of causes, and definition of countermeasures. Additionally, new members are included in the work teams, having been previously trained as Yellow Belt and Green Belt.

Personnel management

589 direct employees were working for the Company by the end of 2014, of which 84.38% had indefinite term work contracts. Itemization according to the payment system is: 14 directors, 251 integral workers, and 324 unionized workers. Additionally, the Company had 56 SENA apprentices and 13 University interns.

Disciplinary Prevention Program – HACER

The Disciplinary Prevention Program HACER is an initiative from the Labor Relationships Division that seeks consolidating a fault prevention ethical culture in the workers, sustainable in time, by defining general conduct rules (rules of life) and providing



information on norms through workshops in which the workers interact with such guidelines and learn and apply them to their work.

The program is the answer to the need the workers have to familiarize themselves with norms governing their work relations, being a manner in which to consolidate the ethical culture into their work by means of pedagogical and dynamic activities motivating the “doing it well and acting well” of our activities.

The program concluded its design and consolidation phase during the first half of 2014. Phase 1 was started in August with 9 workshops in each Company center, attended by 154 workers who achieved an average 4.5/5 grade.

These workshops were developed according to the “build with the word” methodology in order to encourage the workers to perform their obligations, encourage their ethical behavior, receive information on applicable norms, analyze specific cases, and effectively consult with their superiors.

The purpose of the program is reaching all Company workers at the end of workshops scheduled for the next year, in what would be phase 2 of the program.

Election of the Work Coexistence Committee

This is a dual committee upon having representatives from both the workers and the employer, this way providing a proper space in the Company in which to discuss these types of issues and propose solutions to controversies.

Its purpose is having participation, prevention, and conciliation spaces and presenting improvement actions or ideas and/or mediating in possible work harassment conflicts arising during the work, discussing the respective issues according to Resolutions 652 and 1356 of 2012 from the Ministry of Work.

The representatives of the 2015-2017 second Work Coexistence Committee were elected this year. 7 candidates registered, from which 2 workers were elected as principal members and 2 as alternate members. We had significant participation, with 258 votes.

Pension assistance

The pension assistance program was consolidated as a service provided by the Labor Relationships Division to support direct and retired workers in pension-related issues and clarify any concern they may have.

The program has 3 action fronts: individual assistance to Company workers in pension issues, according to their age; collective training to direct personnel in order to support them in pension-related issues, respond to concerns they may have, refer them to entities in the pension system, and in general advise them on this matter; also, support to cases related to pension issues.

The program will be implemented in each Company center. To date, collective pension training workshops have been held at the generation stations. Support has been given in legal actions and in obtaining favorable administrative decisions.

Remuneration

During 2014, 343 salary adjustments were made according to the Company remuneration policy and looking to improve its salary competitiveness, its internal equity, and its personnel retention, 223 for unionized workers and 120 for workers in the integral system.



Organizational structure

New structure of the Emgesa production managers office - management model using oxt technology

The new Production Managers Office structure was presented and kicked off according to the management model using OxT technology, which will help making more productive the operation and maintenance activities of the Emgesa energy production centers, improving cross processes, standardizing maintenance processes, and aligning the organization with the Latin American group standard.

The purpose of the reorganization is achieving synergies and common standards, improving the information flow, generating mobility, optimizing resources, sharing ideas, and transferring good practices.

New Accounting Assistant Managers Office structure

The new structure for the Accounting Assistant Managers Office was created and implemented looking to achieve greater organization efficiency and focus on work centered in processes. This organizational change has resulted in the creation of the Accounting Criteria and Internal Control Offices, involving a change in the roles and activities of those in this office and providing professional development opportunities to its members.

New Human Resources and Organization operational model

A new Human Resources and Organization Manager's Office operation model was implemented looking to be "closer to the business and to persons", to be the sole point of contact in this area with the people and the businesses, advised and supported by the specialists units.

The purpose of this new model is getting the RHO function even closer to the business and to people, improving the service effectiveness and quality, and reinforcing its role as a change agent capable of leading the Company transformation process.



Human Resource Management

Human resource administration processes automation

The HR administration division processes automation was launched on April 28 of 2014. Its purpose is answering to our workers most frequent online requests and optimizing IT tools supporting the processes.

Workers now have access to the following products, through the Nostrum self-service portal:

- Queries and printing of payroll payment vouchers.
- Generation and printing of standard work certificates, including basic salary, entry date, type of contract, position, organizational unit, and average salary.
- Vacation queries.

Personnel management

Payroll

For the January-December 2014 period, the HR Administration Division closed the payroll process quality and opportunity metric at 117.6%, this way ensuring the effectiveness and efficacy of payroll liquidation processes and compliance with labor, legal, tax, social security, and conventional obligations for 950 workers, among active and retired.

Employee portfolio management

The RH-GBS Administration Division manages and controls the portfolio related to loans to active and retired Company personnel. The balance of these loans as of December 31 of 2014 was \$17,958 million.

There were 396 loans made during 2014, for a total of \$5,725 million.

“Compartibilidad and Retropatronos” activities

The amount recovered on account of “retropatronos” as of December 31 was \$2,465 million, corresponding to 42 retired employees.

Regarding “Compartibilidad”, savings achieved on account of monthly payments were \$107 million.

Prepaid medical care

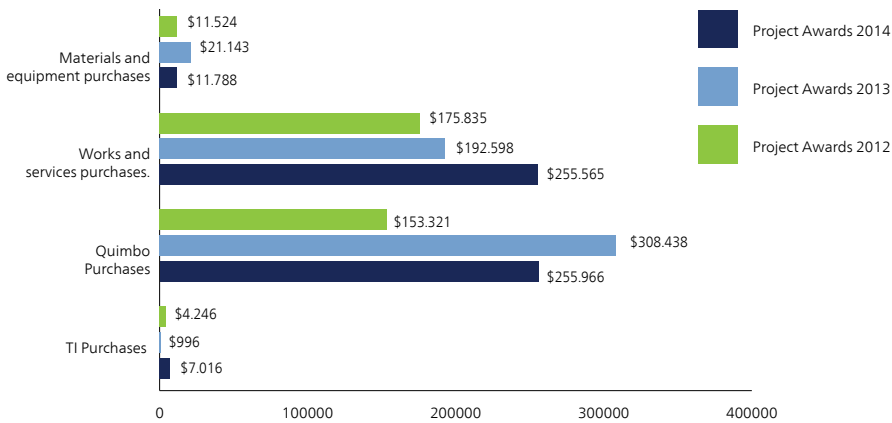
The integral personnel prepaid medicine contract is managed for 548 beneficiaries, with a cost to date of \$906 million.



Paraiso Plant, Cundinamarca

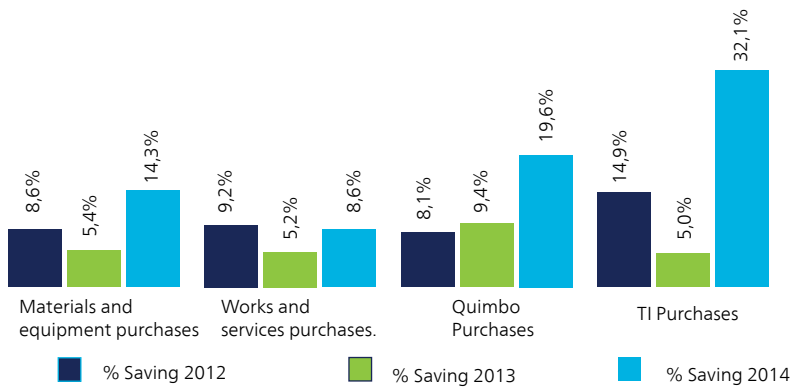
Main 2014 metrics:

Project Awards 2012-2014



- **Awards:** During 2014, awards were made for \$530,335 million.

Savings 2012-2014



- **Savings activities:** Savings of 14.9% were achieved during 2014, distributed by purchase portfolio as follows.



Main 2014 activities:

- The Vendor Rating evaluation methodology had been implemented and consolidated by the end of 2014. It allows evaluating performance in the provision of Company services. Regarding work and services, the categories of quality, opportunity, safety, and compliance are evaluated with respect to legal-labor aspects. Every 3 months in the average, 52 suppliers, 65 contract, and 41 families are being evaluated. In addition, the measurement model of the safety and compliance with legal-labor aspects has been updated, approving a global model in coordination with the areas of Labor Risk Prevention and Contractor Control.
- The new corporate "Portal One" portal was commissioned during the second half of 2014, which allows grouping all the ENEL group suppliers in a single database. It is an easy to access environment in which suppliers will be able to keep their corporate information updated. It provides the necessary tools to access e-tenders the vendor is invited to under the various Company tender processes.
- The e-tender implementation and development process continued during 2014, using the SAGA7 tool, allowing our suppliers to participate in tenders whose paper trail will ensure equal opportunities, more efficient purchasing processes, and availability of electronic information.
- Implementation of the purchasing process report (new or expansions) to be submitted to the Board of Directors with a 6-month horizon, in order to share their scope and clarify possible concerns.
- Active participation - together with the Business - in development and implementation of the "Value Chain with Suppliers" and "Energy" projects, allowing optimizing the supply chain from need planning to the vendors' performance evaluation, emphasizing ethics as one of the Company values and its importance in all our acts.

Purchasing activities:

Contracting of work and services:

Some relevant processes contracted during 2014:

- Contracting of the boilers' recuperation service for the 3 units of the Cartagena station, which together represent an award volume of US \$12.5 million, work that will allow improving the station's generation availability. A contract was executed to modernize the burners and the control system of the 3 units of the Cartagena station, for US \$9.9 million.
- Tendering the control and supervision system modernization for units 2, 3, 4, and 5 of the Termozipa station, for a total of US \$13 million and a 3-year term.
- Tendering of the basic preventive, corrective, and predictive maintenance of the mechanical, electrical, electronic, and instrument areas of the Termozipa and Cartagena stations equipment, with a 3-year term and a total value of US \$10.8 million.

Materials and equipment purchases

- Activities during 2014 focused on covering the needs of the Termozipa and Cartagena stations and on purchasing of spare parts and materials to support the generation stations' operational continuity and maintenance.
- One of the most important company purchases during 2014 was the purchase of the rings for the Guaca and Paraíso stations from VOITH HIDRO, for EUR 1.83 million, with a 25.2% savings.

Information Technology purchases

2014 activities were addressed to obtaining the necessary licenses and support services and to the provision of systems maintenance.

The awards include:

- Arcgis Advanced licenses for the geo-database environmental project, for \$179 million with 5% savings.
- Maintenance service and evolution to the ICOMS system (computerized commercial information system), responsible for compiling information related to energy transactions, for \$111 million and 2% savings.
- Software licensing for processes related to gas trading and nomination. The software allows managing contracts with vendors and clients and identifying imbalances related to consumption and re-nominations. The service value is \$162 million, with 13.21% savings.

Activities with suppliers/vendors:

Qualification:

- The purpose of the Corporate Rating Model is evaluating - in legal, economic, and financial terms - all Company suppliers. 81 suppliers were qualified, this way bringing the number of qualified suppliers to 163.
- 3 new service families were included, having technical requirements in the rating model.
- 30 suppliers were qualified in 2014 according to the Labor Safety and Health Rating Model, which allows confirming whether suppliers meet requirements set forth by ENEL on labor safety and health, subject to a tender process, there currently being 118 qualified suppliers.

Logistics and purchasing support activities

- A full physical inventory was made in 2014 (physical counts). Differences were conciliated and all inventories settled in November, a month ahead compared to 2013.
- 7 visits were made to the stations' warehouses in order to support their activities and identify their requirements, needs, and opportunities for improvement. Application of norms and procedures was confirmed, as well as document control and the inventory reliability.





Labor Safety
Activities

Labor safety management

Emgesa encourages safety among all its workers by identifying risks related to industrial safety and occupational health, developing professional illness prevention programs.

Activities carried out to prevent accidents and work-related diseases include the following:

Preventive programs for priority risks

- Mechanical Risk Preventive Program: based on the analysis of accidents and incidents that looks identifying their basic causes, Emgesa carried out activities addressed to intensifying controls of the mechanic risk, with initiatives such as “Mechanize Yourself”, which included theater activities, and training sessions on the care of hands, as well as “elimination of substandard tools” sessions in all generation stations. Visual campaigns were developed to emphasize the importance of self-care.
- Electric Risk Preventive Program: an electric risk committee was created, which meets periodically to promote improvements to electric risk conditions, as established and identified by the stations, and to investigate events and incidents and take timely action. The initiative “ELECTROCUIDATE” seeks creating awareness among all personnel on the risk and the avoidable consequences of daily activities.
- Protection Program Against Falls: Emgesa spares no logistic or economic expense to promote compliance with national regulations during high work. Close to \$700 million were spent in 2014 to promote safe conditions and encourage controlling high risks.
- Road Safety Promotion: the design of the road safety plan was started in order to ensure legal compliance, specialized diagnosis identifying the main opportunities for improvement. Sensitization sessions were held regarding the road risk, using simulators and feedback being provided by experts.
- Health and Safety Standards Implementation and Information Sessions: minimum norms related to prevention of health and safety risks arising from work done in confined spaces, during excavations, high work, lifting and transportation using mechanical equipment, manual load handling, welding and cutting, transportation and use of chemical substances, electrical work, driving of motor vehicles, and work with data-displaying screens were promoted.
- Based on the investigation made on accidents and looking to change the workers’ behavior, also seeking to promote collective actions focused on transformation and inclusion of beliefs and behaviors that will encourage self-care and mutual care in our workers (own or our collaborators’), intense work was done during 2014 with experts in implementation of novel methodologies allowing achieving a change in the safety culture.



Promotion programs of the safety culture and encouragement of safe behaviors

- **Corprovisionarios Intervention:** it started with a cultural diagnosis of safety and self-care, analyzing information provided by the self-care surveys carried out at the generation stations, where a problematic behavior matrix will be generated in order to classify and characterize them and provide recommendations and specific proposals addressed to each particular area. This initiative will articulate and strengthen already existing successful programs in the Company, and will provide for a plan that will allow for new preventive and innovative campaigns.
- **Labor Safety Effective Induction Program:** intensive induction sessions were carried out during 2014 involving contractors and personnel exposed to risks at the stations, during which the workers receive information related to “learning to handle risks at the stations”, with the slogan “Emgesa ZERO ACCIDENTS, 100% LIFE”. 2,880 hours of training were given to 180 contractor workers. The program will cover 60% of our collaborators’ personnel in 2015.
- Evaluation and training sessions with those responsible for our contractors’ labor safety and health were held in order to create allies ethically responsible for the life of the workers.
- Successful tools focused on the culture of safety were shared with our collaborating companies, through strategic alliances.
- **Field training play activities:** initiatives such as the Safety World Cup, the Safety Album, and Discover Your Safety were carried out, looking for the workers to actively participate in promoting health and safety, based on good humor and integration.

Initiatives to encourage improvements in internal safety management

During the identification of problems related to safety management, resulting in accidents, Emgesa took corrective steps in order to strengthen inspection and supervision mechanisms, structuring safety requirements during the work planning phases, with the following initiatives:

- **Virtual video camera supervision:** considering that in the market there are currently solutions that allow for remote supervision by using video cameras and the Internet, satisfactory pilot tests were made regarding a system that allows for remote supervision of high risk activities. Virtual supervision was provided for the Termostipa dry ash silo construction and pouring, with zero accidents thanks to such initiative. The program will apply this initiative to all stations, in their critical tasks.
- **Timely intervention in contracting issues regarding the labor safety and health issue:** in processes executed by the Company as a contractor of goods and services, ongoing work is done to establish requirements and improve guidelines related to the contractors’ labor safety and follow-up, always based on risks associated to activities being carried out, this way ensuring proper and consisting planning, selection, execution, and completion of the contractual relationship.
- **Ongoing internal and external audits guaranteeing an effective PHVA cycle:** the audit program regarding the labor safety and health management system is planned, established, implemented, and maintained by the organization based on the results of risk evaluations.

As a result of this, during 2014 our labor safety and health management system was evaluated by external auditors, which considered that it meets requirements in norm OHSAS 18001:2007.

- Contractor safety briefing: the Emgesa labor safety and health division, and its directors, hold periodical meetings with the managers of our contractors, during which initiatives related to safety are informed and management commitments generated by our collaborating companies pertaining their employees' labor health and safety.

Labor health management

Included in promotion and prevention activities, training and individual and collective assistance is given (medical and psychosocial) to improve our workers' well-being, at all company levels and according to the risk matrix containing the occupational health requirements, by position.

Regarding health, workers will have access to medical and dental services in addition to those required by the law. The workers are given a subsidy in case of work illnesses or accidents, involving payment of amounts additional to those legally afforded by the social security system.

Corporate programs

Included in corporate programs, ONE SAFETY seeks to improve our personnel behavior through pedagogical and constructive activities.

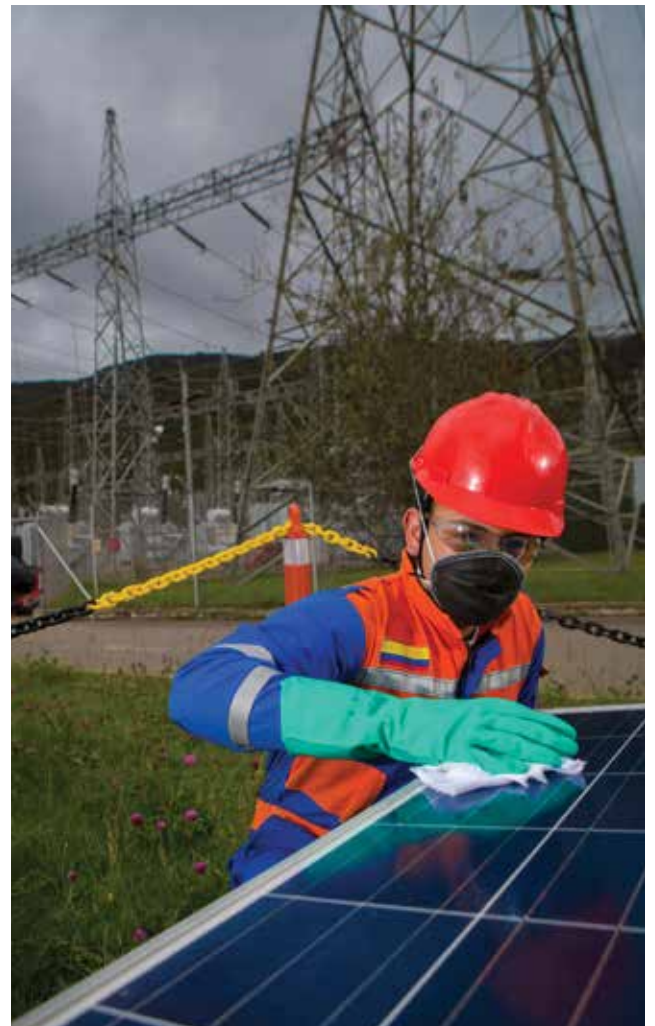
893 observations were made during 2014 at the Emgesa generation stations, carried out by 126 direct observers, promoting a culture of safety among our personnel. The program was applied by 6 collaborating companies, which have already started adopting the methodology.

The accident prevention inspections are an essential tool for managing risks our own personnel and those of our contractors are exposed to. In 2014, 6,581 inspections were made to own and contractor personnel, 5,558 of them made to collaborating companies, identifying high potential risks resulting in 51 STOP WORK subject to compromising the life of persons, mainly from not meeting protocols and procedures related to high work and/or use of proper personal protection elements.

Our management commitment with safety is evidenced, among others, by the SAFETY WALKS, during which top management supports the inspection work visiting various work environments and promoting improvements and plans of action based on findings.

Labor safety metrics

Following are the 2014 safety metrics regarding own and contractor personnel.





Press Office activities

In 2014, the Company continued its process to consolidate communications before the media. During the year, the media published news on Company activities, its most relevant financial results, projects under development, such as Salaco, and others.

Most communications with the media were focused on building communication channels and disclosing the most relevant information regarding social and sustainability aspects.

Internal communications

Emgesa has 6 different internal systems covering the workers' communication needs at the various offices and cities the Company is present in. A novel one is "En Directo", in which during a monthly meeting - both face-to-face and virtual - the workers can listen to the General Director present the main issues of the organization and make questions.

During this year, 152 questions were answered during this event, which in the average convenes 750 persons. 591 persons of various projects were recognized for their contributions to the Company.

The internal communication campaigns have focused on issues strategic to the organization, such as:

Innovation

The Ideo campaign invited the workers to participate as innovation players, empowering them in idea generation processes. Two main activities were carried out: the April International Creativity and Innovation Day, participated by 300 workers, and in the late 2014 Innovation Day under the concept of "Ideo Fest", in which 10 projects developed by the workers thanks to this system were explained, benefiting the business. More than 400 workers from various Company areas participated.

Safety

The Act Safe Campaign continued in 2014, inviting the workers to live a culture of self-care and care for their peers.

The main strategy was developed by means of videos inviting them to assume safety as a guiding principle of their lives, with familiar situations or conditions.

Environment

The "I Want to See You Green" campaign, whose purpose is for the workers to efficiently and rationally use resources, was implemented during the environment week, in celebration of the International Environment Day.



Social Responsibility activities

During 2014 Emgesa continued with its activities in two strategic intervention lines with the communities: education and local development..

Education

Our programs benefited 1,380 youngsters from the municipalities of Yaguará (Huila) and Gama (Cundinamarca), strengthening the infrastructure of these two schools.

El Mundo de la Energía

El Mundo de la Energía in the Divercity theme park in Bogotá provided an opportunity for children to become familiar with the electrical power generation, distribution, and trading process, allowing them to experience the electrical power process. To date, over 250,000 children have learned with this; in 2014, more than 1,600 children from various municipalities participated, as well as students from district schools and from the foundations.

Environmental education - Biologic Corridor

We started the second phase by naturally recovering public and private land properties located in the Santa Marta stream basin in the municipality of San Antonio. We will include the youngsters in the creation of an environmental culture, creating the group of "Children Defending the Water" and the group of youngsters announcing energy, benefiting close to 1,800 persons in the region.

Local development

Basic Local Infrastructure Support Program

The Quebrada Negra in Gama pedestrian overpass was concluded in 2014. It benefits close to 200 persons passing through this rural area. In the municipality of Hobo (Huila) we concluded an agreement to reforest and renovate the Simón Bolívar Park, as well as its electrical installations. In Neiva we helped renovating part of the Santa Librada school, with historical and cultural value.



Support to cultural traditions

Peasants's Day

In the municipality of El Colegio we encouraged cooperative work and generated co-responsibility from society with its environment, implementing three community tool banks. We also supported the Guavio and El Colegio festivals.

Endesa Colombia Foundation activities

Education

Educate with Dance and for the Dance

We continued with the program Educate for Dance with 120 children from Mamonal, supporting its educational, environmental, social, cultural, and human development with contemporary dances by the Cartagena children population: Arroz Barato, Maparapa and Puerta de Hierro.

Technology Breeding Grounds

Emgesa continued supporting higher education in aspects related to the agricultural industry and ecotourism for 24 youngsters from the areas of influence of the El Quimbo project and the Betania reservoir, fostering their access to higher education and building and consolidating their life projects.

Connect Yourself with Education

In 2014, this initiative - which was started in Guavio - included the Rio Negro area in order to provide to over 350 teachers training in production, reading comprehension, and logical mathematical thought, improving the quality of the education of more than 2,000 students from 56 schools.

Lights to Learn

The installation of solar panels was concluded in the communities of Wachuary, Flor de la Guajira, Castilletes, Warrutamana, and Topia under the agreement executed with OEI, delivering computers and audiovisual equipment and benefiting 300 children.

Local development

Productive chains

During the year, more than 400 producers from the provinces of Tequendama and Guavio in Cundinamarca and Betania in Huila benefited from the strengthening of productive chains in cattle breeding and coffee, avocado, and fruit growing and in the application of good agricultural practices. In Huila, agreements were formalized with the municipal mayors for productive projects with the elder citizens' population, in the municipalities of influence of the El Quimbo project.

Other programs and activities

Personnel management

Voluntary work with employees

Activities were carried out with the employees from the Social Responsibility Division so that they would voluntarily offer their time and efforts to social work benefiting the community. During 2014, three campaigns were carried out, participated by more than 30 employees.

Adopt an Angel in Christmas

In Christmas, our employees gave 524 gifts to children and low income elder citizens in foundations and communities located in Bogotá, Ubaté, Mesitas del Colegio, Cartagena, Ubalá, and Yaguará.

Deliver a Bottle Cap and Help Save a Life

During 2014 we continued collecting plastic bottle caps to contribute with the Sanar Foundation. Thanks to the cooperation of all our employees we delivered more than 6,000 kg of recyclable materials, such as paper, cardboard, and newspapers. The foundation works with children diagnosed with cancer and with their families in their diagnosis, integral care, and their fight against the disease, giving them a new life meaning and increasing their hopes.

Bosque Renace walk with patients from the Simmon Foundation

The natural trails of the Renace Forest were perfect for the Company voluntary workers, together with their families, to make ecologic walks with 50 patients from the Foundation, entity that takes care of cancer patients.

Sustainability management

Sustainability report

In June 2014 we published the 10th version of the Sustainability Report corresponding to 2013, reporting the Company's sustainable activities. The report was prepared according to GRI standards and verified by Deloitte & Touche according to Norm ISAE 3000, receiving an A+ rating.

Woman Empowerment

In December 2014, during the International Day of Human Rights, ONU Mujeres and Pacto Global Colombia recognized the Company achievements regarding its commitment to encourage women rights and gender equality in corporate activities, as part of its participation in the Women Empowerment Principles Initiative.





No children work

We executed the agreement as one of the Red Colombia Contra el Trabajo Infantil (Colombian Network against Children Work) founding companies. The initiative, led by the Ministry of Work, is supported by the IWO, the Colombia Global Pact, and the United States Embassy. The main objective of the network is aiding in the prevention and elimination of children work in the companies, in their chain of supply, and in their respective areas of influence.

Renace Forest

Between 2012 and 2014 we planted more than 23,000 native species' trees. Under an alliance with the Zoológico Santacruz Foundation, we are characterizing species living in the forest; to date, we have identified 235 wildlife and plant species. At the end of 2014 we presented the forest management and communication strategy to the internal and external public.

Sustainable mobility

As part of the Corporate Sustainable Mobility Plan, in October of 2014 the Company participated in the second Shared Car Week, during which our employees shared their vehicles and were made aware of the need to efficiently use such means of transportation, this way contributing to the city's mobility. The initiative is led by the Chevrolet Foundation and by Universidad de los Andes. As a result of this, the Company received an award in the category of "Greater Participation in Communications during the second Shared Car Week" for its active participation in social networks.

Digital communications activities

Web portal

The portal had 63,558 visits/sessions during 2014, with 50,000 users and an average duration of 3 minutes per session.

The portal pages with the greatest number of visits and time spent are those related to "Conoce Emgesa", our business, our history, and the suppliers section.



Communication activities

Company representatives participated as lecturers in some 31 events related to issues inherent to corporate activities, such as: energy efficiency, expansion projects, steam generation, sustainability, biology and environmental protection, gas market, capital market, innovation, electric mobility, among others.

Emgesa participated in 25 events in order to protect the country's cultural heritage and encourage knowledge and social well-being in the regions it is present in. The main lines of these initiatives were:

- Professional forums regarding generation and trading of electrical power in the wholesale market; innovation and environment.
- Promotion of art and culture by supporting the cultural traditions of the municipalities in the various areas of influence.
- Well-being and social integration, focused mainly on groups at risk of being socially excluded and victims of armed conflicts.

Emgesa commercial events

Under the liaison plan with clients from the non-regulated market, 16 events were held in Bogotá, Cali, Barranquilla, Medellín, Manizales, and Paipa, including training sessions and seminars on current relevant issues and on the energy market regulation in Colombia.



Emgesa institutional events

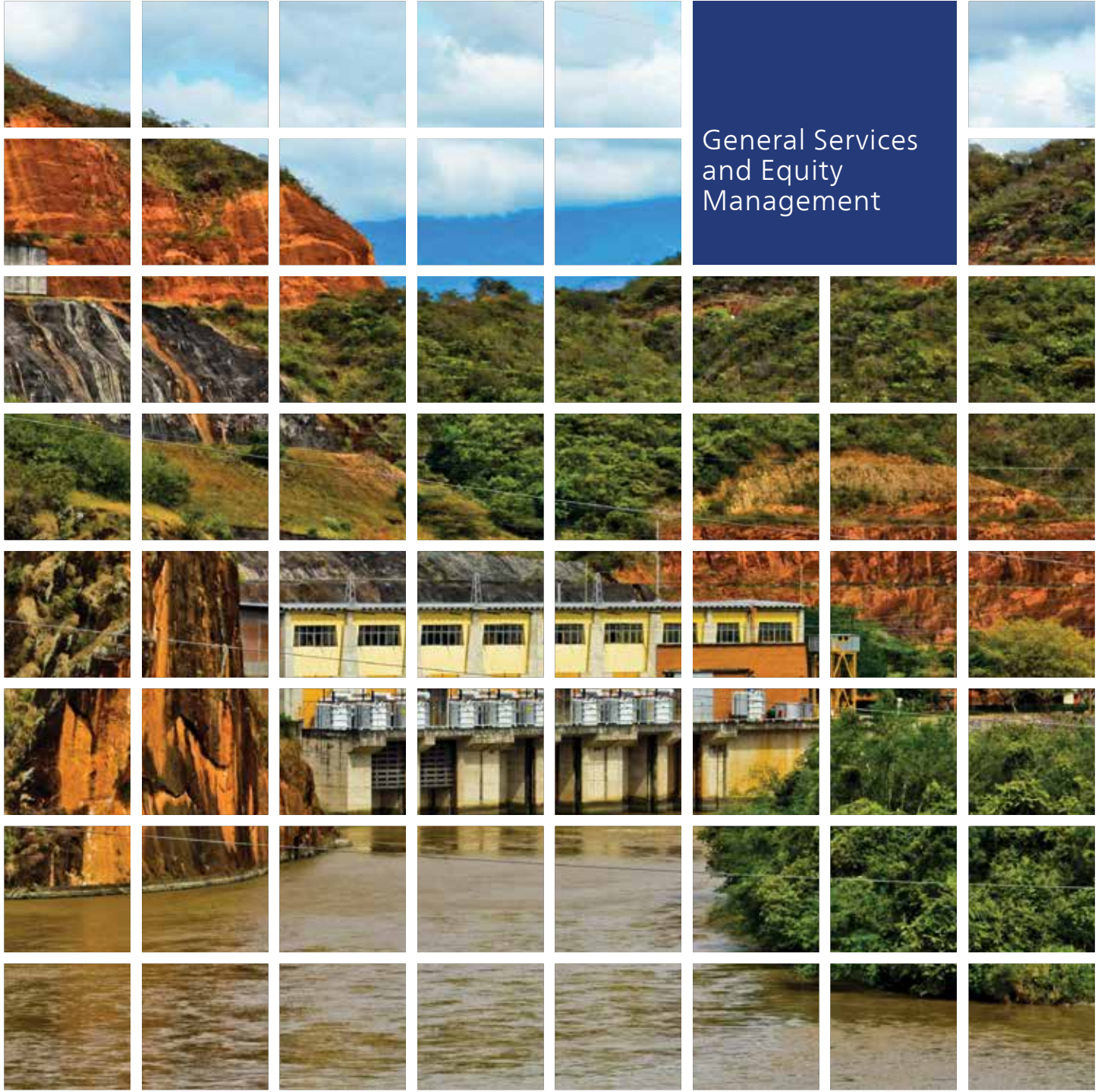
Looking to strengthen our corporate identity and socialize projects and initiatives, as well as the organization challenges and strategic results - this way helping meeting communications goals defined by the areas - in 2014 90 corporate events were held, addressed to various groups of interest.

Some issues discussed were:

- Strategic planning.
- Innovation system.
- HR programs for the workers.
- Encounters with collaborating companies.
- Encounters with the financial sector.
- Encounters with leaders.
- Strategic planning events.

Development of Emgesa communication pieces:

Some 400 physical, digital, and audiovisual pieces were conceptualized during 2014, focused on supporting the business' typical activities, the communication campaigns, and initiatives addressed to the public.



General Services
and Equity
Management

Betania Hydroelectric Plant, Huila

Real property activities

Land property normalization

Cartagena station:

The land property titles were legalized, leaving a single document corresponding to the station's aggregation.

Termozipa station:

Areas corresponding to the Verganzo Road and the Descole channel were sold to the municipality of Tocancipá for \$1,461,000,000.

Guavio station:

876 occupations in 1,136 land properties inspected were included in the land property base, out of 1,236 land properties.

2 processes are underway to recover ownership of occupied land properties.

125 sale processes from previous years are pending, performing various normalization actions such as the provision of supporting documentation, issuance of licenses, and issuance of title deeds.

Bogotá River chain:

114 occupations in 287 inspected land properties are included in the land property base, out of a total of 307 land properties.

25 sale processes from previous years are pending, performing various normalization actions such as the provision of supporting documentation, issuance of licenses, and issuance of title deeds

70 processes are underway to recover ownership of occupied land properties.

Betania station:

An inventory was made of all invasions in the Betania land properties. 437 active invasions were recorded in 119 land properties. Of these, 68% were visited, the remaining 60% undergoing legal processes. 114 invasions have been voluntarily returned, two land properties have been evicted by the police, 3 land properties have been returned under legal conciliations, and 3 have been normalized with gratuitous bailment agreements.



Security

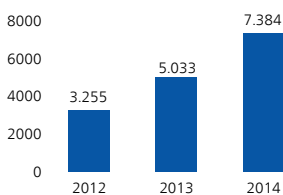
An internal campaign was carried out to motivate the workers to report incidents and protect the Company tangible and intangible assets. Sensitization campaigns were carried out, with lectures and posters, reaching 96% of the target population.

98% of the Company land properties were inspected, identifying which of them were occupied by third parties, escalating their management to the Real Estate Management Area and to the Legal Manager's Office in order to take the necessary steps and minimize invasions and third-party settlements.

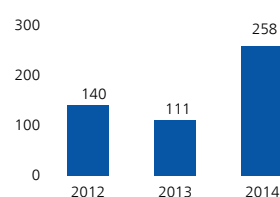
Contractor control

Statistics- Contractor control information management

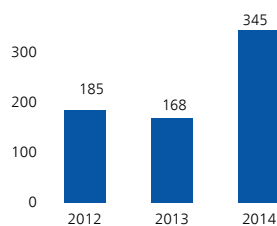
Workers Evolution



Partner companies evolution



Service contracts evolution



Man hours worked, contractors

Month	Total man hours
January	1.114.998
February	1.271.417
March	1.458.576
April	1.253.978
May	1.617.280
June	1.466.594
July	1.530.653
August	1.885.089
September	1.496.667
October	1.618.639
November	1.923.375
December	1.444.455

Labor control

Auditorias integrales	16
Hallazgos	58
Inspecciones laborales	44

Relevant facts

- Service level agreements were made and implemented in the various managers offices in order to improve control and reports related to collaborating companies' compliance.
- Norms, procedures, and instructions managed by the Contractors Control Division were updated, including the PC123 for controlling man hours worked, implementing the NO076 norm (principles of contractor control management) regulating labor control.
- The Encounter with Cooperating Companies was held for the 6th consecutive year, focused on strategic alignment of contractor employees with corporate objectives. Attended by some 300 persons, it allowed sharing results, setting goals, and emphasizing the important work done by our collaborators.
- The COLABORA contractor companies' Information Management System was launched and implemented, training 114 companies (93% of the goal).
- The Vendor Rating performance evaluation was made in the Correcteza module (compliance with legal-labor obligations) to more than 100 contracts.

General services

Service levels and complain response times improved in 2014 by 3% compared to the previous year, going from 93% to 96%.

The new Service Model was designed for the Integral Service Managers Office, which will be implemented in April 2015, looking to improve our internal clients' satisfaction.

Three new services were implemented (corporate trips, trip documentation sessions, and express maintenance), continuing with the ecologic car wash pilot test in Calle 93, strengthening the service portfolio offered to our clients.

100% execution was achieved regarding budget resources assigned to our portfolio services, including the following:

Service	Annual value (million pesos)	Main work/activities carried out
Work and maintenance	2,738	Renovation of the Bogotá river stations' mess halls
		Local customization work at the stations: Termozipa internal dining room, Cartagena station locker rooms.
		Renovation of air-conditioning systems in the generation stations
		Removal of the Termozipa station elevator for its complete overhaul.
Work and maintenance	1,419	Mantenimiento de cubiertas, muros, cambio de piso, obras civiles y adecuación de puestos en centrales de generación.
		Maintenance to roofs, walls, floors, civil work, and worksites
Transportation	1,419	Definición de nuevas rutas de transporte de personal a Centrales.
		Definición de los nuevos tipos de vehículos. Definición de nuevas rutas de transporte para el personal de las estaciones.
Transportation	3,168	Definición de los nuevos tipos de vehículos.
		Definición de nuevas rutas de transporte para el personal de las estaciones.



Systems and
Telecommunications
Management

The main activities carried out and implemented during the year focused on three work areas:

- IT projects.
- Infrastructure projects.

Services.

Information Systems projects:

NIFF Colombia Project

Its purpose is adopting the NIIF norms in order to comply with regulations established by government entities for accounting and fiscal purposes.

Work was done in 2014 to ensure migration of financial and accounting information to such norms, activities that will be completed in February 2015.

SIE2000A Upgrade Project

The migration project (technical upgrade) of the SAP SIE2000A financial system was developed, going from version 4.7 to version 6.0. Its benefits include unification of the Group's corporate platforms and an improvement of system functionalities for financial and logistic aspects. The project was concluded June 2014.

Phase II Payment

A second development and implementation phase is required for the Regional Payment Project in order to respond to new payroll payment requirements at the Latam level. The GBS

Latam (HR Administration) and ICT had joint participation in the project.

Global functionalities were implemented, such as Salary Projections (IT 9800), Fidelity Bonus, Cost Distribution (TREI), Delfos Report (IT2001-IT2006), and post-payroll control reports. By the end of 2014, project progress was 85%. Local requirements will be finally implemented during H1 2015.

Migration of SAGA dossiers

Part of the 2ONE Project, old dossiers from the SIE2000A system were migrated to the new SAGA vendor portal. This new functionality will allow the Company vendors to enter a web portal, record and update information, and participate in tender processes.

Invoice system upgrade

With this project, version 5.5 was updated to version 5.7. Company benefits from this update are:

- Better performance of virtual PCs, resulting in better processing and additional memory capacity.
- Increase in the interpreter service speed, increasing the interpretation speed and invoice transfers threefold.
- Upon separating the Colombia activities from those of Brazil and Chile it was possible for the invoicing process to be carried out automatically, reducing wait times.

Commercial Web Portal Project

This project is part of the strategic front “Passion for the Client”, whose general purpose is providing the Codensa clients with a virtual channel to expedite processes with the Company, additionally allowing them to meet objectives related to efficiency, sales, and brand image and improving the service experience through a more modern platform.

The channel will be fully implemented during the first months of 2015.

EPT’S Commercial Emgesa Systems Project

The general purpose of the project is potentiating and evolving the various modules in the commercial systems according to business needs, by implementing initiatives presented and supported by the commercial areas as related to business changes, legal processes, and audit recommendations. These initiatives will improve the systems’ performance, will implement new functionalities, and will provide new technologies in support to the business processes.

At the end of the year, of the 18 initiatives contained in the project scope 12 had been concluded and commissioned, 4 were being tested, and 2 were being built. Full conclusion is expected during the first few months of 2015.

Continuous improvement of energy management systems

The project seeks automating and increasing the reliability of the electric power management processes, include new functionalities to manage information used to calculate hydrologic series levels, and follow-up and monitor the Bogotá River. This information will be provided to the regulatory entity and will also be used to analyze the operation.

Benefits provided are:

- Consolidating information from the 11 current Bogotá river hydro- meteorological monitoring stations, as essential analysis and forecasting information.
- Ensure the quality and reliability of information reported to regulatory entities, such as the National Operation Council.
- Reduce the risk of negative effects or losses caused by errors in reports submitted for the Firm Energy for the Reliability Charge (ENFICC), one of the Company’s main revenue sources.

The project was implemented in August 2014.



Environment - Geodatabase

The project seeks implementing the SIGs solution (Geographic Information System) for the Emgesa environment area, providing for a centralized database associated to environmental projects and providing the information required by the respective regulatory entity, the National Authority of Environmental Licenses.

Following are its benefits:

- Definition of forms, theme charts, and base charts for regulatory compliance.
- Consolidation of geographic information to respond to the Company's legal requirements.
- Compliance, accountability, and management of environmental commitments.

The project had been fully implemented by the end of 2014.

Implementation of the Coal Management System in steam driven stations - GESCOMBUS

The purpose of this project is improving supply management processes and the analysis and inventory of coal at the Termozipa station. It will optimize the entire process information, increasing efficiency and reducing losses from human errors in managing the information related to vendor liquidation and production consumption control.

This project is part of the Lean Six Sigma improvement initiative for coal processes. It started in October and is 75% complete, currently undergoing the testing phase. Its basic implementation will be concluded during the first months of 2015.

Benefits to the business are the following:

- Computerized handling of the main coal management processes at the station: truck reception and weighing, laboratory analysis of samples, coal inventory management at the station, and consumption record at the generation units.
- Information protected from manual handling and implementation of interfaces with measurement equipment.
- Control and follow-up of deliveries by the 22 contractors in the management system.
- Computerized process homologation to formalize the station procedures.





Infrastructure projects:

Cabinas NAS Project

This project allowed installing a specialized technological platform for storing of sensitive and strategic Company information, with an 18 TB capacity.

It features an on-line backup solution providing high availability for all information stored. It has growth capacities according to the business needs, remote information backup with low disk requirements, and low use of communication channels.

Technological Security Project

Its purpose is renewing the Emgesa IPS platform and protecting the segment of the new Metro LAN network in the Technical Building. Its benefits include keeping the Company's security platform updated in order to support new functionalities, keeping all critical services protected. The project has been fully implemented.

Renewal of computer equipment - Emgesa

Renewal of 169 computers, among laptops and desktops, was scheduled for 2014, corresponding to 30% of all computers. 128 computers had been renewed by the end of the year, 76% of the budget. Considering the geographic dispersion, the remaining computers will be completed during Q1 2015.

Director Telecommunications Plan

The purpose of this plan is achieving the highest possible performance and use of the Company telecommunication networks, based on the analysis of current and future needs of each business area and definition of a 5-year investment plan. The following aspects will be developed under this plan:

- **Metrolan IP (SDH/PDH)** This project allowed migrating the voice, data, and tele-protection services to the Metrolan network, optimizing obsolescence levels. 97% of the project was implemented during 2014, only the noncritical tele-protection migration still pending. Not all migration was done since no work was allowed due to electrical grid changes, looking to minimize risks subject to compromising the service quality and the network availability metrics. The project should be concluded during the first few months of 2015.

- **Electronic grid renovation** This project updated the grid electronics with last generation equipment, mitigating the occurrence of incidents affecting communications at the stations. The project was fully concluded.
- **Modernization of the stations' networks** This project modernized and technologically updated the Guavio, Mámbita, and Ubalá data networks. The corporate bandwidth was expanded and IP telephony enabled. Fiber optics was installed at the Ubalá and Mámbita control centers.

Wi-Fi was installed in the Guavio camps and mess hall, as well as in Central la Tinta, located in the Bogotá River chain.

Services

24 initiatives were identified together with the various business areas, such as the IMPROVEMENT PROGRAM project scope whose purpose is prioritizing needs arising from daily activities and requiring of an integral response, so that greater availability and reliability will be achieved.

These initiatives leverage the business operation and commitment metrics with regulatory entities. In addition and as part of the strategy to improve customer satisfaction, we have been included in the "From Within" project, in which the integral service improvement plan was designed and implemented, whose purpose is strengthening in all Company areas the service knowledge and the projects we will be developing, also improving our internal processes in order to provide a better service.

The ICT Managers Office made visits to all Company stations during 2014. Worth mentioning are the "Global ICT Space" and implementation of the new 4444 internal client customer service line.



During 2014 the Legal Assistance and Corporate Affairs Manager's Office supported the Company in structuring and development of electrical power generation expansion projects and the entry of natural gas to the market and construction of the El Quimbo project, in general providing support and legal stability to its corporate object.

It provided the necessary legal assistance regarding continuous improvement of activities and operations and regarding comprehensive functions in the new Company organizational structure.

In order to cooperate with the Administration and Finances Manager's Office, it participated in the bond issuance that took place during the first half of 2014, which allowed financing the Company's growth and expansion.

From the regulatory point of view, it actively participated in structuring new deals, analyzing the various regulatory proposals submitted by CREG, and following up legislative initiatives affecting Company activities. Support on compliance with requirements from surveillance and control entities was provided.

47 final legal decisions were issued in 2014, of which 40 were favorable, representing an 85.11% acquittal rate. According to the demands, savings have been achieved for \$8,385 million.



Financial
Statements

Statutory Auditor's Report

To the
Emgesa S.A. E.S.P.
Shareholders

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

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

My responsibility is expressing an opinion regarding such consolidated financial statements, based on my audits. I obtained the necessary information for this and examined the documents according to auditing norms generally accepted in Colombia, which require that audits be planned and carried out so as to provide reasonable certainty on whether the financial statements are free of material errors.

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

In my opinion, the attached consolidated financial statements reasonably present, in all their important aspects, the non consolidated Emgesa S.A. E.S.P. financial situation as of December 31 of 2014, as of August 31, 2014 and December 31 of 2013 and the results of its operations, the changes in its financial situation, and cash flows for the four-month period ending in December 31 of 2014 and eight-month period ending in August 31 of 2014, according to accounting principles generally accepted in Colombia, as issued by the National Government.

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

Yuliana Vargas Santiago
Statutory Auditor
Professional card 163663-T
Appointed by Ernst & Young Audit S.A.S. TR-530

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

Emgesa S.A. E.S.P.

Nonconsolidated balance sheet

	As of December 31 2014	As of August 31 2014	Year ending December 31 2013
	<i>(In thousand pesos)</i>		
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 960,987,855	\$ 934,163,549	\$ 837,263,866
Debtors, net (Note 4)	343,360,784	436,377,715	351,183,071
Participating companies (Note 5)	31,204,490	72,564,463	50,543,305
Inventories, net (Note 7)	37,324,033	42,444,869	46,094,985
Expenses paid in advance (Note 9)	15,296,266	3,687,990	13,149,913
Total current assets	1,388,173,428	1,489,238,586	1,298,235,140
Debtors, net (Note 4)	12,762,874	11,970,531	12,902,293
Participating companies (Note 5)	939,996	1,165,945	1,116,574
Inventories, net (Note 7)	11,093,636	12,960,376	12,141,647
Permanent investments, net (Note 6)	8,623,444	8,570,919	8,532,456
Properties, plant and equipment, net (Note 8)	6,743,998,712	6,461,572,449	6,018,850,952
Deferred charges, net (Note 10)	160,484,854	152,387,861	130,429,812
Deferred tax (Note 19)	81,971,375	72,846,936	74,856,655
Intangibles, net (Note 11)	67,077,247	62,007,283	56,596,236
Other assets (Note 12)	6,685,296	7,822,214	6,585,995
Valuations (Note 13)	2,165,119,833	2,165,539,110	2,165,225,458
Total assets	\$ 10,646,930,695	\$ 10,446,082,210	\$ 9,785,473,218
Liabilities and equity			
Current liabilities:			
Financial obligations (Note 14)	\$ 356,450,901	\$ 331,309,735	\$ 240,668,813
Accounts payable (Note 15)	125,633,753	88,982,244	82,976,302
Participating companies (Note 5)	1,055,190,900	586,000,075	205,613,814
Labor obligations (Note 16)	17,591,171	14,882,619	15,785,587
Retirement pensions (Note 17)	10,086,711	9,945,431	9,869,800
Estimated liabilities and reserves (Note 18)	166,906,438	121,139,660	109,588,444
Taxes, liens and rates (Note 19)	237,542,504	172,432,984	186,097,036
Deferred tax (Note 19)	-	-	8,353,097
Other current liabilities (Note 20)	-	1,003,392	1,669,882
Premium for placement of bonds pending amortization	64,740	323,702	776,881
Total current liabilities	1,969,467,118	1,326,019,842	861,399,656
Financial obligations (Note 14)	3,390,100,000	3,390,100,000	3,050,100,000
Retirement pensions (Note 17)	60,938,641	61,289,317	62,977,442
Premium for placement of bonds pending amortization	-	-	64,740
Revenues received an advance	2,096,059	1,788,500	1,591,600
Estimated liabilities and reserves (Note 18)	2,125,193	11,185,014	3,121,237
Total liabilities	5,424,727,011	4,790,382,673	3,979,254,675

	As of December 31 2014	As of August 31 2014	Year ending December 31 2013
	<i>(In thousand pesos)</i>		
Equity (Note 21):			
Subscribed and paid capital	655,222,313	655,222,313	655,222,313
Share placement premium	113,255,816	113,255,816	113,255,816
Legal reserve	327,611,156	327,611,156	327,611,156
Occasional reserves	178,127	178,127	178,127
Equity revaluation	1,674,583,276	1,674,583,276	1,674,583,276
Valuation surplus	2,165,119,833	2,165,539,110	2,165,225,458
Effect on investment conversion	10,847	(525)	1,288
Year results	286,222,316	719,310,264	870,141,109
Total equity	5,222,203,684	5,655,699,537	5,806,218,543
Total Shareholders liabilities and equity	\$ 10,646,930,695	\$ 10,446,082,210	\$ 9,785,473,218
Memorandum accounts (Note 22)	\$ 4,087,408,481	\$ 3,552,447,889	\$ 3,780,946,006

See attached Notes

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

Lucio Rubio Díaz
Legal Representative

Alba Lucía Salcedo Rueda
Public Accountant
Professional Card 40562-T

Yuliana Carolina Vargas Santiago
Statutory Auditor
Professional Card 163663-T
Appointed by Ernst & Young Audit S.A.S. TR-530
(See my January 27, 2015 report)

Emgesa S.A. E.S.P.

Nonconsolidated income statement

	Four month period from September 1 to December 31		Eight month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(In thousand pesos, except per-share net profits)</i>			
Operational revenues (Note 23)	\$ 803,708,309	\$ 784,108,281	\$ 1,810,766,970	\$ 1,613,319,560
Cost of sales (Note 24)	(338,301,640)	(341,974,907)	(674,525,711)	(695,925,140)
Gross profits	465,406,669	442,133,374	1,136,241,259	917,394,420
Administration expenses (Note 25)	(13,197,793)	(12,031,136)	(20,102,557)	(16,868,820)
Operational profits	452,208,876	430,102,238	1,116,138,702	900,525,600
Other expenditures (revenues):	(34,521,393)	(19,983,689)	(71,477,739)	(66,223,002)
Financial, net (Note 26)	41,153	(42,063)	15,778	72,736
Equity participation method loss profits	(15,332,253)	18,120,670	5,003,899	2,598,544
Various revenues (expenditures), net (Note 27)	402,396,383	428,197,156	1,049,680,640	836,973,878
Profits before taxes	(116,174,067)	(130,434,817)	(330,370,376)	(264,595,108)
Income tax (Note 19)	(125,298,506)	(122,922,864)	(337,577,544)	(269,513,654)
Current	9,124,439	(7,511,953)	7,207,168	4,918,546
Deferred	\$ 286,222,316	\$ 297,762,339	\$ 719,310,264	\$ 572,378,770
Year net profits				
Preferential per-share dividend	\$ 88.28	\$ 71.10	\$ 141.59	\$ 142.20
Net profits per share				
Operational revenues (Note 23)	\$ 1,909.64	\$ 1,989.55	\$ 4,810.45	\$ 3,823.67

See attached Notes

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

Lucio Rubio Díaz
Legal Representative

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(See my January 27, 2015 report)

Emgesa S.A. E.S.P.

Nonconsolidated statement of equity changes

	Subscribed and paid capital	Stock placement premium	Reserves	Equity revaluation	Valuations surplus	Investments conversion effect	Accumulated profits	Shareholders equity
<i>(In thousand pesos)</i>								
Balances as of August 31 2013 (Not audited)	\$ 655,222,313	\$ 113,255,816	\$ 327,789,283	\$ 1,674,583,276	\$ 2,165,820,796	\$ 1,374	\$ 572,378,770	\$ 5,509,051,628
Declared dividends	-	-	-	-	-	-	-	-
Period profits	-	-	-	-	-	-	297,762,339	297,762,339
Adjustment to valuation of permanent investments	-	-	-	-	33,900	(86)	-	33,814
Adjustment to fixed asset valuation	-	-	-	-	(629,238)	-	-	(629,238)
Balances as of December 31, 2013	655,222,313	113,255,816	327,789,283	1,674,583,276	2,165,225,458	1,288	870,141,109	5,806,218,543
Declared dividends	-	-	-	-	-	-	(870,141,109)	(870,141,109)
Period profits	-	-	-	-	-	-	719,310,264	719,310,264
Adjustment to valuation of permanent investments	-	-	-	-	-	(1,813)	-	(1,813)
Adjustment to fixed asset valuation	-	-	-	-	313,652	-	-	313,652
Balances as of August 31 2014	655,222,313	113,255,816	327,789,283	1,674,583,276	2,165,539,110	(525)	719,310,264	5,655,699,537
Declared dividends	-	-	-	-	-	-	(719,310,264)	(719,310,264)
Period profits	-	-	-	-	-	-	286,222,316	286,222,316
Adjustment to valuation of permanent investments	-	-	-	-	-	11,372	-	11,372
Adjustment to fixed asset valuation	-	-	-	-	(419,277)	-	-	(419,277)
Balances as of December 31 2014	\$ 655,222,313	\$ 113,255,816	\$ 327,789,283	\$ 1,674,583,276	\$ 2,165,119,833	\$ 10,847	\$ 286,222,316	\$ 5,222,203,684

See attached Notes

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

Lucio Rubio Díaz
Legal Representative

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(See my January 27, 2015 report)

Emgesa S.A. E.S.P.

Nonconsolidated statement of changes in the financial situation

	Four month period from September 1 to December 31		Eight month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(In thousand pesos)</i>			
Financial resources provided:				
Year/period net profits	\$ 286,222,316	\$ 297,762,339	\$ 719,310,264	\$ 572,378,770
Entries not affecting working capital:				
Depreciation	49,692,522	48,475,423	93,712,164	97,528,127
Amortization of intangibles	1,550,500	1,235,722	2,922,192	2,234,534
Deferred tax, previous years	–	–	863,790	511,273
Amortizations of deferred charges	280,254	72,236	225,847	144,498
Net loss (profits) from the sale of properties, plant and equipment	1,249	20,100	(181,080)	(588,335)
Inventories reserve	825,186	856,007	–	–
Recovery of other reserves	–	(255,101)	–	255,101
Reduction (increase) of revenues received an advance	307,559	44,850	196,900	(631,084)
Recovery on account of the El Quimbo yield	7,134,675	6,412,235	12,547,579	7,988,561
Emgesa Panamá conversion effect	11,372	(87)	(1,813)	1,674
Lost from withdrawal from expansion projects	11,553,131	57,839	402,780	–
Current deferred tax	(9,124,439)	(841,144)	1,145,929	(4,918,546)
Forward valuation profits (loss)	3,796,887	(258,519)	(136,621)	4,099,357
Participation method loss (profits)	(2,569)	42,063	(15,778)	(72,736)
Total reserved for operations	352,248,643	353,623,963	830,992,153	678,931,194
Debtors reduction (increase)	(792,343)	(849,143)	931,762	1,417,014
Inventories reduction (increase)	1,041,554	8,694,169	(818,729)	(679,574)
Increase of participating companies	225,949	(25,790)	(49,371)	(50,950)
Increase (reduction) of financial obligations	–	565,000,000	340,000,000	(141,660,000)
Total working capital reserved	352,723,803	926,443,199	1,171,055,815	537,957,684
Financial resources applied:				
Reduction (increase) of other assets	1,136,918	987,285	(1,236,219)	(1,901,992)
Changes to the equity tax payable	–	(24,606,988)	–	(24,606,988)
Increase of investments	(49,956)	87	(22,685)	(1,674)
Properties, plant and equipment purchases	(332,120,034)	(258,348,190)	(536,252,581)	(378,038,535)
Declared dividends	(719,310,264)	–	(870,141,109)	(783,529,388)
El Quimbo international bond interests	(22,016,133)	(15,691,618)	(37,893,746)	(19,200,810)
Reduction (increase) of deferred charges	(8,845,807)	(4,171,438)	(4,917,375)	9,149,464
Reduction (increase) retirement liabilities	(350,676)	(1,565,072)	(1,688,125)	84,037
Purchase of intangibles	(6,620,464)	(2,559,485)	(519,752)	(620,899)
Increase (reduction) of estimated liabilities and reserves	(9,059,821)	(8,035,485)	8,063,777	2,394,730
Bonds placement premium transfer, current	–	(258,962)	(64,740)	(517,922)
Total working capital used	(1,097,236,237)	(314,249,866)	(1,444,672,555)	(1,196,789,977)
Working capital increase (reduction)	\$ (744,512,434)	\$ 612,193,333	\$ (273,616,740)	\$ (658,832,293)

All figures in COP unless otherwise noted.

6

Four month period from September 1 to December 31 **Eight month period from January 1 to August 31**

	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(In thousand pesos)</i>			
Net changes in working capital:				
Cash and cash equivalents	\$ 26,824,306	\$ 316,260,743	\$ 96,899,683	\$ (264,372,183)
Debtors	(93,016,931)	(569,643)	85,194,644	96,519,079
Accounts receivable, participating companies	(41,359,973)	(5,920,206)	22,021,158	175,901
Inventories	(5,120,836)	17,835,574	(3,650,116)	(13,881,599)
Expenses paid in advance	11,608,276	10,395,699	(9,461,923)	(8,197,884)
Financial obligations	(25,141,166)	(23,972,599)	(90,640,922)	(110,869,304)
Accounts payable	(36,651,509)	4,049,424	(6,005,942)	59,884,147
Accounts payable, participating companies	(469,190,825)	432,855,120	(380,386,261)	(464,678,511)
Labor obligations and integral Social Security	(2,708,552)	(2,028,218)	902,968	57,274
Retirement pensions and supplementary benefits	(141,280)	13,021	(75,631)	84,037
Estimated liabilities and reserves	(45,766,778)	(40,534,361)	(11,551,216)	(17,825,208)
Contributions taxes and rates payable	(65,109,520)	(86,776,493)	13,664,052	60,172,600
Deferred tax	–	(8,353,097)	8,353,097	–
Other current liabilities	1,003,392	(1,061,631)	666,490	4,099,358
Premium on placement of bonds pending amortization	258,962	–	453,179	–
Increase (reduction) of working capital	\$ (744,512,434)	\$ 612,193,333	\$ (273,616,740)	\$ (658,832,293)

See attached Notes

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

Lucio Rubio Díaz
Legal Representative

Alba Lucía Salcedo Rueda
Public Accountant
Professional Card 40562–T

Yuliana Carolina Vargas Santiago
Statutory Auditor
Professional Card 163663–T
Appointed by Ernst & Young Audit S.A.S. TR–530
(See my January 27, 2015 report)

Nonconsolidated cash flow statement

	Four month period from September 1 to December 31		Eight month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(In thousand pesos)</i>			
Operational activities				
Year/period profits	\$ 286,222,316	\$ 297,762,339	\$ 719,310,264	\$ 572,378,770
Depreciation and amortization	51,523,276	49,783,381	96,860,203	99,907,159
Portfolio reserve recovery	(155,980)	(59,655)	(303,769)	(391,530)
Portfolio reserve	2,147,487	66,571	1,072,331	97,066
Inventory reserve recovery	(234,607)	(237,365)	–	–
Loss from actuarial calculation	499,690	2,546,110	1,020,154	–
Bond amortization premium	(258,962)	(258,962)	(517,917)	(517,922)
Deferred tax, debit	(9,124,439)	(841,144)	1,145,929	(4,918,546)
Deferred tax, debit, previous years	–	–	863,790	511,273
Deferred tax, liabilities	–	8,353,097	(8,353,097)	–
Loss from withdrawal from expansion projects	11,553,131	57,839	402,780	–
Inventories reserved	825,186	856,007	–	–
Retirement pensions reserve	1,638,589	(1,163,741)	3,277,178	6,699,260
Loss (profit) from the sale of properties, plant, and equipment	1,249	20,100	(181,080)	(588,335)
Participation method loss	2,569	42,063	(15,778)	(72,736)
Expenses, costs, and contingencies reserve	11,793	(229,555)	679,804	229,555
Net change in operational assets and liabilities:				
Debtors	90,233,082	24,281,515	(113,055,711)	(94,807,600)
Expenses paid in advance	(11,608,276)	(10,395,699)	9,461,923	8,197,884
Inventory	6,396,997	(8,904,040)	2,831,387	13,202,025
Economic participating parties	725,923,272	176,283,239	882,795,664	614,726,651
Other assets	1,136,919	987,285	(1,236,219)	(1,901,992)
Accounts payable	36,651,509	(4,049,424)	6,047,367	(59,845,864)
Taxes, liens, and rates	89,716,508	86,776,494	10,942,936	(60,172,601)
Pension liabilities (payments)	(2,347,676)	(2,960,462)	(5,909,826)	(6,699,260)
Labor obligations	2,708,552	2,028,218	(902,967)	(57,274)
Other current liabilities	(1,003,392)	1,061,631	(666,490)	(4,099,358)
Estimated liabilities and reserves	36,695,164	32,473,330	18,935,189	20,245,484
Revenues received in advance	307,559	44,850	196,900	(631,084)
Net cash provided by operational activities	1,319,461,516	654,324,022	1,624,700,945	1,101,491,025
Investment activities				
Purchase of properties, plant, and equipment	(332,120,034)	(258,348,190)	(536,252,581)	(378,038,535)
Increase in investments	(55,094)	87	(22,685)	(1,674)
El Quimbo international bond interests	(22,016,133)	(15,691,617)	(37,893,746)	(19,200,811)
Reduction (increase) of deferred charges	(8,845,807)	(4,171,438)	(4,917,375)	9,149,464
Purchase of intangibles	(6,620,464)	(2,559,485)	(519,752)	(620,899)
Revenues from interests on ruling - Ministry of Mines and Energy and Ministry of Finances and Public Credit	–	(11,463,637)	14,609,577	–
Revenues on account of recoveries from ruling - Ministry of Mines and Energy and Ministry of Finances and Public Credit	–	(13,104,295)	13,414,688	–
Net cash used in investment activities	(369,657,532)	(305,338,575)	(551,581,874)	(388,712,455)

All figures in COP unless otherwise noted.

	Four month period from September 1 to December 31		Eight month period from January 1 to August 31	
	2014	2013 (Not audited)	2014	2013 (Not audited)
	<i>(In thousand pesos)</i>			

Financial activities

Payment of financial obligations and interests	(78,683,177)	(360,561,911)	(340,751,321)	(159,576,496)
Financial obligations and interests incurred	103,824,343	949,534,510	771,392,243	128,785,800
Equity tax payment	(24,606,988)	(24,606,988)	(24,606,988)	(24,606,988)
Recovery of El Quimbo yield	7,134,675	6,412,235	12,547,579	7,988,561
Loss from forward valuation	3,796,887	(258,519)	(136,621)	4,099,357
Emgesa Panamá conversion effect	11,372	(87)	(1,813)	1,674
Payment of dividends	(215,146,526)	(603,243,944)	(524,521,358)	(150,313,273)
Declared dividends	(719,310,264)	–	(870,141,109)	(783,529,388)
Net cash (used) and financial activities	(922,979,678)	(32,724,704)	(976,219,388)	(977,150,753)
Cash net changes	26,824,306	316,260,743	96,899,683	(264,372,183)
Cash and cash equivalents at the beginning of the year	934,163,549	521,003,123	837,263,866	785,375,306
Cash and cash equivalents at year's end	\$ 960,987,855	\$ 837,263,866	\$ 934,163,549	\$ 521,003,123

See attached Notes

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

Lucio Rubio Díaz
Legal Representative

Alba Lucía Salcedo Rueda
Public Accountant
Professional Card 40562–T

Yuliana Carolina Vargas Santiago
Statutory Auditor
Professional Card 163663–T
Appointed by Ernst & Young Audit S.A.S. TR–530
(See my January 27, 2015 report)

Notes to the Non-Consolidated Financial Statements

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

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

1. Main Accounting Policies and Practices

Reporting entity

Emgesa S.A. E.S.P. (hereinafter the "Company") is a commercial stock company established according to the Colombian laws as a public utility services company regulated by Law 142 of 1994.

Corporate Object. The Company's main object is generation and trading of electrical power according to Laws 142 and 143 of 1994 and norms regulating, appending, modifying, or derogating them. In development of its main object, the Company may acquire generation plants and plan, build, operate, maintain, and commercially exploit electrical power generation stations, taking the necessary steps to protect the environment and the good relations with the community in the area of influence of its projects; perform work and designs and provide consultancy services in electrical engineering and trade products in benefit of its clients. The Company may perform all activities related to exploration, development, investigation, exploitation, trading, storing, marketing, transportation, and distribution of minerals and rock materials. Additionally, the Company may develop all types of activities directly, indirectly, supplementary, or auxiliary related to the fuel gas trading business. The Company's term is indefinite.

Gas Trading. In 2014, EMGESA participated as a new gas trading agent in negotiation processes with producers, traders, and clients of the non-regulated market, according to Resolution CREG 089 of 2013. As a result of this, 6,501 Mbtud were negotiated for the purchase of field supplies in the Cusiana field (primary and secondary markets) and the respective transportation capacity and ATR distribution. 103 proposals at a national level were received (Antioquia, Cundinamarca, Eje Cafetero, Valle del Cauca, Cauca, and Llanos Orientales), according to which 12 contracts were executed with 12 non-regulated clients, currently served by EMGESA since December 1 of 2014.

According to current Superintendence of Public Household Utility Services regulations, the Company was registered in the Public Utility Services' Service Providers Registry on January 14 of 2015.

El Quimbo Project. This project was approved with Resolutions 899 of May 15 of 2009 and 1628 of August 21 of 2009. The Company believes the station will start operating Q3 2015.

Title deeds for 2014 land properties considered of public use cover 97% of the total area, considered in the purchase options as delivered to the owners. During 2014, the construction of populated centers for resettlements located in Llano de la Virgen, Santiago, Palacios, and Montea was started, the designs for the irrigation districts having been concluded. Houses were delivered to the collective resettlement beneficiaries in Santiago and Palacios

The economic development program for the "entrepreneurs with energy" strategy continued, consisting in establishing initiatives for sustainable productive projects and delivering to the beneficiaries educational subsidies that will ensure their participation and attendance.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

The reservoir's forest use was awarded and started, an activity essential in order to start filling it.

The 1% investment plan being carried out for the purchase of land properties in regional and municipal natural parks areas continued, as well as construction of 4 sections of substitute roads in the existing road network.

Construction of the main project work continues (dam, auxiliary dyke, spillway, machinery room, collection work, transportation, and electrical installations). Placement of the dam fill and the civil infrastructure at the machinery room continued, as well as the control building finish work. The electromechanical equipment continued to be installed according to program, all equipment already being at the worksite. Bridge cranes are ready for operation.

Work on the load and bottom discharge tunnels' shielding continued with a high level of progress, as well as installation of the spillway gates.

EEB continued building the Tesalia (Tesalia-Altamira line), as considered in the connection to the National Transmission System.

The Company reviewed the September 2014 report under an external audit made by the System Administrator (XM), whose result is that the first unit will be commissioned August 2 of 2015, the second September 2 of 2015.

Resolution CREG 114 de 2014 sets forth an additional mechanism for a plant - either existing or under construction - to assign during one year the reliability charge of its firm energy obligations (OEF for its Spanish acronym). The Company decided to apply this mechanism to the El Quimbo project in order to minimize the risk and the economic impact should the El Quimbo be delayed beyond November 30, 2015, which would result in losing obligations assigned to the project during 20 years.

Presentation Bases

The attached financial statements have been prepared based on accounting records kept according to the historical cost norm and according to accounting principles generally accepted in Colombia, as contained in Regulatory Decree 2649 of 1993 and in other norms and resolutions issued by surveillance and control entities, including the modification by the Superintendence of Public Household Utility Services, which from January 1 of 2006 on eliminated for private-legal public utility service providers application of the inflation adjustment system, for accounting purposes.

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

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

Accounting Period

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

The duly formalized Company bylaws authorize the Board of Directors to establish the necessary account closings. Through Minutes 407 of August 13 of 2014, the Board of Directors ordered the administration to close its financial statements as of August 31 of 2014 in order to submit them for the Shareholders Assembly approval and distribute dividends.

The attached financial statements for the periods ending on August 31 of 2014 and 2013 correspond to 8-month periods, the December 31 of 2014 and 2014 to 4-month periods. No early closing was done on

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

2013; figures for such year are provided for comparison purposes only.

Monetary Unit

According to legal norms, the monetary unit used by the Company is in the Colombian peso.

Relative Importance Criterion

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

Transactions in Foreign Currency

Transactions in foreign currency are carried out according to current legal norms, recorded using exchange rates existing on the respective date. Balances in foreign currency are expressed in Colombian pesos, applying exchange rates of \$2,392.46 \$1,926.83, \$1,918.62, \$1,935.43 per US \$1 and \$2,910.67, \$2,662.11, \$2,527.40, \$2,552.25, per Euro as of December 31 of 2014 and 2013 and August 31 of 2014 and 2013, respectively. Exchange differences are assigned to the respective asset or liability and to income, revenues, or expenses, as applicable.

Cash and Cash Equivalents

Cash includes cash available, banks, and savings accounts. Available cash equivalents correspond to investments in fixed revenue instruments, easily redeemable in the short term (between 1 and 120 days), reported at face value and valued using the revenue accrual method.

Fixed term deposit certificates have been considered short-term investments, considering that the interest agreed with bank entities is fixed, so that their risk is low. Additionally, they are easily convertible into cash before their maturity, if needed.

Permanent Investments in Controlled Companies, Net

Investments in subordinated companies in which the Company or its parent company directly owns more than 50% of their capital stock are accounted using the equity participation method and are adjusted to the equity value by recognizing the difference as a reserve or a valuation. The cost of investments does not exceed the market value.

The Company recognizes the effect in conversion in an item in equity by re-expressing financial statements of controlled companies with functional currencies other than the Colombian peso.

As of December 31, the Company has no redeemable investments for the following 5 years.

Derivative Financial Instruments

The Company performs operations with derivative financial instruments in order to reduce its exposure to exchange rate fluctuations.

Forwards established by the Company are made in order to make payments in foreign currency, mainly for the purchase of equipment and for civil work contracts in the hydroelectric El Quimbo project and the Salaco project. Each month, these contracts are adjusted to market value, the resulting adjustment being capitalized to each project in the deferred account.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Considering the possible volatility subject to affecting payment days and amounts payable in dollars to equipment vendors, the Company has decided that its hedging strategy will be rollover, as follows:

- Adjust hedging amounts and dates should the estimated payment dates be changed. Adjustments can be made by means of new contracts, early liquidations, or adjustments to existing contracts. This strategy will allow achieving the highest possible effectiveness in exchange rate hedging.
- For all-risk and civil liability corporate insurance policies, the adjustment is directly recognized in the income accounts.

Inventories, Net

Company inventories are accounted at average cost. They are represented by materials and supplies (spare parts and consumables), which are kept in the warehouse for use in investment and maintenance projects. A reserve is made for inventory protection purposes based on technical obsolescence and low turnover analyses.

Debtors Reserve

The delinquent accounts reserve was created based on Company policies, which establish that such reserve will be made on 100% of debts more than 360 days delinquent.

In addition to this policy, in December 2014 an individual analysis was made on some special cases.

Properties, Plant, and Equipment, Net

Accounted according to cost adjusted for inflation (inflation adjustments registered as of December 31 of 2005), depreciated using the straight line method according to the following annual depreciation rates:

	Depreciation rates	Service life	Service life 2013
	<i>(Average rate)</i>	<i>(Average years)</i>	<i>(Average years)</i>
Constructions and buildings	5.38%	68	65
Plants, ducts, and tunnels	2.99%	71	70
Machinery and equipment	14.33%	15	20
Grids, lines, and cables	6.67%	15	15
Communications equipment	23.25%	12	12
Furniture, furnishings, and office equipment	17.67%	10	10
Computer equipment	39.37%	5	5
Transportation, traction, and lifting equipment	34.44%	5	5

With the support of Consultores Unidos, in late 2013 the Company started reviewing its fixed assets structure in order to open its systems in specific assets and update their remaining service lives. As a result of this project, fixed assets were opened in March 2014 in the SIE2000A system AM module, recalculating depreciation from January 2014.

Notas a los Estados Financieros No Consolidados (continuación)

Significant asset improvements are capitalized, maintenance expenses not extending the service life or not improving the assets' productivity and efficiency being charged to expenses as incurred. Profits/losses from the sale or removal of properties, plant, and equipment are recognized in the operations of the year the transaction is carried out.

The Company has no restrictions or liens for any type of property, plant, or equipment guaranteeing the obligation or its value.

Deferred Charges, Net

The Company enters to deferred charges: a) costs of the El Quimbo investment project, such as exchange differences, yields, sanctions to vendors, interests, stability premium amortization, bond financial expenses, and all costs associated to the project and not subject to being capitalized to fixed assets; b) prefeasibility studies of plant projects, amortized upon being commissioned; c) costs incurred in contracting of financial obligations, amortized using the straight line method during the term of the loan.

Intangible Assets, Net

Correspond mainly to a) the acquisition cost of water rights in the Chingaza and Río Blanco projects. Amortized using the straight line method during 50 years, and b) expenses incurred regarding licenses and software, amortized in 3 years using the straight line method.

The Company has 17 water concessions for electric power generation, process refrigeration, and household use. According to norms, the environmental authority charges domestic and refrigeration uses. Regarding water used for electrical power generation, a payment is made (electric sector transfers) to the environmental municipalities and authorities. The transfer includes payment of the water use rate by the hydro-energy sector.

Valuations

Properties, Plant, and Equipment

Correspond to the differences between a) the net book value and the market value for real estate properties or b) the replacement value for plants, machinery, and equipment, established by skilled and authorized experts. Appraisals are not more than 3 years old.

The properties, plant, and equipment valuations are entered to separate accounts in assets and as a surplus on account of valuations in equity, not distributable. The respective valuations are entered directly in the income statement as an expense.

Equity investments using the cost method

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

Labor obligations

The labor legislation considers paying a compensation to workers not under the integral salary system should they be unemployed, which could be paid by a fund or by the Company according to the applicable system, on which 12% annual interests are paid on accumulated values. However, there could be partial payments related to such amounts during the labor relationship, according to the law. Should the work contract be unjustifiably terminated or should there have been a mutual agreement, the employee will be entitled to receiving additional payments that could vary according to time of service and

Notas a los Estados Financieros No Consolidados (continuación)

salary.

The Company makes periodical severance and social security payments (health, professional risks, and pensions) to the respective private funds or to Colpensiones, which assume these obligations in full.

The law previously included the obligation of establishing and directly paying retirement pensions to employees, which was derogated and are now exclusively paid by social security entities, the Company continuing being responsible for those previously recognized. The pension liability is established by means of a study made by an actuary recognized by the national government. The retirement pension obligation includes the effects of the respective application of the new mortality rates approved by the Financial Superintendence with Decree 1555 of July 30, 2010, representing the present value of all future monthly payments the Company will have to make to employees having met the respective requirements.

Contingency accounting

As of the date of issuance of the financial statements there could be conditions resulting in losses for the Company, which will only be known should in the future certain circumstances arise. Such situations are assessed by the administration and the legal advisors regarding their nature, their probability, and amounts involved, in order to decide on changes to amounts reserved and/or disclosed. This analysis includes current legal processes against the Company.

The Company has reserves to cover estimated liabilities and contingencies arising from probable losses. Other contingent liabilities are not included in the financial statements, however being included in memorandum accounts. A contingent asset is not included in the financial statements, however being disclosed in memorandum accounts should it be probable.

Taxes, Liens, and Rates

The income tax reserve was calculated at the official rate of 34% in 2014 and 2013, which includes both the 25% income tax and the 9% CREE equity tax, using the accrual method and established based on commercial profits in order to properly relate the year revenues with costs and expenses, entered using the estimated liability value.

Law 1739 of 2014 changed the CREE equity tax rate from 2016 on, going from 8% to 9%, indefinitely, applicable to taxable profits achieved every year. Additionally, this law established the 5%, 6%, 8%, and 9% surcharges for 2015, 2016, 2017, and 2018, respectively.

The effect of temporary differences involving payment of lower or greater income taxes in the respective year is entered as a credit/debit deferred tax, applying current taxes once differences are reverted (39% for 2015, 40% for 2016, 42% for 2017, 43% for 2018, and 34% from 2019 on), provided there is reason to believe that such differences will revert in the future and, additionally, that for the asset sufficient taxable income will be generated.

The income tax is net of advance payments and credit tax withholdings.

The active deferred tax arising from the temporary difference arising from elimination of accounting inflation adjustments from January 1 of 2016 on is amortized according to the fixed assets' service lives; additionally, the deferred tax is recognized to take into account other temporary differences existing between accounting and fiscal balances.

The passive deferred tax resulting from the temporary difference originates from the revenue existing according to the favorable ruling based on the greater value paid in the purchase of Compañía Central Hidroeléctrica de Betania in 1996. For fiscal purposes, this revenue is realized in 2014 upon this year being the year when the ruling was issued, however this effect reverting at the end of the year.

Notas a los Estados Financieros No Consolidados (continuación)

Equity tax

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

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

This tax applied to equity as of January 1 of 2011, payment having to be made in 8 equal installments between 2011 and 2014.

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

Wealth tax

Law 1739 of December 2014 created the wealth tax for 2015 through 2017 for legal persons. The rate is 1.15%, 1%, and 0.4% for 2015, 2016, and 2017 for equities in excess of COP \$5,000 million, calculated annually on net assets as of January 1 of each year, reduced by COP \$5,000 million.

Recognition of Revenues, Costs, and Expenses

Sales in the wholesale and not regulated markets are recognized in the year the services are provided, according to resolution CREG 131 of 1998.

Power levels greater than 0.1 MW or electrical power consumption greater than 55 MWh–month are required for being considered a non-regulated user. Clients should be represented by a trader, the latter being responsible for applying the user registration procedure before the ASIC, the Colombian market commercial interchange system administrator, carried out by XM.

The pool energy market is used to realize power not committed under contracts. In this market, such recognition exists should generators make daily and hourly price offers on account of electrical power the system has available.

Revenue estimates are made based on available information, reflecting the most realistic consumption situation, valued at sale price according to current rates.

Costs and expenses are entered on accrual basis. The cost of such energy is included in the cost of sales.

Bond Placement Premium

Corresponds to the greater value received from placement of ordinary bonds issued by the Company, as a consequence of the positive difference of rates existing between the bonds' face value and the rate offered on placement day, i.e. February 2006. Amortized from March 2006 for a time equivalent to the bonds' term.

Use of estimates

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

Net per-share profits

Established using the year's net profits by the number of outstanding shares. This calculation includes

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

clearing preferential dividends corresponding to 20,952,601 shares as of August 31 of 2014 and 2013 from Empresa de Energía de Bogotá S.A. E.S.P. Preferential dividends are valued at US \$0.1107 per share.

Memorandum accounts

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

Short and long-term reclassification

For general balance sheet purposes, current assets or liabilities are those with recovery or payment terms not exceeding 12 months. Those exceeding this time are included in the general balance sheet, in the noncurrent line.

Cash flow statements

Prepared according to the indirect method. Cash and cash equivalents included in the cash flow consolidated statements correspond to available cash and current investments.

New accounting pronouncements

Convergence to International Financial Information Norms

According to Law 1314 of 2009 and Regulatory Decrees 2706 and 2784 of December 2012, the Company is required to start the convergence process related to accounting principles generally accepted in Colombia to International Financial Information Norms (NIIF or IFRS), as issued by the International Accounting Standards Board. There are exceptions to their application which could lead to including an explicit a statement regarding their application with some exceptions.

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

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

On February 28 of 2013, the Company submitted the NIIF implementation plan to the Superintendence of Public Household Utilities, approved by the Board of Directors on February 21 of 2013, according to Resolution N° SSPD 20131300002405 of February 2013, regulating information requirements in order to apply Decree 784 of 2012.

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

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

As of December 31 of 2014, the Company has carried out the following activities: creation of the project's leader team, definition and assignment of project resources, and diagnosis of relevant effects caused by the implementation process.

A training and communications plan is being carried out; policies are being defined and adjustments made to information systems. During 2015, training plans and internal communications will continue,

Notas a los Estados Financieros No Consolidados (continuación)

completing the work done to IT systems, norm systems and internal control systems, additionally making an audit to the opening balance sheets.

1. Assets and liabilities in foreign currency

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

Summary of assets and liabilities in foreign currency:

	As of December 31 of 2014		
	<i>(in EUR)</i>	<i>(in USD)</i>	<i>(in thousand pesos)</i>
Cash and cash equivalents	€ 2,871	US\$ 551,551	\$ 1,327,922
Advance payments	175,670	3,758,553	7,928,736
Accounts Payable (Note 15)	(816,006)	(2,647,097)	(8,577,525)
Net active (passive) position	€ (637,465)	US\$ 1,663,007	\$ 679,133
	As of August 31 of 2014		
	<i>(in EUR)</i>	<i>(in USD)</i>	<i>(in thousand pesos)</i>
Cash and cash equivalents	€ 1,857	US\$ 3,652	\$ 11,700
Advance payments	153,032	4,184,252	8,619,545
Accounts Payable (Note 15)	(8,739)	(1,162,289)	(2,248,625)
Net active position	€ 146,150	US\$ 3,025,615	\$ 6,382,621
	As of December 31 of 2013		
	<i>(in EUR)</i>	<i>(in USD)</i>	<i>(in thousand pesos)</i>
Cash and cash equivalents	€ 3,583	US\$ 19,529	\$ 47,166
Advance payments	327,893	4,937,902	10,380,279
Accounts Payable (Note 15)	(66,193)	(478,775)	(1,094,640)
Net active position	€ 265,283	US\$ 4,478,656	\$ 9,332,805

2. Cash and Cash Equivalents

As of December 31 2014	As of August 31 2014	As of December 31 2013
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Notas a los Estados Financieros No Consolidados (continuación)

National banks-savings (1)	\$ 315,986,093	\$ 339,376,688	\$ 274,904,327
National banks-checking (1)	10,696,404	7,294,967	6,272,402
Fixed income liquidity administration investments (2)	631,488,619	587,450,440	556,063,199
Cash	2,793,495	–	–
National banks-savings (1)	23,244	41,454	23,938
	\$ 960,987,855	\$ 934,163,549	\$ 837,263,866

- (1) Cash included in these accounts corresponds mainly to the May 16 of 2014 \$590,000,000 bond issuance used to finance the El Quimbo project, for \$480,000,000, payment of the A509 bond maturity for \$92,200,000 in July, and \$17,800,000 used for working capital. As of August 31 of 2014, the balance of the El Quimbo financing resources (\$554,888,703) is distributed as follows: \$92,061,743 available on-sight and \$462,826,960 in short-term investments (CDT's).
- (2) As of December 31 of 2014, the balance of the El Quimbo project financing resources of \$371,792,708 is distributed as follows: \$91,235,159 available on-sight and \$280,557 in short-term investments (CDT's).
- (3) The balance of fixed income liquidity administration investments is:

	As of December 31, 2014		As of August 31 of 2014		As of December 31 of 2013	
	Average interest rate	Value	Average interest rate	Value	Average interest rate	Value
CDT	4.31%	\$ 617,247,550	4.17%	\$ 580,826,959	4.17%	\$ 548,945,661
Trusts	2.97%	14,241,069	3.40%	6,623,481	2.70%	7,117,538
		\$ 631,488,619		\$ 587,450,440		\$ 556,063,199

There are \$77,464,998 in CDT's with maturities greater than 90 days..

(4) Debtors, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Energy service clients (1)	\$ 209,187,797	\$ 285,704,336	\$ 172,720,523
Advance payments made (2)	119,420,338	134,138,136	137,903,540
Other debtors (3)	9,269,019	9,497,203	33,208,324
Loans to employees (4)	17,259,613	16,069,627	16,935,668
Tax advance payments and positive balances	5,783,615	5,783,548	5,783,057

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Deposits delivered	418,665	412,927	564,166
	361,339,047	451,605,777	367,115,278
Minus debtors reserve (5)	(5,215,389)	(3,257,531)	(3,029,914)
	356,123,658	448,348,246	364,085,364
Minus noncurrent portion	(12,762,874)	(11,970,531)	(12,902,293)
	\$ 343,360,784	\$ 436,377,715	\$ 351,183,071

(1) As of December 31 of 2014, the change corresponds mainly to:

A reduction in the EPMS.AE.S.P wholesale market portfolio for \$12,216,971; Compañía Energética del Tolima \$4,356,826; Electrificadora de Santander \$1,893,134; Compañía Energética del Occidente \$1,414,076; additionally, a lower estimate of electric power sales pending invoicing for \$65,042,659.

The variation as of August 31 of 2014 corresponds mainly to a greater portfolio of the following clients: EPMS.AE.S.P \$12,216,971; Electrificadora del Meta \$4,620,185; Compañía Energética de Occidente \$4,414,076; Compañía Energética del Tolima \$4,356,826 and Empresa de Energía de Pereira \$4,076,890, which are part of the wholesale market with current portfolios. Additionally, a greater estimate of electrical power sales pending invoicing for \$81,165,465.

(2) As of December 31 of 2014, advance payments made correspond to:

a. The following advance payments for the El Quimbo project:

Item	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Work:			
Impregilo – OHL Consortium	\$ 58,662,217	\$ 69,212,446	\$ 68,460,509
El Quimbo Works Consortium	13,223,993	23,161,374	35,884,704
Other	16,885,358	12,769,829	192,960
Ingetec	–	41,832	2,942,202
Proyecont Ltda.	–	–	2,001,259
	88,771,568	105,185,481	109,481,634
Land properties	8,590,133	5,502,841	3,618,903
Equipment:			
Alstom Colombia S.A.	1,834,292	2,728,474	4,378,157
Schader Camargo Ingenieros	296,565	955,774	3,475,469
Alstom Brasil Energía y Transporte	922,078	1,099,299	1,158,137

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

	3,052,935	4,783,547	9,011,763
Other	3,402,851	6,078,545	2,020,109
Travel expenses	3,365	5,498	3,024
Total El Quimbo project	\$ 103,820,852	\$ 121,555,912	\$ 124,135,433

b. Advance payments for the purchase of goods and services:

Hitachi de Venezuela	\$ 7,126,269	\$ 5,727,203	\$ 5,727,203
ConsortioTC-20	2,240,290	1,067,629	–
Dyprotec Power S.A.S	1,924,000	1,924,000	–
Alstom Colombia S.A.	1,653,387	2,033,268	3,927,252
Agencia de Aduanas Continental	746,685	–	–
VansolixS.A en restructuración	598,167	679,000	792,167
Ansaldo Energia	494,840	387,744	823,449
EfigasGas Natural S.A. E.S.P.	465,514	–	–
Other	190,059	171,142	605,291
Siemens S.A	136,856	136,856	717,585
AndrizHydroLtda	23,419	455,382	1,175,160
	15,599,486	12,582,224	13,768,107
Total advance payments	\$ 119,420,338	\$ 134,138,136	\$ 137,903,540

(3) Other debtors: the variation as of August 31 of 2014 corresponds to:

- Accounts receivable with the Ministry of Finances on account of payments made by the Company as a result of rulings against Betania under processes existing on the date of the shares' purchase agreement, for \$2,174,945.
- In June 2014, the Ministry of Mines and Energy and the Ministry of Finances and Public Credit paid the obligation to the Company for \$28,024,267, which corresponds to indemnification and interests arising from the ruling related to the lack of transparency of the Betania negotiation process.

(4) Loans made to employees for housing, education, vehicles, training, electrical appliances, and others are included in the companies' quality of life policies and the collective workers labor agreement. These loans are interest-free, except for the housing loan which is made under the integral salary system, with a 4.75% rate.

(5) Following is the debtors reserve:

As of December 31, 2014 As of August 31 of 2014 As of December 31 of 2013

Notas a los Estados Financieros No Consolidados (continuación)

Initial balance	\$	(3,257,531)	\$	(3,029,914)	\$	(3,428,355)
Reserve recovery		155,979		303,769		451,185
Write-offs		33,650		540,945		110,893
Reserve adjustment - income statement		(2,147,487)		(1,072,331)		(163,637)
Final balance	\$	(5,215,389)	\$	(3,257,531)	\$	(3,029,914)

The debtors reserve balance as of December 31, 2014 is comprised of:

- Reserve for clients with accounts older than 360 days, \$3,380,919.
- Reserve for other accounts receivable older than 360 days, \$1,773,654.
- Reserve for former employees with loans older than 660 days, \$46,993.
- Reserve for individual analysis of energy clients for \$13,823 corresponding to the client D'VINNI S.A., which after being subject to a restructuring agreement went into mandatory liquidation, as ordered by the Superintendence of Companies, its recovery expectations being long term.

As of December 31 of 2014, the Company had the following energy payment guaranties:

Security	Number of guaranties	Issuer name	Value
Bank acceptance	1	Empresas Públicas de Medellín S.A. E.S.P.	Open, with no agreed value
Trust certificate	1	Fiduciaria Colpatría – Flores de la Sabana	\$ 19,733
Trust certificate	2	Emcali	Open, with no agreed value
Assignment of economic rights	1	VatiaS.A.AE.S.P.	Open, with no agreed value
Bank guaranties	1	Compañía Energética de Tolima S.A. E.S.P	Open, with no agreed value
Bank guaranties	1	Dyprotec Power S.A.S	\$ 1,924,000
Bank guaranties	1	Electrificadora del Huila S.A.	Open, with no agreed value
Bank guaranties	1	Electrificadora del Meta S.A.	Open, with no agreed value
Bank guaranties	6	Empresa de Energía del Casanare S.A. E.S.P.	\$ 12,709,911
Bank guaranties	1	Energía Social de la Costa	\$ 1,025,000
Promissory note	1	A.I.A. S.A.	Open, with no agreed value
Promissory note	1	Acme Leon Plástico	Open, with no agreed value
Promissory note	1	Aes Chivor	Open, with no agreed value
Promissory note	2	Americana de Energía S.A.	Open, with no agreed value
Promissory note	2	Central Hidroeléctrica de Caldas Chec S.A.	Open, with no agreed value
Promissory note	1	Central Termoeléctrica El Morro S.A.E.S.P.	Open, with no agreed value

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Promissory note	7	Centrales Eléctricas del Norte de Santander S.AE.S.P.	Open, with no agreed value
Promissory note	17	Codensa S.A. E.S.P.	Open, with no agreed value
Promissory note	8	Empresa de Energía del Tolima S.A.	Open, with no agreed value
Promissory note	3	Compañía Energética de Occidente S.A.SE.S.P.	Open, with no agreed value
Promissory note	1	Concentrados Cresta Roja S.A.	Open, with no agreed value
Promissory note	1	Consortio Metalúrgico Nacional	Open, with no agreed value
Promissory note	1	Edeq	Open, with no agreed value
Promissory note	7	Electrificadora del Caribe S.A.E.S.P.	Open, with no agreed value
Promissory note	4	Electrificadora de Santander S.A.E.S.P.	Open, with no agreed value
Promissory note	1	Electrificadora del Caquetá E.S.P.	Open, with no agreed value
Promissory note	5	Electrificadora del Huila S.A.	Open, with no agreed value
Promissory note	7	Electrificadora del Meta S.A.	Open, with no agreed value
Promissory note	1	Empresa de Acueducto, Alcantarillado y Aseo de Madrid	Open, with no agreed value
Promissory note	2	Empresa de Energía de Boyacá	Open, with no agreed value
Promissory note	7	Empresa de Energía de Cundinamarca	Open, with no agreed value
Promissory note	3	Empresa de Energía de Pereira S.A	Open, with no agreed value
Promissory note	1	Empresa de Energía de Tuluá	Open, with no agreed value
Promissory note	1	Empresa de Energía del Quindío	Open, with no agreed value
Promissory note	6	Empresas Públicas de Medellín S.A.E.S.P.	Open, with no agreed value
Promissory note	1	Empresa de Energía de Pacífico S.A.	Open, with no agreed value
Promissory note	1	Enerca S.A. E.S.P.	Open, with no agreed value
Promissory note	1	Energía Social de la Costa	Open, with no agreed value
Promissory note	1	Epsa S.A. E.S.P.	Open, with no agreed value
Promissory note	1	Flores de la Sabana	Open, with no agreed value
Promissory note	1	Fundación Hospitalaria San Carlos	Open, with no agreed value
Promissory note	1	Ideplas S.A.	Open, with no agreed value
Promissory note	1	Isagen S.A.	Open, with no agreed value
Promissory note	1	Productora de Concentrados Campeón Ltda.	Open, with no agreed value
Promissory note	1	Riplay	Open, with no agreed value
Promissory note	2	Viatia S.A. E.S.P.	Open, with no agreed value
Insurance policy	1	Dyprotec Power S.A.S.	\$ 1,924,000

5 Participating companies

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

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

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Accounts Receivable			
Codensa S.A. E.S.P. (1)	\$ 29,646,977	\$ 70,075,988	\$ 46,295,272
Empresa de Energía de Cundinamarca S.A. E.S.P.	1,021,562	2,124,134	3,434,638
Sociedad Portuaria Central Cartagena S.A.	1,057,066	1,243,472	1,116,574
Empresa de Energía de Bogotá S.A. E.S.P.	418,881	286,814	813,395
	32,144,486	73,730,408	51,659,879
Noncurrent portion, Sociedad Portuaria Central Cartagena	(939,996)	(1,165,945)	(1,116,574)
	\$ 31,204,490	\$ 72,564,463	\$ 50,543,305
Accounts Payable:			
Empresa de Energía de Bogotá S.A. E.S.P. (2)	\$ 540,253,177	\$ 279,051,012	\$ 101,045,411
Endesa Chile (2)	280,161,979	145,530,060	52,643,983
Enersis (2)	225,260,088	117,011,288	42,327,614
Codensa S.A. E.S.P. (3)	8,425,140	42,911,129	8,366,542
Enel Ingegneria e Ricerca S.P.A	531,499	205,469	413,929
Empresa de Energía de Cundinamarca S.A. E.S.P.	500,422	503,070	400,083
Enel Energy EuropeSL	31,230	26,599	–
Sociedad Portuaria Central Cartagena S.A.	27,365	139,652	48,252
Fundación Endesa Colombia	–	621,796	368,000
	\$ 1,055,190,900	\$ 586,000,075	\$ 205,613,814

Following is a description of accounts receivable/payable with related companies:

- (1) As of December 31 of 2014, corresponds to the energy estimate for \$29,537,816 and other items for \$109,161.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

As of August 31 of 2014 corresponds to energy invoicing with 2 dates in September for \$34,451,632, energy estimate for \$35,544,174, and other items for \$80,182.

- (2) As of December 31 of 2014, the amount entered corresponds to dividends declared and not paid for the period ending August 31 of 2014 and December 31 of 2013, for \$541,501,006 and 504,128,561 respectively.
- (3) As of December 31 of 2014, corresponds mainly to the toll estimate as of December 4 \$8,034,605, other items for \$390,535.

As of August 31 of 2014, corresponds to energy advance payments for \$34,451,632, August toll estimates for \$8,157,953, other items for \$301,544.

Following is the effect on income of transactions with related companies, shareholders, and the Board of Directors:

Company	Item	4-month period from September 1 to December 30 10		8-month period from January 1 to August 31 of	
		2014	2013	2014	2013
Revenues:					
Codensa S.A. E.S.P.	Energy sales	\$ 129,944,778	\$ 201,396,241	\$ 243,690,977	\$ 386,004,082
EEC S.A. E.S.P.	Energy sales	3,955,197	11,010,765	7,365,452	23,490,467
Empresa de Energía de Bogotá	Operation services	299,802	701,202	562,466	193,728
Codensa S.A. E.S.P.	Technical services	131,250	128,848	262,499	256,097
Sociedad Portuaria Central Cartagena	Operation and interests	59,278	60,512	119,920	120,797
Enel Ingegneria e Ricerca S.P.A	Exchange difference	-	-	838	-
Emgesa Panamá	Exchange difference	-	-	-	229
Enel Energy Europe	Exchange difference	-	49	-	4,731
		\$ 134,390,305	\$ 213,297,617	\$ 252,002,152	\$ 410,070,131
Expenses:					
Codensa S.A. E.S.P.	Transportation of energy	\$ (32,679,708)	\$ (30,794,392)	\$ (63,114,302)	\$ (59,878,003)
EEC S.A. E.S.P.	Tolls	(1,264,262)	(990,257)	(2,433,970)	(2,343,630)
Codensa S.A. E.S.P.	Financial expenses	(213,306)	(349,167)	(392,678)	(721,632)
Enel Ingegneria e Ricerca S.P.A	Innovation projects' expenses	(385,087)	(920,257)	(205,468)	-
Sociedad Portuaria Central Cartagena S.A.	Management and operation	(183,792)	(180,294)	(367,584)	(360,589)
Codensa S.A. E.S.P	Energy and lighting	(222,347)	(150,615)	(289,356)	(383,208)
EnelEnergyEurope	IT services	(31,804)	(783)	(151,653)	(155,925)

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Junta Directiva	Fees	(96,015)	(71,579)	(151,445)	(130,903)
Enel Ingegneria e Ricerca S.P.A	Exchange difference	–	–	(6,038)	–
Codensa S.A. E.S.P	Other	(2,219)	(141,040)	(3,669)	(11,074)
EnelEnergyEurope	Exchange difference	(249)	(116)	(1,860)	(3,684)
Empresa de Energia de Bogotá	Technical maintenance	–	(639,227)	–	–
		\$ (35,078,789)	\$ (34,237,727)	\$ (67,118,023)	\$ (63,988,648)
Net effect on income		\$ 99,311,516	\$ 179,059,890	\$ 184,884,129	\$ 346,081,483

6. Permanent Investments, Net

Following is the balance of equity investments:

		As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Participation				
Majority participation:				
Sociedad Portuaria Central Cartagena S.A. E.S.P. (a)	94.95%	\$ 273,785	\$ 230,064	\$ 207,371
Emgesa Panamá S.A. (b)	100.00%	25,195	16,391	621
		298,980	246,455	207,992
Minority participation:				
Electrificadora del Caribe S.A. ESP.	0.22%	8,324,408	8,324,408	8,324,408
Termocartagena S.A. ESP. (Now Vista Capital S.A. en Liquidación)	0.00%	56	56	56
		8,324,464	8,324,464	8,324,464
		\$ 8,623,444	\$ 8,570,919	\$ 8,532,456

- a) The value of the investment in Sociedad Portuaria Central Cartagena S.A. increased due to the application of the equity participation method, resulting in 2014 profits of \$66,414, compared to \$41,211 in 2013.
- b) In February 2014, Emgesa S.A. E.S.P. made a USD \$14,000 capitalization, equivalent to \$28,591; a \$13,577 reduction resulted from the application of the equity participation method, as well as an increase from the exchange difference for \$9,560.

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

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Company	Number of shares	Class	Purchase cost	Intrinsic per share value as of December 31 of 2014	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Electrificadora del Caribe S.A. E.S.P.	109,353,394	Ordinary	\$8,324,408	\$ 42	\$ (3,731,566)	\$ (3,586,126)	\$ (3,728,285)
Termocartagena S.A. E.S.P. (Ahora "Vista Capital S.A.") (Note 13)	22	Ordinary	56		(56)	(56)	(56)
					\$ (3,731,622)	\$ (3,586,182)	\$ (3,728,341)

Following is the financial information of investments made in subordinated companies:

Sociedad Portuaria Central Cartagena S.A.E.S.P.:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Assets	\$ 1,433,292	\$ 1,595,884	\$ 1,511,644
Liabilities	1,144,946	1,353,586	1,297,557
Equity	288,346	242,298	214,087
Net year losses/profits	32,863	28,211	39,090

Emgesa Panamá S.A.

	As of December 31, 2014		As of August 31 of 2014		As of December 31 of 2013	
	(In USD)	(In thousand pesos)	(In USD)	(In thousand pesos)	(In USD)	(In thousand pesos)
Assets	\$ 7,378	\$ 17,652	\$ 11,160	\$ 21,412	\$ 1,053	\$ 2,029
Liabilities	1,381	3,304	2,343	4,495	1,399	2,696
Equity	5,997	14,348	8,817	16,917	(346)	(667)
Net year losses	(7,657)	(17,935)	(4,837)	(9,181)	(5,760)	(11,134)

Company investments have no restrictions or liens and there is no valuation with the financial statements of the title or document since there are no differences between the dates of the issuer and the investor's financial statements.

6. Inventories, Net

All figures in COP unless otherwise noted.

Notas a los Estados Financieros No Consolidados (continuación)

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Inventory of other fuels	\$ 20,279,004	\$ 29,209,215	\$ 29,503,141
Warehouses-spare parts (1)	11,918,822	13,634,429	12,997,654
Coal inventory	17,045,029	13,235,653	16,591,844
	49,242,855	56,079,297	59,092,639
Minus inventory reserve	(825,186)	(674,052)	(856,007)
	48,417,669	55,405,245	58,236,632
Minus current portion	(37,324,033)	(42,444,869)	(46,094,985)
	\$ 11,093,636	\$ 12,960,376	\$ 12,141,647

- (1) Corresponds mainly to spare parts that will be used in plant repairs and/or maintenance according to the maintenance plans defined by the administration. In 2003, the production area identified elements that, due to their characteristics, should be part of fixed assets as buffer inventory, for \$9,358,498. From 2014, spare parts previously identified as critical elements are directly entered to properties, plant, and equipment, being depreciated during their technical service lives plus the time it has been estimated they will be kept at the warehouse.

The inventory reserves account is of the following:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Initial balance	\$ (674,052)	\$ (856,007)	\$ (237,365)
Recuperation	674,052	181,955	237,365
Reserve	(825,186)	–	(856,007)
Ending balance	\$ (825,186)	\$ (674,052)	\$ (856,007)

8. Properties, Plant, and Equipment, Net

As of December 31 and August 31 of 2014 and December 31 of 2013, following are the properties, plant, and equipment values:

As of December 31 of 2014		
Cost	Accumulated depreciation	Net value
<hr/>		

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Plants, ducts, and tunnels (1)	\$ 7,219,389,830	\$(2,796,892,325)	\$ 4,422,497,505
Land (2)	258,649,923	–	258,649,923
Ongoing constructions (3)	1,985,771,686	–	1,985,771,686
Constructions and buildings	80,978,547	(31,187,072)	49,791,475
Machinery and equipment	35,671,176	(24,800,738)	10,870,438
Communications and computer equipment	31,200,591	(24,978,030)	6,222,561
Furniture, furnishings, and office equipment	12,960,042	(6,993,846)	5,966,196
Transportation equipment, traction	6,449,063	(4,775,807)	1,673,256
Machinery, plant, and equipment under assembly	2,555,672	–	2,555,672
Grids, lines, and cables	544,970	(544,970)	–
	\$ 9,634,171,500	\$(2,890,172,788)	\$ 6,743,998,712

As of August 31 of 2014

	Cost	Accumulated depreciation	Net value
Plants, ducts, and tunnels	\$ 7,205,546,080	\$(2,752,552,285)	\$ 4,452,993,795
Land	249,690,991	–	249,690,991
Ongoing constructions	1,683,336,405	–	1,683,336,405
Constructions and buildings	79,778,029	(30,284,732)	49,493,297
Machinery and equipment	35,193,358	(24,314,243)	10,879,115
Communications and computer equipment	31,005,370	(24,442,057)	6,563,313
Furniture, furnishings, and office equipment	12,340,558	(6,596,093)	5,744,465
Transportation, traction, and lifting equipment	6,440,156	(4,510,142)	1,930,014
Machinery, plant, and equipment being assembled	941,054	–	941,054
Grids, lines, and cables	544,970	(544,970)	–
	\$ 9,304,816,971	\$(2,843,244,522)	\$ 6,461,572,449

As of December 31, 2013

All figures in COP unless otherwise noted.

Notas a los Estados Financieros No Consolidados (continuación)

	Cost	Accumulated depreciation	Net value
Plants, ducts, and tunnels (1)	\$ 7,165,690,239	\$(2,665,092,003)	\$ 4,500,598,236
Land (2)	233,639,793	–	233,639,793
Ongoing constructions (3)	1,209,450,894	–	1,209,450,894
Constructions and buildings	76,134,756	(28,520,323)	47,614,433
Machinery and equipment	34,107,068	(23,286,045)	10,821,023
Communications and computer equipment	30,489,013	(23,378,520)	7,110,493
Furniture, furnishings, and office equipment	11,874,110	(5,890,110)	5,984,000
Transportation, traction, and lifting equipment	7,033,149	(4,796,300)	2,236,849
Machinery, plant, and equipment being assembled	1,395,231	–	1,395,231
Grids, lines, and cables	544,970	(544,970)	–
	<u>\$ 8,770,359,223</u>	<u>\$(2,751,508,271)</u>	<u>\$ 6,018,850,952</u>

- (1) With the support of Consultores Unidos, the Company started reviewing its fixed assets structure in December 2013 in order to open its systems in specific assets and update the remaining service life. As a result of this, in March 2014 fixed assets were opened in the SIE 2000A AM module, recalculating depreciation from January 2014 on
- (2) Includes land property purchases made during 2014 for El Quimbo, for \$11,969,235, El Quimbo financial expenses for 12,968,051.
- (3) Includes additions and suppressions for the El Quimbo project construction in 2014 for \$710,964,365, of which \$86,696,743 correspond to the capitalized financial expense, Central Termozipa \$38,700,955, Salaco \$28,857,393, Central Cartagena \$34,764,149, Pagua \$6,348,372, Central Guavio \$3,759,655, and other stations \$15,917,619.

9. Expenses Paid in Advance, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Insurance (1)	\$ 15,264,733	\$ 2,793,114	\$ 13,032,167
Other expenses paid in advance	31,533	894,876	117,746
Total	<u>\$ 15,296,266</u>	<u>\$ 3,687,990</u>	<u>\$ 13,149,913</u>

- (1) As of December 31, 2014, the all-risk policy with Mapfre was renewed for \$17,131,824, which will expire on November 2015 and has an amortization of \$2,816,191 to date.

10. Deferred Charges, Net

All figures in COP unless otherwise noted.

Notas a los Estados Financieros No Consolidados (continuación)

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Other deferred charges (1)	\$ 112,098,353	\$ 98,866,582	\$ 79,066,468
Studies and projects (2)	47,929,365	53,046,906	50,977,253
Financial expenses and commissions	388,534	405,771	317,489
Accumulated inflation adjustments	68,602	68,602	68,602
Total	\$ 160,484,854	\$ 152,387,861	\$ 130,429,812

(1) Correspond mainly to:

- a) As of December 31 of 2014, includes net financial expenses associated to El Quimbo for \$115,749,419, forward El Quimbo devaluation for \$2,052,879, and the Salaco project \$740,616.
- b) El Quimbo: legal stability premium accumulated amortization; contract executed between the Nation (ministry of mines and energy) and the Company on December 20, 2010 for \$1,996,200, depreciation of minor projects for \$1,419,362. Revenues from fines and sanctions, Impregillo and Proyecont, for \$21,314,443, exchange difference for \$5,007,950, bank expenses for \$4,522,570, Proyecont write-off for \$2,310,641, relocation expenses for 3,084,441, other expenses for \$1,424,617.
- c) Other charges of minor projects for \$691,092.

(2) Corresponds to costs associated to expansion projects: Guaicaramo \$9,135,073, Sumapáz \$8,770,563, alternative energies \$3,552,249, Termocésar \$1,580,147, Campohermoso \$1,549,797, and other projects in minor plants for \$1,110,152, which will be amortized upon reaching their productive phase.

Included in the studies and projects are insurance policies for the El Quimbo project for \$11,045,647, costs incurred in obtaining its international bond for \$8,112,186, minor maintenance and other expenses for \$3,073,551.

10. Intangible Assets, Net

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Water use rights in Chingaza (1)	\$ 65,364,594	\$ 65,364,594	\$ 65,364,594
Software (2)	12,013,752	11,614,492	9,998,891
Licenses (3)	8,660,365	8,545,697	9,641,547
El Quimbo legal stability premium (4)	15,916,225	9,616,602	—
Concessions and franchises	663,059	663,060	663,060
Other intangibles	102,617,995	95,804,445	85,668,092
	(35,540,748)	(33,797,162)	(29,071,856)
Total	\$ 67,077,247	\$ 62,007,283	\$ 56,596,236

Notas a los Estados Financieros No Consolidados (continuación)

- (1) EMGESA S.A. E.S.P. recognized as intangible those payments made to secure the use of the greater flow of useful water coming from the Chingaza and Río Blanco projects. Amortized using the straight line method during 50 years.
- (2) Includes mainly the SIE system for \$3,594,391; Olimpo Software for \$1,637,105; Commercial Information System for \$1,912,932, Enterprise Agreement license for or \$567,549, Scada Latam software for \$402,927.
- (3) Includes mainly SAP ISU for \$4,309,825; fuels system for \$523,595; Oracle for \$370,297; surveillance system for \$331,825; Latam web portal for \$313,389 and Microsoft licenses for \$293,728.
- (4) The El Quimbo project legal stability premium was reclassified in 2014 as a right. An additional payment was made for this contract for \$6,299,623, as a result of the project's investment budget increase.

12. Other Assets

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Mercantil Huila trust(1)	\$ 2,536,763	\$ 2,509,182	\$ 2,448,770
Tominé Administration Trust (2)	1,461,845	2,194,118	–
Paicol Administration Trust (1)	699,932	692,055	647,070
Garzón Administration Trust (1)	635,172	878,311	857,761
Gigante Administration Trust (1)	389,833	490,570	546,627
Alta Mira Administration Trust (1)	369,828	374,829	135,664
Muña Administration Trust (2)	259,950	438,632	759,040
Agrado Administration Trust (1)	245,721	115,807	489,444
Tesalia Administration Trust (1)	57,794	57,190	55,886
Tominé Administration Trust (2)	28,458	67,322	630,340
Work and improvements to third-party properties	–	4,198	15,393
	\$ 6,685,296	\$ 7,822,214	\$ 6,585,995

- (1) The purpose of trusts created a behalf of several Huila municipalities for \$4,935,043 is managing resources to be provided by trustee (the Company) in order to meet the purpose of the trust agreement, especially commitments generated by the Round Tables in development of the El Quimbo project. Consequently, resource additions and suppressions are managed by the Company.

The contracts have 1-year terms, renewable for similar times until the parties agree on their liquidation, which will happen once the Company has met economic commitments agreed with the municipalities and the Governor's Office.

Notas a los Estados Financieros No Consolidados (continuación)

Payment will be made based on to the following:

- i) A project committee has been created, responsible for approving investment initiatives.
 - ii) Once the investment initiative has been approved, El Quimbo Supplies will develop the contracting process.
 - iii) El Quimbo project will manage the value of resources that will be transferred to each trust sub-account (created in the name of the beneficiary municipalities and the Huila Governor's Office), according to the payment schedule for approved projects.
 - iv) El Quimbo project will approve payments to contractors according to corporate guidelines.
- (2) Payment and administration trusts created for the Muña and Tominé reservoirs' recuperation work, with funds from Acueducto de Bogotá, Empresa de Energía de Bogotá, and Emgesa S.A. E.S.P. Every month, the Company adjusts the trust values based on monthly statements received. In April 2014, a new trust was created with Fiduciaria Corficolombiana, payments amounting to \$2,200,000.

13. Valuations

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Properties, plant and equipment:			
Plants, ducts, and tunnels	\$ 2,145,174,274	\$ 2,145,448,114	\$ 2,145,209,190
Land	10,024,519	10,024,519	10,024,519
Constructions and buildings	7,664,982	7,664,982	7,664,982
Transportation, traction, and lifting equipment	240,478	240,478	307,909
Communications and computer equipment	151,431	151,431	151,431
Furniture, furnishings, and office equipment	1,027,434	1,027,434	1,027,434
Machinery and equipment	4,568,337	4,568,334	4,568,334
	2,168,851,455	2,169,125,292	2,168,953,799
Investment valuation	(3,731,622)	(3,586,182)	(3,728,341)
	\$ 2,165,119,833	\$ 2,165,539,110	\$ 2,165,225,458

According to Regulatory Decree 2649 of 1993, the Company should make a technical appraisal of its properties, plant, and equipment every 3 years as a minimum, recording the resulting valuations and/or devaluations. The most recent appraisal of fixed assets at commercial value was made Q3 2012 by Consultores Unidos. In 2014 valuations were adjusted based on fixed asset write-offs.

Valuation (devaluation) of investments corresponds to adjustments made to the intrinsic value of the shares the Company has in Electrificadora del Caribe S.A, E.S.P. and Termocartagena S.A. E.S.P. (now Vista Capital S.A. En

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Liquidación) for \$3,731,622 (see Note 6).

Following is the balance of valuations, devaluations, or reserves made for each type of asset as of December 31 of 2014.

Type of fixed assets	Valuation as of	Valuation as of	Valuation change
	December 31 of	August 31 of	
	2014	2014	
Plants, ducts, and tunnels	\$ 2,145,174,274	\$ 2,145,448,114	\$ (273,840)
Land	10,024,519	10,024,519	–
Constructions and buildings	7,664,982	7,664,982	–
Transportation, traction, and lifting equipment	240,478	240,478	–
Communications and computer equipment	151,431	151,431	–
Furniture, furnishings, and office equipment	1,027,434	1,027,434	–
Machinery and equipment	4,568,337	4,568,334	3
	2,168,851,455	2,169,125,292	(273,837)
Permanent investments in other companies (Note 6)	(3,731,622)	(3,586,182)	(145,440)
	\$ 2,165,119,833	\$ 2,165,539,110	\$ (419,277)

The change in valuation is the result of suppressing fixed assets in 2014 for \$273,837.

Type of asset	Valuation as of	Valuation as of	Valuation adjustment
	August 31 of 2014	December 31 of 2013	
Plants, ducts, and tunnels	\$ 2,145,448,114	\$ 2,145,209,190	\$ (238,924)
Land	10,024,519	10,024,519	–
Constructions and buildings	7,664,982	7,664,982	–
Machinery and equipment	240,478	307,909	67,431
Communications and computer equipment	151,431	151,431	–

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Furniture, furnishings, and office equipment	1,027,434	1,027,434	–
Transportation equipment	4,568,334	4,568,334	–
	2,169,125,292	2,168,953,799	(171,493)
Permanent investments in other companies (Note 6)	(3,586,182)	(3,728,341)	(142,159)
	\$ 2,165,539,110	\$ 2,165,225,458	\$ (313,652)

13. Financial Obligations

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Ordinary bonds and outstanding commercial papers. (3)	\$ 3,335,100,000	\$ 3,335,100,000	\$ 2,886,760,000
Bank loans in local currency (1)	305,000,000	305,000,000	305,000,000
Internal debt interests and bonds	106,450,901	81,309,735	99,008,813
Subtotal	3,746,550,901	3,721,409,735	3,290,768,813
Minus current portion (2)	(356,450,901)	(331,309,735)	(240,668,813)
Long-term financial obligations	\$ 3,390,100,000	\$ 3,390,100,000	\$ 3,050,100,000

(1) Corresponds to:

Description	Yield	Maturity date	Accounting value
Banco CorpBanca	IBR + 3.70%TA	December 19, 2023	\$ 80,000,000
BBVA Colombia	IBR + 3.55%MV	December 19, 2023	225,000,000
			\$ 305,000,000

The Club Deal existing with Bancolombia for \$91,045,000, AV Villas for \$28,955,000, and BBVA Colombia for \$185,000,000 was paid in advance in December 2013, refinancing it with new peso credits with BBVA Colombia and Banco Corpbanca for \$225,000,000 and \$80,000,000, respectively. The new loans have 10-year terms, with capital amortization in 15 semiannual installments from December 19 of 2016. Loans accrue interests at IBR + 3.55% MV for BBVA Colombia and IBR +3.70% TA for Corpbanca.

(2) Internal debt interests and bonds:

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Ordinary current outstanding bonds	\$ 250,000,000	\$ 250,000,000	\$ 141,660,000
Interests on bonds	105,629,490	76,680,608	98,316,804
Interests on bank loans	821,411	4,629,127	692,009
Total debt and interests	\$ 356,450,901	\$ 331,309,735	\$ 240,668,813

(3) The Company has 7 current bond issuances in the local market as of December 31 of 2014 and 1 bond issuance in the international market, as follows:

Emgesa Local Market Bond Issuance

Third Local Market Bond Issuance

With Resolution 650 of July 30 of 2004, the Colombian Financial Superintendence ordered registering in the National Securities and Issuers Registry the third EMGESA ordinary bond issuance, for \$250,000,000, authorizing is public offering.

	\$250,000,000 in a single sub-series (A10), in 2 lots:
Total value placed	1st lot: February 23, 2005, for \$210,000,000 second lot: February 23, 2006, for \$40,000,000
Balance as of August 31, 2014	\$250,000,000
Bond face value	\$1,000
Issuance term	Sub-series A10: 10 years
Amortization:	On maturity
Issuance date:	February 23, 2005
Maturity date:	February 23, 2015
second lot bond placement premium (1)	\$6,927,200
Issuance administrator	Deceval S.A.
Coupon rate:	IPC + 5,04 % E.A.
Rating	AAA (Triple A) Appointed by Duff&Phelps de Colombia S,A, S,C,V, (today Fitch Ratings Colombia S.A. S.C.V.).

(1) The second lot bond placement premium corresponds to the greater value received from placement of ordinary bonds as a consequence of the rate differential existing between the coupon rate and the bonds' placement yield rate in the second lot. As a result of this, the Company received \$6,927,200 in 2006, of which as of December 31 of 2014 \$6,862,460 have been amortized, \$64,740 pending amortization. This value is being amortized in 107 months, equivalent to the second lot bonds' term from placement until maturity.

Local Market Ordinary Bond Issuance and Placement Program

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

The Company has a bonds' issuance and placement program that allows for successive issuances of such securities under the global quota authorized and available and during its term. As of December 31 of 2014, EMGESA had offered and placed 6 bond issuances (also called "tranches" according to the program terminology) against the program, which existed on the above date. All bond issuances made under the EMGESA program are rated AAA (Triple A) by Fitch Ratings Colombia S.C.V. and are dematerialized under the Deceval S.A. administration.

Following are the general financial conditions of the EMGESA bonds issuance and placement program the local market:

Type of security	Ordinary bonds
Initial approval from the Financial Superintendence	Resolution No, 1235 of July 18, 2006
Global quota initially approved	\$700,000,000
Approval to the first quota expansion and extension to the placement time:	Resolution 0833 of June 16, 2009
First increase to the authorized global quota:	In \$1,200,000,000 additional
First extension to the placement time	Until June 26, 2012
Approval to the second placement time extension:	Resolution 1004 of June 29, 2012
second placement time extension	Until July 18, 2015
Approval to the placement quota's second extension:	Resolution 0398 of March 12, 2014
second increase to the authorized global quota:	\$850,000,000 additional
Approval to the placement quota's third extension:	Resolution 1980 of November 6 of 2014.
third increase to the authorized global quota	\$315,000,000 additional
Total global quota authorized as of December 31, 2014:	\$3,065,000,000
Value issued under the program as of December 31, 2014	\$2,490,000,000
Available quota as of December 31, 2014:	\$575,000,000
Administration	Deceval S.A.

The Company has issued 6 tranche is under the program, as follows:

1st tranche:

Total value placed	\$170,000,000
Current balance as of August 31, 2014	Sub-series B10: \$170,000,000
Bond face value	\$10,000
Issuance term	10 years
Issuance date:	February 20, 2007
Maturity date:	February 20, 2017
Coupon rate	IPC + 5,15% E.A.

second tranche:

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

	\$265,000,000 as follows:
	Sub-series A5: 49,440,000
	Sub series B10: 160,060,000
Total value placed	Sub series B15: 55,500,000
Current balance as of August 31, 2014	\$215,560,000
Bond face value	\$10,000
	Sub-series A5: 5 years
	Sub-series B10: 10 years
Issuance term	Sub-series B15: 15 years
Issuance date:	February 11, 2009, for all sub-series
	Sub-series A 5: February 11, 2014
	Sub-series B10: February 11, 2019
Maturity date:	Sub-series B15: February 11, 2024
	Sub-series A 5: DTF T,A, + 1,47%
	Sub-series B10: IPC + 5,78% E.A.
	Sub-series B15: IPC + 6,09% E.A.
Coupon rate	

The Sub-series A5 bonds' maturity payment was made February 11 of 2014 for \$49,440,000.

third tranche:

Total value placed	\$400,000,000, as follows:
	Sub-series E5: \$92,220,000
	Sub-series B9: \$218,200,000
	Sub-series B12: \$89,580,000
Current balance as of August 31, 2014	\$307,780,000
Bond face value	\$10,000
Issuance term	Sub-series E5: 5 years
	Sub-series B9: 9 years
	Sub-series B12: 12 years
Issuance date	July 2 of 2009 for all sub-series
Maturity date	Sub-series E5: July 2, 2014
	Sub-series B9: July 2, 2018
	Sub-series B12: July 2, 2021

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Coupon rate	Sub-series B-9: IPC + 5,90% E.A. Sub-series B-12: IPC + 6,10% E.A. Sub-series E-5: fixed rate 9,27% E.A.
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The Sub-series E5 bonds' maturity payment was made July 2 of 2014 for \$92,220,000.

4th tranche:

Total value placed	\$500,000,000, as follows: Sub-series B10: \$300,000,000 Sub-series B15: \$200,000,000
Balance as of August 31, 2014	\$500,00,000
Bond face value	\$10,000
Issuance term	Sub-series B10: 10 years Sub-series B15: 15 years
Issuance date	December 13, 2012
Maturity date	Sub-series B10: December 13, 2022 Sub-series B15: December 13, 2027
Coupon rate	Sub-series B-10: IPC + 3,52% E.A. Sub-series B-15: IPC + 3,64% E.A.

5th tranche:

Total value placed	\$565,000,000, as follows: Sub-series B6: \$201,970,000 Sub-series B12: \$363,030,000
Balance as of August 31, 2014	\$565,000,000
Bond face value	\$10,000
Issuance term	Sub-series B6: 6 years Sub-series B12: 12 years
Issuance date	11 de septiembre de 2013
Maturity date	Sub-series B6: September 11, 2019 Sub-series B12: September 11, 2025
Coupon rate	Sub-series B-6: IPC + 4,25% E.A. Sub-series B-12: IPC + 5,00% E.A.

6th tranche:

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Total value placed	\$590,000,000, as follows: Sub-series B6: \$241,070,000 Sub-series B10: \$186,430,000 Sub-series B16: \$162,500,000
Balance as of August 31, 2014	\$590,000,000
Bond face value	\$10,000
Issuance term	Sub-series B6: 6 years Sub-series B10: 10 years Sub-series B16: 16 years
Issuance date	May 16, 2014
Maturity date	Sub-series B6: May 16, 2020 Sub-series B12: May 16, 2024 Sub-series B12: May 16, 2030
Coupon rate	Sub-series B-6: IPC + 3,42% E.A. Sub-series B-12: IPC + 3,83% E.A. Sub-series B-12: IPC + 4,15% E.A.

The Company has a current bond issuance in the international market as follows:

International global bonds in pesos

In January 20, 2011, the Company placed its first bond issuance in the international capital market for \$736,760,000, with a 10-year term. Bonds issued by the Company, denominated in pesos and payable in dollars, have a fixed coupon rate of 8.75%.

According to the Offering Memorandum, the Company pays the necessary interests so that, once tax withholdings have been made (today 14% according to article 408 of the Tax Code), the bond holder will receive 8.75%, i.e. the interest rate before the 14% deduction is 10.1744%.

The operation is part of the El Quimbo financial structure and allowed obtaining pre-financing resources for project needs for 2011 and part of 2012 and refinancing other financial obligations.

Registration form	144 A/ Reg S
Total peso issuance value	\$736,760,000
Use of funds	Financing of new projects such as El Quimbo and refinancing of other financial obligations, in addition to other general Company needs.
Face value	\$5,000 each bond
Term	10 years, amortized upon maturity.
Interest payment frequency	Annual
Day count	365/365

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Issuance administrator, payment agent	The Bank of New York Mellon
Calculation and transfer agent	
Yield	8,75% E,A,
International rating	BBB (stable) by Fitch Ratings and Standard & Poor's

Following is the summary of bonds issued and bank loans as of December 31, 2014:

Description	Yield	Placement date	Maturity date	Accounting value
1st Tranche	Sub-serie sB10: IPC+5,15% E,A, February, 20 2007		February, 20 2017	\$ 170,000,000
2nd Tranche	Sub-serie sB10: IPC+5,78% E,A, February 11, 2009		February 11,2019	160,060,000
2nd Tranche	Sub-serie sB15: IPC+6,09% E,A, February 11, 2009		February 11,2024	55,500,000
3rd Tranche	Sub-serie sB9: IPC+5,90% E,A, July 2, 2009		July 2, 2018	218,200,000
3rd Tranche	Sub-serie sB12: IPC+6,10% E,A, July 2, 2009		July 2, 2021	89,580,000
4th Tranche	Sub-serie sB10: IPC+3,52% E,A, December 13, 2012		December 13, 2022	300,000,000
4th Tranche	Sub-serie sB15: IPC+3,64% E,A, December 13, 2012		December 13, 2027	200,000,000
5th Tranche	Sub-serie sB6: IPC+4,25% E,A, September 11, 2013		September 11, 2019	201,970,000
5th Tranche	Sub-serie sB12: IPC+5,00% E,A, September 11,2013		September 11, 2025	363,030,000
6th Tranche	Sub-serie sB6: IPC+3,42% E,A, May 16, 2014		May 16, 2020	241,070,000
6th Tranche	Sub-serie sB10: IPC+3,83% E,A, May 16,2014		May 16, 2024	186,430,000
6th Tranche	Sub-serie sB16: IPC+4,15% E,A, May 16, 2014		May 16, 2030	162,500,000
Global bond in pesos in form 144-A/ Reg S	8,75% E,A,(1)	January 25, 2011	January 25, 2021	736,760,000
Loans with local banks	IBR + 3,66%:	December 19, 2013	December 19, 2023	305,000,000
Noncurrent bonds and loans				\$ 3,390,100,000
3rd issuance first lot	Sub-serie sA10: IPC+5,04% E,A, February 23, 2005		February 23, 2015	\$ 210,000,000
3rd issuance 2nd lot	Sub-serie sA10: IPC+5,04% E,A, February 23, 2006		February 23, 2015	40,000,000
Bonds and credits, current				\$ 250,000,000

Following are installments of bonds and loans in national currency payable during the following years:

Year	As of December 31 of 2014	Item
2016	\$ 20,333,331	Local bank loans
2017	40,666,667	Local bank loans
2017	170,000,000	Local bonds issued
2018	40,666,667	Local bank loans

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

2018	218,200,000	Local bonds issued
2019	40,666,667	Local bank loans
2019	362,030,000	Local bonds issued
2020	40,666,667	Local bank loans
2020	241,070,000	Local bonds issued
2021	40,666,667	Local bank loans
2021	89,580,000	Local bonds issued
2021	736,760,000	International bond issued
2022	40,666,667	Local bank loans
2022	300,000,000	Local bonds issued
2023	40,666,667	Local bank loans
2024	241,930,000	Local bonds issued
2025	363,030,000	Local bonds issued
2027	200,000,000	Local bonds issued
2030	162,500,000	Local bonds issued
	<u>\$ 3,390,100,000</u>	Noncurrent portion
2015	<u>\$ 250,000,000</u>	Local bonds issued
	<u>\$ 250,000,000</u>	Current portion

15. Accounts Payable

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Suppliers and contractors in local currency	\$ 101,211,336	\$ 76,833,120	\$ 75,721,084
Creditors	15,844,892	9,900,499	6,160,578
Suppliers, contractors, and creditors in foreign currency	8,577,525	2,248,625	1,094,640
	<u>\$ 125,633,753</u>	<u>\$ 88,982,244</u>	<u>\$ 82,976,302</u>

16. Labor obligations

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Bonuses (1)	\$ 9,628,890	\$ 7,234,010	\$ 8,844,715
Vacation	3,820,750	3,419,905	3,037,918
Vacation bonuses	1,906,906	1,986,765	1,733,914
Severance	1,993,264	1,591,753	1,934,063
Service bonus	–	521,780	–
Severance interests	241,361	128,406	234,977
	\$ 17,591,171	\$ 14,882,619	\$ 15,785,587

(1) The change in bonuses corresponds mainly to the increase in the loyalty bond reserve for \$450,434, retirement bond for \$171,511, and productivity bond for \$1,772,935.

As of December 31 and August of 2014, the number of active Company employees was 589 and 568, respectively.

On September 21 of 2005, the Company signed the collective workers labor agreement with Energía de Colombia – SINTRAELECOL, benefiting unionized employees from January 1 of 2004 until December 31 of 2007, which was partially amended with conventional document No. 1 of March 3 of 2011, executed for 4 years from January 1 of 2011 until December 31 and August 2014, involving 224 and 226 employees, respectively.

17. Retirement pensions

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Retirement pensions and supplementary benefits' actuarial calculations	\$ 71,025,352	\$ 71,234,748	\$ 72,847,242
Minus current portion	(10,086,711)	(9,945,431)	(9,869,800)
Retirement pensions and supplementary benefits, noncurrent	\$ 60,938,641	\$ 61,289,317	\$ 62,977,442

Values are as follows:

Initial balance	\$ 71,234,748	\$ 72,847,242	\$ 74,425,335
Financial cost	1,638,590	3,277,178	5,535,519
Payments	(2,347,676)	(5,909,826)	(9,659,722)
Actuarial loss	499,690	1,020,154	2,546,110
	\$ 71,025,352	\$ 71,234,748	\$ 72,847,242
Number of retired employees	311	311	311

All figures in COP unless otherwise noted.

Notas a los Estados Financieros No Consolidados (continuación)

Number of active employees entitled to pension	2	2	2
	313	313	313

As of December 31 of 2014 AON (the external specialist) had made actuarial calculations resulting in a lower pension liability for \$209,396. As of December 31 of 2014, the following were the financial hypotheses: 17.04% annual discount rate, pension increase rate of 3.0% (DANE rate according to Decree 2783 of 2001).

The calculation includes the effects of applying reduction rates consisting in the mortality table (before retirement and upon retirement), authorized by the Financial Superintendence through Decree 1555 of July 30, 2010 (mortality Table RV 2008); full and permanent disability, EISS.

As of August 31 of 2014, AON Hewitt (the external specialist), had made actuarial calculations resulting in a pension liability lower value of \$1,612,494. In 2013, financial hypothesis were 17.25% annual discount rate, increase pension rate of 3.0% increase rate of 3.0% (DANE rate according to Decree 2783 of 2001).

As of December 31 of 2014 and 2013, the actuarial pension liability is fully amortized. The Company has no pension bonuses and there are no relationships with insurance companies retained for pension payments; there are no funds or guaranties created to support such payments.

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

18. Estimated Liabilities and Reserves

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Reserve for costs and expenses (1)	\$ 30,864,449	\$ 7,282,891	\$ 21,558,245
Reserve for the purchase of fixed assets (2)	109,799,200	89,736,394	43,510,348
Reserve for the El Quimbo environmental license (3)	26,546,346	33,308,627	44,625,839
Contingency reserve (Note 29)	1,522,536	1,697,662	2,716,149
Other reserves	299,100	299,100	299,100
	169,031,631	132,324,674	112,709,681
Minus noncurrent portion	(2,125,193)	(11,185,014)	(3,121,237)
	\$ 166,906,438	\$ 121,139,660	\$ 109,588,444

(1) As of December 2014 corresponds mainly to reserves made on account of the all-risk policy renewals, RCE and administrators and directors for \$18,264,112, the administration, operation, and maintenance agreement for the Tomine reservoir for \$4,919,986, and the dry ash extraction project for \$929,949.

(2) Reserves for the purchase of assets corresponds mainly to the El Quimbo project for \$94,635,943, Central

Notas a los Estados Financieros No Consolidados (continuación)

Termozipa for \$6,942,233, Central de Cartagena for \$6,552,566.

- (3) Corresponds to obligations not yet incurred and considered in the El Quimbo environmental license, as well as the 1% of the total project investment according to the paragraph of article 43 of Law 99 of 1993 and Law 1450 of 1993. For December 2014, the value had been updated with the net present value at a 6.26% rate.

19. Taxes, Liens, and Rates

The income tax reserve is calculated at the official rate of 34% in 2013 and 2014 (comprised of the 25% income tax and the 9% CREE equity tax), using the accrual method and established based on net income (i.e., commercial profits with fiscal adjustments), in order to properly match the year's fiscal revenues with their costs and fiscal deductions, recorded using the estimated liability value.

According to Law 633 of 2000, public utility companies are not subject to the presumptive income system. The tax years of 2012 and 2013 are open to review by the tax authorities. Following are taxes, liens, and rates:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Income tax	\$ 217,051,721	\$ 127,835,825	\$ 118,847,852
Current equity tax	-	24,606,987	49,213,976
Other	20,490,783	19,990,172	18,035,208
	\$ 237,542,504	\$ 172,432,984	\$ 186,097,036

In 2011 the Company decided to apply the alternative system of accounting as a lower value of the equity revaluation account the equity tax and the surcharge for \$196,855,905. The outstanding portion as of August 31 of 2014 and December 31 of 2013 is \$24,606,988 and \$49,213,976, respectively. As of December 2014, the equity tax is fully paid.

Liabilities corresponding to the income tax are net of early tax payments, as follows:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Current income tax	\$ 462,876,050	\$ 337,577,544	\$ 392,436,518
Advance payments on withholdings, self-withholdings, and other tax deductions (1)	(98,151,118)	(62,068,508)	(87,295,222)
Advance income payment	(147,673,211)	(147,673,211)	(186,293,444)
	\$ 217,051,721	\$ 127,835,825	\$ 118,847,852

- (1) Includes the VAT applicable to imported capital goods, considered a tax deduction in article 258-2 of the Tax Code.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

The income tax expense is the following:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Current income	\$ 87,171,625	\$ 240,738,049	\$ 279,441,176
Current CREE	38,126,881	96,839,495	112,995,342
Assets deferred tax	(9,124,439)	1,145,929	(5,759,690)
Credits deferred tax	–	(8,353,097)	8,353,097
	\$ 116,174,067	\$ 330,370,376	\$ 395,029,925

Following are the main conciliation entries between profits before taxes and taxable net income, which explain the difference between the 34% rate for companies and the effective rate on profits of 31.22% for the period between January 1 and December 31, 2013, 31.47% from January 1 as of August 31 of 2014 28.87% from September 1 and December 31 of 2014:

Profits conciliation:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Profits before income tax	\$ 402,396,383	\$ 1,049,680,640	\$ 1,265,171,034
Effect of temporary differences on account of reserves	15,392,445	(1,055,375)	8,889,287
Nondeductible expenses	7,210,000	4,875,885	22,825,141
Depreciation - fiscal inflation adjustment	(1,566,207)	(3,139,020)	(4,836,476)
Untaxed revenues	233,260	25,100,301	(37,163,178)
Deduction of productive real fixed assets and science and technology	(74,979,384)	(112,514,750)	(137,192,163)
Net taxable income for income tax purposes	348,686,497	962,947,681	1,117,693,645
Deduction of productive real fixed assets and science and technology	74,979,384	112,514,750	137,192,163
Donations	–	621,796	618,000
Science and technology amortization	(33,871)	(89,830)	–
Taxable net income for CREE	423,632,010	1,075,994,397	1,255,503,808
Taxable net income for income tax purposes	348,686,497	962,947,681	1,117,693,645

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Applicable rate	25%	25%	25%
Current income tax	87,171,624	240,736,920	279,423,411
Occasional gains	–	11,276	177,652
Applicable rate	10%	10%	10%
Tax on occasional gains	–	1,128	17,765
Current income tax and occasional gains	87,171,624	240,738,048	279,441,176
Deferred tax	(9,124,438)	(7,207,168)	2,593,407
Taxable net income for CREE	423,632,011	1,075,994,397	1,255,503,800
Applicable rate	9%	9%	9%
Equity income tax CREE	38,126,881	96,839,496	112,995,342
Income tax	\$ 116,174,067	\$ 330,370,376	\$ 395,029,925

Equity conciliation

Accounting equity	\$ 5,222,203,684	\$ 5,655,699,537	\$ 5,806,218,543
2006 fiscal inflation adjustment	183,427,219	185,241,645	188,427,125
Estimated liabilities and reserves	34,505,647	22,907,923	27,455,715
Deferred tax, debit	(81,971,375)	(72,846,936)	(74,856,655)
Other non-fiscal assets	14,195,720	13,554,160	(10,535,449)
Deferred tax, credit	–	–	8,353,097
Valuations	(2,165,119,833)	(2,165,539,110)	(2,165,225,458)
Fiscal equity	\$ 3,207,241,062	\$ 3,639,017,219	\$ 3,779,836,918

Following is a description, per deferred tax, debit, as of December 31 of 2014, August 31 of 2014, and December 31 of 2013:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
2006 fiscal inflation adjustment	\$ 63,658,234	\$ 61,192,698	\$ 62,278,627
Buffer inventory depreciation	250,384	456,674	–

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Costs and expenses reserve	6,301,274	2,662,541	3,479,232
Labor obligations reserve	4,142,771	2,796,203	3,307,336
Tocancipá valuation tax	1,226,664	1,069,399	1,069,399
Accounts receivable reserve	651,953	170,455	61,479
Industry and trade reserve	55,269	26,093	35,134
Forward valuation	–	–	(5,271)
El Quimbo investments reserve	5,684,826	4,472,873	4,630,719
	\$ 81,971,375	\$ 72,846,936	\$ 74,856,655

Following is a description, per deferred tax, credit, as of December 31 of 2014, August 31 of 2014, and December 31 of 2013:

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Deferred credit tax revenue, favorable ruling (Note 29)	\$ –	\$ –	\$ 8,353,097

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

This circumstance affected the EMGESA deferred tax value as follows:

Deferred debit tax:

	Income tax	2015 CREE	2016 CREE	2017 CREE	2018 CREE	2019 CREE
2006 fiscal inflation adjustments	\$183,427,219	\$ 4,698,870	\$ 4,605,112	\$ 4,522,220	\$ 4,440,820	\$165,385,511
Estimated liabilities	31,738,284	31,738,284	–	–	–	–
Buffer inventory depreciation	642,010	642,010	–	–	–	–
El Quimbo investment reserve	16,496,885	–	329,937	329,937	329,937	15,507,071
	232,304,398	37,079,164	4,935,049	4,852,157	4,770,757	180,892,582
	25%	14%	15%	17%	18%	9%
	58,076,100	5,191,083	740,257	824,867	858,736	16,280,332
Deferred tax, debit, as of December 31 of 2014	\$ 81,971,375					

Industry and Trade Tax

This tax is calculated according to article 7 of Law 56 of 1981, based on the plant's installed generation

Notas a los Estados Financieros No Consolidados (continuación)

capacity in municipalities where generation stations are located.

The Company is required to pay the industry and trade tax according to Law 14 of 1993 in Bogotá, 0.966% on operational revenues, 1.104% on other nonoperational revenues, and 15% on account of "avisos y tableros". In other municipalities in which the Company is responsible for the income and trade tax, such tax is paid according to each municipality's rates.

Environmental contribution

According to Law 99 of 1993, the Company is required to make transfers for basic sanitation and environmental improvement projects to municipalities and regional autonomous corporations, equivalent to 6% of its own-generation energy gross sales in hydraulic plants and 4% for steam plants, according to the rate provided by the Regulatory Energy and Gas Commission for block sales. The environmental contributions for August 31 of 2014 and December 2013 were 36,125,494 and \$48,471,300, respectively.

Environmental contributions for December 31 of 2014, August 31 of 2014, and December 31 of 2013 were \$53,191,559, \$36,125,494, and \$48,471,300, respectively.

Wealth Tax

Law 1739 of December 2014 created the wealth tax for 2015 through 2017 for legal persons. The tax rates are 1,15%, 1%, and 0,4% for 2015, 2016, and 2017, respectively, for equities in excess of COP \$5,000 million, calculated each year over net assets as of January 1 of each year, reduced in COP \$5,000 million.

Equity tax

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

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

This tax applied to equity held on of January 1 of 2011, payment having to be made in 8 equal installments between 2011 and 2014.

Transfer Prices

For income tax purposes, taxpayers performing activities with economic related parties or related parties abroad are required to establish their ordinary and extraordinary revenues, their costs and deductions, and their assets and liabilities, considering for this profit prices and margins used in comparable operations between non-economically related parties.

Independent advisors will update the transfer prices study, as required by the tax norms, in order to demonstrate that operations with economic related parties abroad were made at market values during 2014. For this, the Company will submit a statement and will make available the above study by mid July 2015. A default could result in sanctions and in greater income taxes. However, management and its advisers have analyzed contracts in 2014, concluding that there will be no adjustments to the 2014 income tax, as did happen in 2013.

Legal stability contract

Following are the main aspects of the legal stability contract executed between the Nation (Ministry of Mines and Energy) and Emgesa S.A E.S.P., formalized on December 20, 2010:

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Object: the Company undertakes to build the El Quimbo hydroelectric station (see Note 1).

Investment value and terms: the Company investments related to the El Quimbo project were \$1,922,578 million. During the first half of the year, a \$583,184 million budget increase was approved, which together with financial expenses incurred and to be incurred to finance the project (\$450,712 million) represents a greater investment value. According to paragraph 2 of clause 2 of the legal stability contract, the greater investment value involved paying \$6,299 million on account of adjustments to the premium contained in the legal stability contract.

Key norms object of legal stability (favorable):

- a. Income tax rate (33%), exclusion of the presumptive income calculation and special deductions from investments in scientific developments and in the environment, among others.
- b. Allows ensuring the stability of the special deduction on account of investments made in real productive fixed assets (30%), eliminated in January 1 of 2011.

Parties' obligations:

a. Company obligations:

Comply with the investment plan value for the El Quimbo project construction and commissioning.

- Pay the \$9,612,891 legal stability premium (deposited on December 23 of 2010) (Note 10) and adjust it should the investment value be increased, as already done and mentioned above.
- Timely pay taxes.
- Retain an independent auditor to review and certify compliance with commitments assumed under the contract, for which the Company hired a specialist who issued his opinion with no exceptions on March 26 of 2014. The Company Administration considers that the same opinion will result from the audit to be made regarding compliance with the 2014 obligations, Information Confidentiality.

b. Nation obligations:

- During 20 years, guarantee the stability of norms included in the contract (favorable) for the El Quimbo project.

20. Other current liabilities

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Forward operations (Note 28)	\$ —	\$ 1,003,392	\$ 851,268
Third-party collections	—	—	818,614
	<u>\$ —</u>	<u>\$ 1,003,392</u>	<u>\$ 1,669,882</u>

21. Equity

Capital

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

The authorized capital is comprised of 286,762,927 shares with a face value of \$4,400 each. The subscribed and paid capital is represented by 127,961,561 ordinary shares and 20,952,601 preferential shares, for a total of 148,914,162 shares with a \$4,400 face value, as follows:

2014 shareholding composition:

Shareholder	Ordinary shares with voting rights		Preferential shares with no voting rights		Shareholding composition	
	(%) Participa- tion	Number of shares	(%) Participa- tion	Number of shares	(%) Participa- tion	Number of shares
Empresa de Energía de Bogotá S. A. E.S.P.	43.57%	55,758,250	100.00%	20,952,601	51.51%	76,710,851
Empresa Nacional de Electricidad S.A.	31.27%	40,019,173	-%	-	26.87%	40,019,173
Enersis S.A.	25.15%	32,176,823	-%	-	21.61%	32,176,823
Otros minoritarios	0.01%	7,315	-%	-	0.01%	7,315
	100.00%	127,961,561	100.00%	20,952,601	100.00%	148,914,162

As of December 31, 2013, Enersis S.A. registered before DECEVAL S.A. as an Emgesa S.A. E.S.P. shareholder, holding 21.607631247% of the Company outstanding shares.

Of the Empresa de Energía de Bogotá S.A. E.S.P. shares, 20,952,601 correspond to shares with no voting rights with a preferential dividend of US\$0.1107 per share.

Equity revaluation

Equity revaluation cannot be distributed as profits, however capitalized.

Legal reserve

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

Income tax

According to the current legislation, foreign investments entitle their holder to remit abroad, in freely convertible currency, both net profits generated periodically according to each year's balance sheets and invested capital and capital gains. Dividends of shareholders not living in Colombia are subject to a 0% income tax rate in the nontaxable portion, 33% in the taxable portion, as of December 31 of 2014 and 2013.

Share placement premium

This is the greater value paid by the shareholder on the shares' face value.

Payment of dividends

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

According to Minutes No. 86 of General Shareholders Assembly March 20 of 2013 meeting, the Assembly ordered distributing dividends for \$783,529,388 against the 2012 net profits. The entire preferential dividend was paid in June, ordinary dividends paid during 2013 having been \$587,647,041, the remaining \$195,882,347 balance having been paid in January 23 of 2014.

According to Minutes No. 88 of General Shareholders Assembly March 26 of 2014 meeting, the Assembly ordered distributing dividends for \$870,141,109 against the 2013 net profits. The entire preferential dividend, for \$4,589,339, was paid in June 2014, ordinary dividends in June 2014 for \$328,640,103, and in November 2014 for \$215,146,525; the balance will be paid in January 2015.

According to Minutes No. 91 of General Shareholders Assembly November 2014 meeting, the Assembly ordered distributing dividends for \$719,310,264, against net profits for the period between January 1 and August 31 of 2014, to be paid June 2015 for \$379,014,586. The balance will be paid on October 28 of 2015.

21. Memorandum accounts

	As of December 31, 2014	As of August 31 of 2014	As of December 31 of 2013
Debtors:			
Contingent rights	\$ 1,061,346,640	\$ 775,484,904	\$ 858,788,997
Control	67,192,999	60,374,462	134,848,245
	1,128,539,639	835,859,366	993,637,242
Creditors:			
Fiscal	2,155,405,467	2,103,415,276	2,173,859,021
Contingent responsibilities (1)	803,463,375	613,173,247	613,449,743
Creditor memorandum accounts	2,958,868,842	2,716,588,523	2,787,308,764
	\$ 4,087,408,481	\$ 3,552,447,889	\$ 3,780,946,006

(1) Contingent responsibilities as of August 31 of 2014 consist mainly of legal, civil, and labor contingencies for \$569,885,747 and contractual guaranties for \$233,577,628.

23. Operational revenues

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (not audited)	2014	2013 (not audited)
Block sales	\$ 380,785,023	\$ 397,921,694	\$ 701,749,662	\$ 772,860,777
Sales to non-regulated clients (trading)	258,723,312	240,103,531	525,490,149	461,904,941
Pool sales, generator	158,501,674	144,531,878	581,884,972	376,654,906

All figures in COP unless otherwise noted.

Notas a los Estados Financieros No Consolidados (continuación)

Other services	5,698,300	1,551,178	1,642,187	1,898,936
	\$ 803,708,309	\$ 784,108,281	\$ 1,810,766,970	\$ 1,613,319,560

(1) The 2014 increase is mainly the result of the expectations generated by the El Niño phenomenon.

(2) Includes estimated revenues from gas trading for \$1,670,994.

Total revenues received from sales to Codensa S.A. E.S.P. represent 14.29% - \$373,635,755 and 24.50% - \$587,400,323 as of December 31 of 2014 and 2013, respectively, of operational revenues.

During the normal course of business, information required to calculate the actual margin is obtained at the end of each month. As of the date of these financial statements, the commercial area had calculated the real margin using information available on that day. According to the analysis, the Company does not expect significant deviations during the remaining days that could possibly affect the financial statements as of December 31 of 2014.

24. Cost of sales

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (not audited)	2014	2013 (Not audited)
Energy purchases and related costs (1)	\$ 176,369,687	\$ 204,865,704	\$ 388,138,598	\$ 382,855,890
Depreciation	49,004,460	47,762,374	92,329,104	96,170,658
Use of indirect supplies (2)	43,121,329	32,324,404	70,142,596	99,470,714
Transfers, Law 99 of 1993	22,587,219	20,700,386	47,561,958	43,435,311
Other generation costs (3)	18,681,795	13,642,344	28,933,432	24,519,200
Personnel costs	16,495,213	13,303,148	29,311,617	34,051,560
Insurance	6,381,040	5,077,160	10,511,005	9,382,945
General	3,349,842	2,572,058	3,352,280	2,555,385
Leases	1,011,828	864,659	2,110,012	1,674,609
Amortization of intangibles	908,969	434,876	1,385,960	998,763
Public utilities	390,258	369,515	749,149	810,105
Amortization of deferred entries	—	58,279	—	—
	\$ 338,301,640	\$ 341,974,907	\$ 674,525,711	\$ 695,925,140

(1) Reduction may on account of lower energy purchases and lower pool price compared to the previous year. Energy purchases for \$72,447,677; tolls for \$82,742,514; other costs for \$21,179,495.

(2) Compared to 2013, graders steam generation in Cartagena, resulting in an increase in liquid fuel consumption of \$12,118,807.

(3) Includes the pension liability financial cost of \$1,638,590 as of December 31 of 2014, \$3,277,178 as of August 31 of 2014, and \$5,535,519 as of December 31 of 2013.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

- (4) Includes the pension liability financial cost of \$1,638,590 as of December 31 of 2014, \$3,277,178 as of August 31 of 2014, and \$5,535,519 as of December 31 of 2013.
- (5) Includes the financial cost of pension liabilities for \$1,638,590 As of December 31 of 2014, \$3,277,178 as of August 31 of 2014, and \$5,535,519 as of December 31 of 2013.

25. Administration expenses

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2013		2013	
	2014	(not audited)	2014	(not audited)
Salaries, wages, and bonuses	\$ 3,613,327	\$ 3,195,958	\$ 6,417,675	\$ 5,136,833
Other general services	2,008,384	1,291,286	2,448,629	2,203,902
Commissions, fees, and services	1,879,098	1,701,454	958,878	1,095,783
Depreciation and amortization	1,575,189	1,620,704	3,059,967	2,644,886
Financial tax	1,262,707	971,838	3,725,138	2,547,099
Other expenses (1)	1,165,443	1,239,754	1,182,086	1,040,613
Social security payments	540,870	438,897	1,100,993	898,048
Leases	435,298	11,190	–	–
Studies and projects	429,956	1,107,213	340,986	705,804
Other personnel expenses	287,521	452,842	868,205	595,852
	\$ 13,197,793	\$ 12,031,136	\$ 20,102,557	\$ 16,868,820

- (1) Other expenses are represented by temps, \$131,709, mobility expenses, \$78,464, corporate events, \$79,661, and other administration expenses, \$875,609

26. Other financial expenditures (revenues), Net

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2013		2013	
	2014	(not audited)	2014	(not audited)
Financial revenues				
Interests on deposits	\$ 7,690,413	\$ 6,832,602	\$ 7,390,508	\$ 8,998,955
Exchange rate adjustments	2,108,418	447,925	2,000,507	2,343,860
Late payment charges	187,477	52,424	66,639	179,232
Other	94,642	103,022	347,034	379,059

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Financial revenues from accounts receivable and investments	12,305	3,730	20,578	91,584
Interests (Ministry of Mines and Energy, Ministry of Finances and Public Credit)	–	11,463,637	3,145,941	–
	\$ 10,093,255	\$ 18,903,340	\$ 12,971,207	\$ 11,992,690
<hr/>				
Financial expenses				
Interests	\$ (43,538,732)	\$ (37,794,483)	\$ (80,876,014)	\$ (76,019,811)
Exchange rate adjustments	(468,591)	(331,737)	(2,453,516)	(792,023)
Other (1)	(607,325)	(760,809)	(1,119,416)	(1,403,858)
	\$ (44,614,648)	\$ (38,887,029)	\$ (84,448,946)	\$ (78,215,692)
<hr/>				
Financial expenditures, net	\$ (34,521,393)	\$ (19,983,689)	\$ (71,477,739)	\$ (66,223,002)

(1) Other financial expenses as of December and August 2014 correspond mainly to:

- Bond issuance commissions: \$348,023 and \$612,500 respectively.
- Financial discounts: \$213,306 and \$392,678 respectively.
- Other financial expenses: \$45,995 and \$114,238 respectively.

27. Miscellaneous revenues (expenditures), Net

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2014	2013 (not audited)	2014	2013 (not audited)
Other revenues:				
Previous years' adjustments	\$ 1,022,017	\$ 590,940	\$ 917,830	\$ 599,847
Recovery of monthly pension payments	631,248	–	1,453,787	–
Ash sales	408,884	639,389	492,624	539,955
Other extraordinary revenues	222,412	(84,036)	215,017	237,085
Portfolio recovery	155,980	59,655	303,769	391,530
Other recoveries	104,676	(115,333)	1,403,394	875,519
Revenues from coal pile volume measurements	29,516	1,799,286	15,189	91
Accident indemnifications (1)	–	81,230	2,565,864	31,436

All figures in COP unless otherwise noted.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Profits from the sale of properties, plant, and equipment	–	–	181,081	625,857
Decision favoring Emgesa	–	13,104,295	310,395	–
Recovery of previous years' stamp tax	–	6,235,426	–	4,164,407
Previous years' income tax adjustments	–	10,349	2,194,386	–
SSP contribution reimbursements	–	692,707	–	–
Profits from the sale of inventories	–	237,365	–	–
Recovery from outstanding invoices	–	160,282	–	–
Extraordinary from conciliating entries	–	97,583	–	–
	2,574,733	23,509,138	10,053,336	7,465,727
Other expenditures:				
Expansion projects, previous years' adjustments (2)	(11,553,131)	(57,839)	(402,780)	–
Tominé reservoir maintenance agreement	(2,299,208)	–	–	–
Debtors reserve (3)	(2,147,487)	(66,571)	(1,072,331)	(97,066)
Inventories reserve	(825,185)	(856,007)	–	–
Actuarial loss (4)	(499,690)	(2,546,110)	(1,020,154)	–
Loss from coal pile volume measurements	(295,405)	–	(440,735)	–
Other expenditures	(211,725)	(223,922)	(241,647)	(143,091)
Other previous years' adjustments	(62,113)	(306,787)	(374,945)	(1,184,555)
Legal contingencies	(11,793)	(693,132)	(11,262)	(25,546)
Loss in properties, plant, and equipment	(1,249)	(20,099)	–	(37,523)
Deferred tax, adjustments to previous years	–	(1)	(863,788)	(511,272)
Contribution to the Endesa Foundation	–	(618,000)	(621,795)	–
Income tax, adjustment to previous years	–	–	–	(2,868,130)
	(17,906,986)	(5,388,468)	(5,049,437)	(4,867,183)
Miscellaneous revenues (expenses), net	\$ (15,332,253)	\$ 18,120,670	\$ 5,003,899	\$ 2,598,544

(1) Corresponds to the indemnification paid to the Company, USD \$1,350,000, as a result of accidents at the Guaca hydroelectric station.

(2) Expansion projects sent to expenses as a result of changes in their construction expectations.

All figures in COP unless otherwise noted.

56

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

(3) As of December 31 of 2014, the debtors reserve corresponds mainly to the Textilia S.A. client reserve for \$1,785,182 and the other debtors reserve for \$362,305.

As of August 31 of 2014, the debtors reserve corresponds mainly to the Compensar client reserve (under litigation) for \$686,772 and the other debtors reserve for \$385,558.

(4) Generated from the update to the pensions, education, and energy liability.

28. Forward operations

To hedge the effect of the profit/loss from exchange rate differences generated in the foreign currency active net monetary position, Emgesa S.A. E.S.P. established the following hedging contracts (forward non-delivery), evaluated at the December 31, 2014 and 2013 rates of exchange, on which the following financial revenues were recognized:

	4-month period from September 1 to December 31 of		8-month period from January 1 to August 31 of	
	2013		2013	
	2014	(not audited)	2014	(Not audited)
All-risk and civil liability policy (1)	\$ -	\$ 15,503	\$ -	\$ -
Fixed assets, Salaco project (2)	740,616	(211,617)	(266,849)	(125,420)
Fixed assets, El Quimbo project (2)	2,052,879	(46,903)	(736,543)	(482,831)
	\$ 2,793,495	\$ (243,017)	\$ (1,003,392)	\$ (608,251)

(1) For 2013, the forward corresponding to the insurance policy generated revenues against income.

(2) Forwards created for the purchase of fixed assets associated to the El Quimbo project and to the Salaco project generated losses, entered to deferred charges.

Following are the forwards as of December 31, 2014:

Entity	Initial date	Ending date	Negotiable rate	(Thousand dollars)	(Thousand pesos)	Valuation
BANCOLOMBIA S.A.	22/09/2014	21/01/2015	\$ 1,996,39	US\$ 1,393,715	\$ 2,782,399	\$ 541,95
BANCO SANTANDER S.A.	18/07/2014	22/01/2015	2,175,12	2,198,628	4,782,280	464,144
BNP PARIBAS	21/10/2014	22/01/2015	2,071,31	1,063,657	2,203,163	335,197
BANCOLOMBIA S.A.	21/07/2014	22/01/2015	2,171,45	1,537,202	3,337,956	329,133
JP MORGAN-CHASE BANK, NA	25/09/2013	30/01/2015	1,976,14	531,432	1,050,184	219,336
BBVA COLOMBIA	24/09/2013	27/02/2015	1,977,64	293,355	580,151	121,644
BNP PARIBAS	04/07/2013	02/07/2015	2,064,33	273,068	563,702	98,382
JP MORGAN-CHASE BANK, NA	22/12/2014	25/02/2015	2,326,91	1,357,987	3,159,915	92,414
BNP PARIBAS	21/10/2014	03/02/2015	2,084,91	296,732	618,659	90,239
BANCO SANTANDER S.A.	22/12/2014	25/02/2015	2,334,30	1,225,452	2,860,572	74,379
BBVA COLOMBIA	24/09/2013	31/03/2015	1,983,47	171,928	341,014	71,833
BNP PARIBAS	22/12/2014	25/02/2015	2,334,30	1,129,520	2,636,639	68,575
BBVA COLOMBIA	24/09/2013	30/04/2015	1,988,69	134,979	268,431	56,551
BBVA COLOMBIA	24/09/2013	29/05/2015	1,993,75	91,891	183,208	38,591

All figures in COP unless otherwise noted.

Notas a los Estados Financieros No Consolidados (continuación)

BNP PARIBAS	21/06/2013	25/02/2015	2,062,94	99,769	205,817	33,065
BANCO SANTANDER S.A.	26/01/2011	23/02/2015	2,149,37	112,438	241,671	27,532
BBVA COLOMBIA	24/09/2013	30/06/2015	1,999,35	65,152	130,262	27,408
JP MORGAN-CHASE BANK, NA	25/09/2013	31/07/2015	2,008,07	62,959	126,426	26,583
JP MORGAN-CHASE BANK, NA	25/09/2013	31/08/2015	2,013,14	54,070	108,850	22,882
BNP PARIBAS	20/11/2014	22/01/2015	2,173,92	96,722	210,266	20,539
BNP PARIBAS	04/07/2013	03/02/2015	2,030,23	31,736	64,431	11,388
BNP PARIBAS	04/07/2013	05/05/2015	2,054,84	31,633	65,001	11,292
BNP PARIBAS	21/06/2013	23/04/2015	2,077,89	13,894	28,870	4,605
BNP PARIBAS	04/07/2013	03/03/2015	2,038,34	10,683	21,776	3,819
BNP PARIBAS	04/07/2013	02/06/2015	2,058,21	5,808	11,954	2,091
BNP PARIBAS	29/12/2014	03/02/2015	2,389,12	475,207	1,135,326	(84)
				US\$ 12,759,617	\$ 27,718,923	\$ 2,793,49

29. Contingencies

As of December 31, 2014 and 2013, following are the main litigations the Company is involved in, for which management, with the support of its external and internal counsel, considers that the result of suits corresponding to the non-reserved portion will be favorable to the Company and will not result in significant liabilities that should be accounted, otherwise not significantly affecting its financial position.

Environmental contingency

Group action against Emgesa S.A. E.S.P., Empresa de Energía de Bogotá S.A. E.S.P., and CAR for alleged material and moral damages brought to the inhabitants of the municipality of Sibaté, both to their health and to the cost of the land, as a result of environmental problems caused by the quality of the Bogotá River water in the Muña reservoir. The initial claim was for COP \$3,000,000,000,000. This action is being handled together with another existing claim, on account of the same facts and involving a large number of defendants.

The 5th Administrative Bogotá Court is processing prior exceptions filed by some defendants, related to the non-applicability of the claim upon not meeting formal requirements, the plaintiff being improperly represented, the cause not being legitimate upon being passive, and the action having expired.

Management and the Company's external and internal counsel consider that this contingency is remote and that - in case of a negative ruling - the most critical scenario would involve paying \$143,547,600 (TRM1USD=\$2.392,46).

Industry and trade tax

Colombian generation companies have been required by municipalities intending to tax EMGESA with the industry and trade tax, based on their revenues, failing to take into account application of the special system contained in Law 56 of 1981 according to which this tax should be calculated based on the plant's installed energy generation capacity.

The municipalities of Yaguará, Caloto, Puerto Tejada, Yumbo, Puerto Nare, and Guachené have made liquidations on account of the industry and trade tax for 1998 through 2011, for a cumulative value of \$76,590 million, of which \$67,208 million correspond to litigations with the municipality of Yaguará.

Annulment and reestablishment of the right proceedings are currently underway before the Contentious Administrative Jurisdiction regarding such calculations. The Company CFO and the Administration Manager, together with their internal and external counsel and based on reiterated legal rulings, have concluded that such contingencies have a remote loss probability for the Yaguará case and a possible loss probability for the remaining litigations.

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

In the latter case, it is expected that the loss probability will be significantly reduced considering that in August 29 a press release was published with which the Constitutional Court announced the enforceability of a norm reiterating that the sale of electrical power is the purpose of the generation activity so that - provided the energy sold has been generated by the seller - the ICA will only apply at the place where the generation station is located, according to Law 56 of 1981. The text of the ruling is not yet known, so that the loss probability has not yet been established.

2003 income tax

The process is based on the Company Administration not being aware of benefits generated from applying the Paez Law. Tax authorities have considered that the Company cannot avail of such law regarding its total revenues. The process value is \$96,393,000.

The Company CFO and the Administration Manager, together with their internal and external counsel, consider that the 2003 income tax contingency is remote.

Consortio Impregilo Claim

As of August 31 of 2014 there is a claim from Consorcio Impregilo OHL, in charge of the El Quimbo project civil works, arising from greater costs incurred by the contractor, to be transferred to EMGESA.

The consortium initial claim is for \$137,000,000,000. As of the date of these financial statements, the Company is negotiating, looking to reach a direct agreement with the contractor.

Other contingencies

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

Administrative and civil	31	Probable	\$	1,556,983	\$	1,522,536
	126	Eventual		151,714,048		–
	59	Remote		170,394,702		–
	<u>216</u>			<u>323,665,733</u>		<u>1,522,536</u>
Labor and contractor's	29	Eventual		4,615,059		–
	9	Remote		21,931,000		–
	<u>38</u>			<u>26,546,059</u>		<u>–</u>
Total processes	<u>254</u>		<u>\$</u>	<u>350,211,792</u>	<u>\$</u>	<u>1,522,536</u>

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

Processes	Number of processes	Rating	Contingency value	Reserve value		
Administrative and civil	45	Probable	\$	2,716,149	\$	2,716,149
	120	Eventual		36,186,421		–

All figures in COP unless otherwise noted.

Notas a los Estados Financieros No Consolidados (continuación)

	69	Remote	131,068,119	–
	234		169,970,689	2,716,149
Labor and contractor's	17	Eventual	550,000	–
	12	Remote	23,384,000	–
	29		23,934,000	–
Total processes	263		\$ 193,904,689	\$ 2,716,149

29. Commitments

“Canoas” lifting station project

The inter-institutional agreement between Empresa de Acueducto y Alcantarillado de Bogotá E.S.P. and the Company was executed on December 5, 2011, whose purpose is joining efforts to ensure construction of the Canoas lifting station by means of economic contributions and operations offered by the Company.

This agreement is very important for those living in the Bogotá River basin inasmuch as it significantly contributes to financing the significant amount of work required to clean the Bogotá River; it will allow using the water resource for the supply of electrical power, this way ensuring the reliability of the electrical generation system and making the energy generation process and water quality optimization compatible.

The Company economic contribution is \$84,048 million for its construction and close to \$7,000 million annual for its operation, administration, and maintenance. These resources will be paid once Corporación Autónoma Regional de Cundinamarca – CAR makes a statement regarding the request to expand the water concession term made by the Company on September 21 of 2011, granting the concession for a similar time and according to conditions being economically profitable and socially beneficial, and that Empresa de Acueducto y Alcantarillado de Bogotá–EAAB builds the station.

30. Financial metrics

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

Metric	Expression	As of December 31 of		As of August 31 of		Explanation
		2014	2013	2014	2013	
Liquidity						
Current ratio: (current assets/current liabilities)	(Times)	0.70	1.51	1.12	0.85	The capacity the Company has to handle its debts to current, committing its current assets
Indebtedness						
Total indebtedness level: (total liabilities/total assets)	%	50.95%	40.66%	45.86%	40.33%	The level of leverage corresponding to the creditors' participation in Company assets
Indebtedness to current:						
Total level of indebtedness: total liabilities/total assets	%	18.50%	8.80%	12.69%	12.30%	The percentage with debts before third parties, with mid-term maturities and noncurrent.
Indebtedness to noncurrent total:						
(Total liabilities to noncurrent/total assets)	%	32.45%	31.86%	33.16%	28.03%	The percentage of debt with third parties with current maturities
Activity						

Emgesa S.A. E.S.P.

Notas a los Estados Financieros No Consolidados (continuación)

Commercial portfolio turnover: (365/(operational revenues/total portfolio))	Days	36	34	43	35	The average number of days of the commercial portfolio turnover during the year
Vendor turnover: (365/(cost of sales/Accounts Payable vendors))	Days	39	27	32	30	The average number of days the Company takes to pay vendors
ROI						
Gross profits margin: (Operational profits/operational revenues)	%	57.91%	56.39%	62.75%	56.86%	The capacity the Company has to manage its sales, to generate gross profits, i.e. before administration and sales expenses, other revenues, other expenditures, and taxes.
Operational margin: (operational profits/operational revenues)	%	56.27%	54.85%	61.64%	55.82%	How much each sales peso contributes to operational profits generation.
Net profits margin: (Net profits/operational revenues)	%	35.61%	37.97%	39.72%	35.48%	The percentage of net sales generating profits after taxes in the Company
Equity ROI (Net profits/total equity)	%	5.48%	5.13%	12.72%	10.39%	The shareholders investment yield
Operational revenues over assets (ROA) (Net profits/total assets)	%	2.69%	3.04%	6.89%	6.20%	For each peso invested in total assets, measures net profits generated

All figures in COP unless otherwise noted.

Messr.
Shareholders
Emgesa S.A. E.S.P.
Bogotá

Gentleman:

According to article 446 of the Trade Code, following is the required information:

(amounts in thousand pesos)

1. Fees paid to the members of the Board of Directors

During January 1 and August 31, and between September 1 and December 31, of 2014, \$151,282 and \$96,017 were paid to the members of the Board of Directors and to the Audit Committee, respectively, on account of fees.

HONORARIOS COMITÉ DE AUDITORIA			
TERCERO	Periodo de cuatro meses del 1 de septiembre al 31 de diciembre de 2014	Periodo de ocho meses del 1 de enero al 31 de agosto de 2014	Total año 2014
LAFURIE LUISA FERNANDA	3.685	5.006	8.691
VARGAS LLERAS JOSE ANTONIO	3.685	5.059	8.744
MORENO RESTREPO ERNESTO	3.647	0	3.647
MALDONADO COPELLO MARIA MERCEDES	1.841	0	1.841
HERRERA LOZANO JOSE ALEJANDRO	1.763	0	1.763
BONILLA GONZALEZ RICARDO	38	3.370	3.408
FONSECA ARENAS SANDRA STELLA	38	5.048	5.086
VILLARREAL NAVARRO JULIO ERNESTO	0	1.636	1.636
TOTAL GENERAL	14.697	20.119	34.816

HONORARIOS JUNTA DIRECTIVA			
TERCERO	Periodo de cuatro meses del 1 de septiembre al 31 de diciembre de 2014	Periodo de ocho meses del 1 de enero al 31 de agosto de 2014	Total año 2014
VARGAS LLERAS JOSE ANTONIO	12.134	17.840	29.974
LAFURIE LUISA FERNANDA	12.134	19.949	32.083
RUBIO DIAZ LUCIO	12.134	17.637	29.771
ROA BARRAGÁN RICARDO	9.680	19.949	29.629
BONILLA GONZALEZ RICARDO	7.579	15.584	23.163
MALDONADO COPELLO MARIA MERCEDES	7.579	0	7.579
GALINDO VELEZ JOAQUIN	3.018	4.994	11.095
MORENO RESTREPO ERNESTO	4.712	0	4.712
HERRERA LOZANO JOSE ALEJANDRO	4.555	2.183	6.738
GUTIERREZ MEDINA FERNANDO	5.537	0	2.454
SERRANO RUEDA OMAR	2.258	4.292	6.550

2. Fees paid to advisors

HONORARIOS JURIDICOS				
TERCERO	CONCEPTO	Periodo de cuatro meses del 1 de septiembre al 31 de diciembre de 2014	Periodo de ocho meses del 1 de enero al 31 de agosto de 2014	Total año 2014
QUINONES CRUZ LTDA	ASESORIA LEGAL	179.932	0	179.932
JAVIER TAMAYO JARAMILLO	ASESORIA JURIDICA	37.794	159.285	197.079
YAZO HERRERA ERIK JHOANI	HONORARIOS LEGALES	21.990	50.498	72.488
RAMIREZ ZUÑIGA ANDREA LORENA	ASESORIA LEGAL	14.839	38.916	53.755
PRICEWATERHOUSECOOPERS	ASESORIA LEGAL	14.767	0	14.767
VELASQUEZ RAMIREZ MARTHA INES	HONORARIOS LEGALES	10.615	29.095	39.710
LOBOGUERRERO GUTIERREZ LTDA	ASESORIA LEGAL	7.432	20.181	27.613
ARCHILA ABOGADOS LTDA	ASESORIA LEGAL	4.536	21.385	25.921
BAKER & MCKENZIE SAS	ASESORIA LEGAL	2.710	5.815	8.525
HOYOS DUQUE RICARDO	ASESORIA LEGAL	2.191	0	2.191
LUPA JURIDICA S A S	ASESORIA LEGAL	928	696	1.624
VILLADA RUBIO CORNELIO	ASESORIA LEGAL	539	1.413	1.952
HINCAPIE MOLINA JUAN GUILLERMO	ASESORIA LEGAL	464	812	1.276
AESCA S A	ASESORIA LABORAL	0	40.349	40.349
LEWIN & WILLS ABOGADOS LTDA	ASESORIA LEGAL	0	2.506	2.506
ARANGO GARCIA JUAN JOSE	TEMAS CORPORATIVOS	0	2.459	2.459
MUNEVAR ALONSO SANDRA PATRICIA	ASESORIA LEGAL	0	1.440	1.440
Total general		298.737	374.850	673.587

HONORARIOS AUDITORIAS, ASESORIAS Y ESTUDIOS				
TERCERO	CONCEPTO	Periodo de cuatro meses del 1 de septiembre al 31 de diciembre de 2014	Periodo de ocho meses del 1 de enero al 31 de agosto de 2014	Total año 2014
ERNST& YOUNG LTDA	REVISORIA FISCAL	418.779	231.364	650.143
	CIERRE ANTICIPADO	271.127	0	271.127
	BALANCE DE APERTURA	128.760	0	128.760
CONSULTORES UNIDOS S.A.	COMPONENTIZACION QUIMBO	200.000	0	200.000
KPMG ASESORES S.L.	PROYECTO CONCENTRA	182.590	82.276	264.866
ESTUDIOS ENERGETICOS	ELABORACION ESTUDIOS	63.800	0	63.800
AESCA S A	ASESORIA LABORAL	40.012	30.012	70.024
SERVICIOS AMBIENTALES NOGAL	FEE SERVICIOS AMBIENTALES	29.459	0	29.459
NEWLINK COMUNICACIONES	FEE NEWW LINK	23.340	18.153	41.493
PUNTO CARDINAL	MEDICION DE MEDIOS	21.959	25.624	47.583
PRICEWATERHOUSECOOPERS	PROYECTO CONCENTRA	21.866	0	21.866
BUENAVENTURA SATIZABAL JUAN	ASESORIA SEG. INDUSTRIAL	19.426	0	19.426
AON MEXICO BUSINESS SUPPORT	CALCULO ACTUARIAL	15.107	911	16.018
TELMA DE MORAES SAS	SELECCIÓN Y DESARROLLO	13.688	0	13.688
YOUNG & RUBICAM BRANDS SAS	MULTIMEDIA NIIF	12.220	0	12.220
AD ORANGE S.A.S.	EVENTOS CORPORATIVOS	9.978	0	9.978
PUBLICIS GROUPE MEDIA S.A.	SERVICIOS DE PUBLICIDAD	5.250	0	5.250
CARAT COLOMBIA S.A.S	PAGINA DIARIO DEL HUILA	5.120	0	5.120
OOKRE IMPRESORES LTDA	MATERIAL CORPORATIVO	1.868	0	1.868
CORPORACION CREO	INFORMES SOSTENIBILIDAD	0	23.200	23.200
DELOITTE Y TOUCHE LTDA	AUDITORIA EXTERNA	0	20.300	20.300
GRUPO CONSULTOR ANDINO S.A.	RECUPERACION CARTERA	0	2.714	2.714
Total general		1.484.349	434.554	1.918.903

ADVERTISING AND PUBLIC RELATIONS EXPENSES

(amounts in thousand pesos)

3. Expenses related to advertising, publicity, pamphlets, and publications

PUBLICIDAD Y PROPAGANDA				
TERCERO	CONCEPTO	Periodo de cuatro meses del 1 de septiembre al 31 de diciembre de 2014	Periodo de ocho meses del 1 de enero al 31 de agosto de 2014	Total año 2014
EVENTOS EFECTIVOS	EVENTOS CORPORATIVOS	175.675	29.280	204.955
PUBLICIS GROUPE MEDIA S.A.	RELACIONES PUBLICAS	134.358	42.106	176.464
COMUNICAN S.A.	PATROCINIO BIBO 2014	20.000	0	20.000
AD ORANGE S.A.S.	EVENTOS CORPORATIVOS	15.848	266	16.114
EXITO PUBLICITARIO	MATERIAL CORPORATIVO	13.608	162	13.770
GRUPO PROYECTUAL E U	EVENTO RESULTADOS 3Q	5.717	0	5.717
ALIANZA FIDUCIARIA S.A.	EXPLORADORES DE ENERGIA	5.475	0	5.475
T-UNO COLOMBIA S.A.S.	CONFERENCE CALL 2Q 2014	2.137		2.137
TARGET INSIGHTS S.A.S.	INTELIGENCIA DE MERCADOS	928		928
ORTIZ PARODI CATALINA	EXPLORADORES DE ENERGIA	6	614	620
ASOCIACION COLOMBIANA DE GAS	PATROCINIO NATURGAS	0	6.499	6.499
FUNDACION CREER EN COLOMBIA	FUNDACION CREER EN OLOMBIA	0	92.800	92.800
GRUPO PROYECTUAL E U	EVENTO CIERRE EMISION BONOS	0	1.644	1.644
OOKRE IMPRESORES LTDA	MATERIAL CORPORATIVO	0	290	290
PRIME CALL COLOMBIA SAS	ENCUESTAS SATISFACCION	0	628	628
PRIME TIME CLUB	INCRIPCIONES GOLF PRIME TIME	0	14.200	14.200
SODEXO SOLUCIONES	SODEXO	0	1.282	1.282
SUNSET SAILING	EVENTO MARITIMO CARTAGENA	0	3.257	3.257
TENORIO MARIA EUGENIA	EXPLORADORES DE ENERGIA	0	2.471	2.471
TORRES SARA VIVIANA	EXPLORADORES DE ENERGIA	0	2.863	2.863
CEBUS DE LA COSTA LTDA	EXPLORADORES DE ENERGIA	-350	2.170	1.820
TRANSPORTES C&C	COORDINADORES COMERCIALES	-1.100	1.100	0
EXPRESO VIAJES Y TURISMO S.A.S.	COORDINADORES COMERCIALES	-1.470	18.197	16.727
TOTAL GENERAL		370.832	219.829	590.661

IMPRESOS Y PUBLICACIONES				
TERCERO	CONCEPTO	Periodo de cuatro meses del 1 de septiembre al 31 de diciembre de 2014	Periodo de ocho meses del 1 de enero al 31 de agosto de 2014	Total año 2014
GRUPO PROYECTUAL E U	CIERRE EMISION BONOS	0	1.349	1.349
IDENTISYSTEM S A S	ARNETS EMGESA	77	0	77
IMAGEPRINTING LTDA	MATERIAL CORPORATIVO	0	26.819	26.819
KREIS MASCHINEN LTDA	MATERIAL CORPORATIVO	0	428	428
MEJIA PELAEZ JAIME ALBERTO	MAQUETA INSTITUCIONAL	34.000	0	34.000
MORENO ADRIANA PATRICIA	IMPRESIONES	0	10	10
OOKRE IMPRESORES LTDA	MATERIAL CORPORATIVO	7.018	35.887	42.905
	MEMORIA ANUAL EMGESA	3.728	10.324	14.052
ORTIZ PARODI CATALINA	MATERIAL CORPORATIVO	240	0	240
RED DE DATOS Y MERCADEO	RED DE DATOS COMERCIAL	0	2.849	2.849
SERVI FLASH IMPRESORES SAS	IMPRESIONES	1.958	2.471	4.429
SOS SOLUCIONES DE OFICINA	IMPRESIONES	696	1.235	1.931
T C IMPRESORES LTDA.	IMPRESIONES	4.246		4.246
TOTAL GENERAL		68.963	88.179	157.142


TRANSFER OF CASH AND GOODS, GRATIS

(amounts in thousand pesos)

3. Transfer of goods and cash, gratis

TRANSFERENCIA DE DINERO Y BIENES A TITULO GRATUITO				
TERCERO	CONCEPTO	Periodo de cuatro meses del 1 de septiembre al 31 de diciembre de 2014	Periodo de ocho meses del 1 de enero al 31 de agosto de 2014	Total año 2014
FUNDACION ENDESA	DONACIONES	0	621.795	621.795
MUNICIPIO DE GAMA	MEJORAS COLEGIO TECNICO	0	40.000	40.000
CLUB CAMPESTRE NEIVA	PATROCINIO CLUB CAMPESTRE	0	8.000	8.000
CUERPO DE BOMBEROS VOLUNTARIOS	FORTALECIMIENTO EQUIPO	20.000	0	20.000
FUNDACIÓN HUELLAS	TU IDEA VUELA ALTO	11.743	0	11.743
MUNICIPIO DE GACHALA	MEJORAMIENTO HABITABILIDAD	25.000	0	25.000
JUNTA DE ACCION COMUNAL MAMBITA	DOTACION MUEBLES COLEGIO	34.625	0	34.625
JUNTA DE ACCION COMUNAL SANTA LUCIA	MEJORAMIENTO HABITABILIDAD	20.000	0	20.000
LEON CALDERON OMAR WILLIAM	DIA DEL CAMPESINO M/PIOS DE UBALA, GACHALA Y GAMA	3.500	0	3.500
MUNICIPIO DE CAMPOALEGRE	CUBIERTA TARIMA PARQUE PPAL.	35.000	0	35.000
MUNICIPIO DE HOBO	REFORESTACIÓN PARQUE PPAL	40.000	0	40.000
MUNICIPIO DE MAMBITA	APOYO COLEGIO DEPTAL.	10.242		10.242
PACHON TORRES LUIS ERNESTO	DIA DEL CAMPESINO M/PIOS DE UBALA, GACHALA Y GAMA	11.498		11.498
FONDO MIXTO DE CULTURA HUILA	PATROCINIO FONDO MIXTO	0	11.000	11.000
TOTAL GENERAL		211.608	680.795	892.403

Cordially,



LUCIO RUBIO DÍAZ

Legal representative



JOSÉ ANTONIO VARGAS LLERAS

Chairman of the Board Of

Directors



Emgesa es una empresa del Grupo Enel

Enel
Official Global Partner



MILANO 2015
1 MAY • 31 OCTOBER

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