

ISA | 2014

ANNUAL REPORT

BOARD OF DIRECTORS

Principal Members	Alternate Members
Ministry of Mines and Energy Minister	Ministry of Mines and Energy Vice Minister
Ministry of Finance and Public Credit Vice Minister General	Ministry of Finance and Public Credit Director General of Public Credit and National Treasury
Carlos Mario Giraldo Moreno (*)	Henry Medina González (*)
Empresas Públicas de Medellín E.S.P. Chief Executive Officer (*)	Jesús Aristizábal Guevara (*)
Santiago Montenegro Trujillo (*)	Camilo Zea Gómez (*)
Alejandro Linares Cantillo (*)	Tomás González Estrada (*) (**)
Bernardo Vargas Gibsone (*)	Carlos Felipe Londoño Álvarez (*)

(*) Independent members

(**) In August 19, 2014, Tomas González Estrada took office as Ministry of Mines and Energy thus occupying the first seat of the Board of Directors

ADMINISTRATION	
Chief Executive Officer	Luis Fernando Alarcón Mantilla
Energy Transport Technical Vice President	César Augusto Ramírez Rojas
Corporate Finance Vice President	Carlos Alberto Rodríguez López
Corporate Strategy Vice President	Olga Patricia Castaño Díaz
Secretary General	Sonia Margarita Abuchar Alemán
Corporate Auditor	David Alexánder Escobar Rico (E) *Jhon Jairo Vásquez López*
Organizational Talent Corporate Director	Diana Cristina Posada Zapata
Information Technology Corporate Director	Olga Lucia López Marín
Road Concessions Corporate Director.	Jorge Iván López Betancur
Communications Corporate Director.	Carmen Elisa Restrepo Vélez



The year 2014 had a special connotation for the history of ISA and its companies. It was a period of great achievements and successful results at the regional level, but it was also the year when a significant event occurred at the company. It took place during the month of December, when Mr. Luis Fernando Alarcón Mantilla presented the Board with his resignation as CEO after 8 years of successful work. During his administration, ISA underwent an important transformation and consolidation; it diversified its business by venturing into road concessions, it extended its presence from 5 to 8 countries in the region, assets grew 109% and net income increased by 162%. These facts contributed in great measure to the position ISA currently holds in Latin America.

We would like to give special recognition to Mr. Alarcón's management skills, energy, vision, effective contribution to results and his focus on achievement and leadership. With his commitment and dedication he successfully led the strategy, resources, staff and important decision-making in order to achieve current results and thus ensure the effective implementation and continuity of the business.

Thank you very much Mr. Alarcón.

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01 MESSAGE FROM THE MANAGEMENT

Messrs. Shareholders:

We are pleased to share with you the management results for ISA and its companies for 2014, a challenging year that marked the start of ISA as a parent company and INTERCOLOMBIA as a subsidiary, and in which it was necessary to obtain early victories in all the projects derived from the ISA 2020 strategy, mobilize the commitment of the entire organization towards achievement, and translate great aspirations into short and medium-term goals.

Starting this year, ISA consolidated in its corporate role by focusing on guiding the group's actions, profitably managing the portfolio of growth opportunities, defining the big corporate choices, providing competitive guidance to the companies and establishing the action framework that characterizes the management and the practices to be applied in the relevant processes.

The results achieved during 2014 and during the first quarter of 2015 reaffirm the strength and the competitive position of ISA's business units to maintain the generation of value over time.

Within the growth strategy, around 30 business opportunities were analyzed and a success rate of nearly 60% was achieved in terms of the total bids submitted by the company. The number of projects awarded will represent nearly USD 120 million in additional annual revenue.

As for improving the profitability of the business units, a set of initiatives was developed among which those related to OPEX, CAPEX and procurement stand out. These initiatives have made it possible to make a more efficient use of resources, maximize the generation of value throughout the life cycle of the assets, optimize processes and incorporate the best global practices.

Consistent with the progress of the implementation of the ISA 2020 strategy, the consolidated financial statements showed a very positive result with a year-end net income of COP 593,065 million compared to COP 433,038 million in 2013, which represents an increase of 37%. The margin prior to minority interest went from 15.8% to 23.7% in 2014.

Operating revenue closed at COP 3,900,000 million, 8.9% more than in 2013. Likewise, EBITDA reached COP 2,300,000 million compared to COP 200,000,000 million recorded in 2013, and EBITDA margin went from 55.9% in 2013 to 58% in 2014.

As for the consolidated balance sheet, assets closed at COP 29,000,000 million, 13.4% more than in 2013, and liabilities went from COP 14,400,000 million in 2013 to COP 16,000,000 million in 2014, with an increase of 11.4%.

Ratings for corporate risk and domestic and international bond issues granted by specialized agencies ratified the strength and financial soundness of ISA and its companies, the stability and predictability of their cash flows, the prominent position as energy transporter in Latin America, and its role as participant in the Chilean road concession business.

In this regard, in August 2014, Standard & Poor's increased ISA's corporate credit rating from BBB- to BBB with a stable outlook, which reflects the improvement of the company's indicators. Likewise, the three most important international rating agencies have the company in the BBB category, which means a grade above investment.

For its part, ISA stock reached a peak quote of COP 9,800, a minimum of COP 7,330 and a closing quote of COP 8,630, for an accumulated yearly drop of 5.16% while the Colcap index recorded a drop of 5.81%. In July the

company paid its shareholders a regular dividend of COP 196 per share and paid an extra dividend of COP 18 in September.

The growth and diversification of ISA are widely recognized in Latin America, where we have presence in eight countries with 33 companies and we work in four different business units. Throughout this report we will see the achievements in each one of them:

In the Electric Energy Transport business unit ISA maintains its position as the largest international energy transporter in Latin America with 41,650 km of circuit and 77,710 MVA.

In 2014, with an investment of nearly USD 350 million ISA and its subsidiaries added 1,020 km of circuit and 1,750 MVA of transportation capacity to its networks. In Colombia we can highlight the works that connect the Hidrosogamoso power plant (820 MW) to the National Transmission System, and in Peru the Trujillo-Chiclayo 500 kV line with a length of 330 km.

Furthermore, with an investment of nearly USD 330 million the companies in which CTEEP has stakes put 100 km of circuit and 6,100 MVA into operation. We would also like to highlight the completion of the substations associated with the line of the Rio Madeira Complex transmission system.

In this business unit, ISA and its companies were awarded projects that will demand investments close to USD 1,200 million and which will involve the design and construction of 1,680 km of high voltage circuit and the installation of 6,700 MVA of transformation capacity. In Colombia, the company was awarded three UPME bids and several network expansion projects; in Peru, the company won two biddings conducted by Agencia de Promoción de la Inversión Privada (Private Investment Promotion Agency) and agreed with the Ministry of Energy and Mines on the expansion of ISA Peru's transmission network; and in Chile, the company won an international public bidding to install 2,250 MVA of transformation in three substations currently under construction. Similarly, the Chilean Ministry of Energy awarded ISA the second circuit of the Encuentro-Lagunas transmission line at 220 kV.

It is worth noting that during the first quarter of 2015, ISA won two UPME bids that will add 1,115 km and 2,850 MVA to the network in Colombia, and will represent nearly USD 60 million in annual revenue for the company.

The Interconexión Eléctrica Colombia-Panamá project is currently in the feasibility and design stage. The Autoridad Nacional de Licencias Ambientales (Environmental Licenses National Authority) (ANLA) approved the environmental corridor for the line in the Colombian segment; an equivalent authorization must be issued by the National Environmental Authority in Panama.

During this period in the Telecommunications Transport business unit, ISA was able to consolidate its international expansion process through its subsidiary INTERNEXA, thus strengthening its presence in Colombia, Ecuador, Venezuela, Peru, Chile, Argentina and Brazil by closing a continental ring of fully interconnected land fiber optics with an approximate length of 26,700 km.

Likewise, INTERNEXA continued to participate in projects where its connectivity adds value and strengthened its business management by offering customers new possibilities with a broad service portfolio and increased its presence in new cities, which represented better financial results.

In the Road Concessions business unit ISA, through its subsidiary INTERVIAL CHILE, began construction of a third lane in Ruta del Maipo between the cities of Santiago and Rancagua. This project will allow the road's capacity to increase from 2,800 to 5,000 vehicles per hour, and will demand an investment of nearly USD 60 million. Thanks to its commitment to transparency and

excellence, in 2014 INTERVIAL CHILE and its concessionaires became the first urban and interurban concessions in this country to certify the “Corporate Integrity & Ethics Model” according to Law 20393.

In Colombia the company is carrying out the preliminary analyses to assess our participation in five projects of the second round of the Fourth Generation Road Concessions Program (4G), for which we are pre-qualified.

Additionally, ISA was invited by the Mayor’s Office of Medellín and Empresas Públicas de Medellín to perform a joint analysis to find mechanisms that will enable the development of the Parques del Río project in the segment that corresponds to the city. It was thus that in October 2014, a Memorandum of Understanding was signed to structure the project and in this way determine the feasibility to continue jointly with the detailed design, construction, operation, maintenance and commercial exploitation stages.

Regarding the Real-Time Systems Smart Management business unit, we would like to highlight the work of XM operating the National Interconnected System (SIN) and managing the Wholesale Energy Market (MEM); it met all of the regulatory requirements of Colombia despite the attacks on the infrastructure and the system’s constraints. At the same time, the company successfully supported the preventive work of the Ministry of Mines and Energy regarding a possible El Niño phenomenon.

The results obtained in the business units are supported by a sustainable management that contributes to the welfare and genuine progress of present and future generations. At ISA we understand Corporate Sustainability as a business approach that enables the company to manage the opportunities, impacts and risks inherent to economic, environmental and social development in a responsible, transparent and ethical manner in order to create value for its stakeholders and contribute to the development of the societies where it is present.

As part of its environmental management in 2014 we obtained, for the second time, the Carbon Neutral Certificate for offsetting the emission of greenhouse gases by purchasing South Pole Carbon bonds.

Comprehensive risk management is fundamental for decision-making in the economic group. During 2014 we thoroughly monitored the materialization of legal, regulatory, environmental and land-property risks, which have a high impact on the results of ISA and its companies.

In the future the results of the economic group may be affected by a series of external factors unrelated to the company management, and which we must recount in this report. To start with, the tax reforms issued in Colombia and Chile will affect the consolidated financial statements and those of the involved companies. Furthermore, this past February 19 the Energy and Gas Regulatory Commission (CREG) published the resolution draft with the new proposed methodology for the remuneration of transmission activities in Colombia. In the terms it was sent, it implies a substantial change in the management of the system. It entails the co-administration of the transmission assets by the government, which has a significant impact on both the reliability of the system and the company. As a consequence of the analyses that were performed, ISA has made CREG aware of all the technical and legal elements within its reach so that they may be taken into account before the resolution is issued.

In Brazil, in regards to the early termination of Concession Contract 059 of 2001 and the pending compensation for the company’s unamortized assets, CTEEP submitted to ANEEL an appraisal of these assets, performed by the firm of Delos Consultoría, for BRL 5,186 million as on December 2012. Subsequently, CTEEP received from Superintendencia de Fiscalización Económica y Financiera (Economic and Financial Fiscalization Superintendency), an internal body of ANEEL, the Fiscalization Report in which they consider the

company is entitled to receive BRL 3,605 million. As the next step, CTEEP filed for reconsideration contesting the compensation amount.

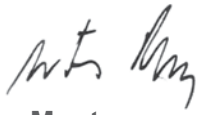
In the future, and in view of these facts, ISA will be forced to face new challenges derived from the environment in which the relative stability and low risk conditions, attributed to the infrastructure concession business, can no longer be considered regular. This is why moving forward ISA's commitment to the defined strategy will imply constant and responsible reflection on its business model.

To conclude, we must acknowledge that none of our achievements would have been possible without the human talent of ISA and its companies, the cornerstone of our corporate strategy, which is why we work tirelessly to attract, retain and train our workers, and keep them in the organization.

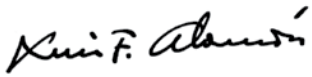
We would like to say thank you to our shareholders for ratifying their confidence in the company year after year, challenging us to continue improving to achieve positive results to repay their investment. To the countries where we operate for allowing us to be a part of their development and to contribute to improving the quality of life of their inhabitants. To our suppliers for strengthening that permanent business partnership with ISA, thanks to which we are able to grow together. To our customers for giving us the opportunity to serve them every day. To the State for allowing us to work hand in hand to strengthen and build trusting relationships with its institutions.

And of course, to our associates for their commitment and dedication to keeping ISA on the path of a leading company in Latin America.

We bring to your consideration the results obtained during the period that has just ended and we would like to express as Management our commitment to facing the challenge of continuing on the path of growth and consolidation of a company that is the heritage of all Colombians.



Santiago Montenegro Trujillo
Chairman of the Board of Directors



Luis Fernando Alarcón Mantilla
CEO



02 REPORT FROM ISA'S BOARD OF DIRECTORS

In compliance with the provisions contained in the bylaws and the Code of Good Governance, in my capacity as Chairman of the Board of Directors of Interconexión Eléctrica S. A. E.S.P. –ISA–, I hereby present to you the following information regarding the period April 2014 – March 2015.

COMPOSITION OF ISA'S BOARD OF DIRECTORS

On March 28, 2014, the Shareholders' Meeting designated positions and persons to make up the Board of Directors. The persons elected are renowned for their moral solvency and knowledge and expertise.

BOARD OF DIRECTORS

Principal Members	Alternate Members
Ministry of Mines and Energy Minister	Ministry of Mines and Energy Vice Minister
Ministry of Finance and Public Credit Vice Minister General	Ministry of Finance and Public Credit Director General of Public Credit and National Treasury
Carlos Mario Giraldo Moreno (*)	Henry Medina González (*)
Empresas Públicas de Medellín E.S.P. Chief Executive Officer (*)	Jesús Aristizábal Guevara (*)
Santiago Montenegro Trujillo (*)	Camilo Zea Gómez (*)
Alejandro Linares Cantillo (*)	Tomás González Estrada (*) (**)
Bernardo Vargas Gibsone (*)	Carlos Felipe Londoño Álvarez (*)

(*) Independent members

(**) In August 19, 2014, Tomas González Estrada took office as Ministry of Mines and Energy thus occupying the first seat of the Board of Directors

The following members hold public positions in the national government, and thus have links with the State, the controlling shareholder of ISA:

- Minister of Mines and Energy.
- Vice-Minister of Energy of the Ministry of Mines and Energy.
- Vice-Minister General of the Ministry of Finance and Public Credit.
- Director of Public Credit and National Treasury of the Ministry of Finance and Public Credit.

In session 746 of April 25, 2014, the members of the Board of Directors unanimously appointed Santiago Montenegro Trujillo as Chairman of the Board.

In order to do a better job as administrators of the parent company, some of the members of ISA's Board of Directors participate in the boards of subordinated companies.

The Board of Directors' members have received the remuneration set by the Shareholders' Meeting for attending the Board and Committee meetings established at 4.5 monthly statutory minimum wages per meeting.

At December 31, 2014, no labor relation exists between the members of the Board of Directors and the company, nor are there any commercial links between the company and relatives, up to the second degree of consanguinity or affinity, of the members of the Board.

OPERATION OF THE MEETINGS

Within the period, the Board met on 13 occasions, 12 of them regular and one special. Average length of each meeting was five hours, and every item on the respective agreed agenda was dealt with.

During the Board meetings, priority was given to items related to the implementation and strategy and adaptation of the organization as economic group. Thus, projects aimed at the search of efficiencies in OPEX, CAPEX and procurement, and governance issues related to corporate framework, bylaws and operation rules of the Board of Directors and its committees were monitored.

The Secretary of the Board, no less than five days before each session, made available to the members the documentation related to the topics to be dealt with at the meeting and any additional information requested.

At the beginning of the meetings, the Secretary verified the quorum required. The number of members necessary to form a quorum and to decide was present at each meeting. Even though both the principal members and their alternates are convened to and attend the Board meetings, only the principal member's vote is counted in.

ATTENDANCE TO THE BOARD OF DIRECTORS

Principal members	Alternate members	Position (%)
Minister of Mines and Energy	Vice Minister of Energy	92.3
Vice Minister General of the Ministry of Finance and Public Credit	Director of Public Credit and National Treasury of the Ministry of Finance and Public Credit	100
Carlos Mario Giraldo Moreno	Henry Medina González	100
EPM Chief Executive Officer	Jesús Aristizábal Guevara	100
Santiago Montenegro Trujillo	Camilo Zea Gómez	100
Alejandro Linares Cantillo (*)	Tomás González Estrada (**)	23
Bernardo Vargas Gibsone	Carlos Felipe Londoño Álvarez	100

(*) In August 2014, Alejandro Linares Cantillo was appointed Legal Vice President of Ecopetrol; as of that date he stopped attending Board of Directors meetings

(**) In August 19, 2014, Tomas González Estrada took office as Ministry of Mines and Energy thus occupying the first seat of the Board of Directors

Minutes approved have been signed by the Chairman and the Secretary, and they are kept in consecutive order in the book duly numbered at the company's central archives.

CONFLICTS OF INTEREST

Whenever the Board members considered that conflicts of interest could have arisen regarding some specific matter under discussion, they expressed so to the other members, and abstained from participating in discussion and decision-making, exiting the premises where the Board met to consider and vote the issue.

According to the proportional representation quotient, Empresas Públicas de Medellín (EPM) is entitled to one position in ISA's Board of Directors. On March 28, 2014, the Shareholders' Meeting designated Mr. Juan Esteban Calle Restrepo, this entity's CEO, as principal member.

However, based on the good governance corporate practices included in Código País and the performance evaluation of the Board of Directors made at the end of last year, Mr. Calle Restrepo concluded it was prudent and highly recommended to tackle the permanent conflict of interest created by the fact that EPM as an energy transporter is therefore a competitor of ISA. Handling of certain issues is obstructed by the fact that the same person is simultaneously EPM's CEO and an administrator of ISA; therefore, starting February 2015, he resigned as principal member (fourth position) of the Board of Directors and made it clear that the right as shareholder will be exercised from now on through independent persons duly qualified for such purpose.

COMMITTEES OF THE BOARD OF DIRECTORS

As established by Decision 91 of April 25 of 2014 that regulates operations of the Board of Directors, the Board and Corporate Governance Committee, the Business Committee and the Corporate Audit Committee operate institutionally at ISA.

Board and Corporate Governance Committee

This committee has as its main responsibilities assisting the Management on strategic, financial, corporate governance and human talent matters, as well as supervising compliance with the Good Governance Code and evaluating the Chief Executive Officer.

This committee met 15 times along the period; its members are the Vice-Minister of Energy, the Vice-Minister General of the Ministry of Finance and Public Credit, Mr. Santiago Montenegro Trujillo, Mr. Carlos Mario Giraldo Moreno and Mr. Carlos Felipe Londoño Álvarez.

New Business Committee

Its functions are analyzing and recommending investment initiatives included in the growth strategy of ISA and its companies, and monitoring businesses under execution. During the period, it met 15 times to analyze and contribute guidelines on business opportunities in the different sectors and markets where ISA has an interest.

Its members are the Minister of Mines and Energy, the Vice-Minister of Energy, the Vice-Minister General of the Ministry of Finance and Public Credit, Mr. Santiago Montenegro Trujillo, Mr. Bernardo Vargas Gibsone and Mr. Henry Medina González.

Corporate Audit Committee

This body guides and facilitates internal control; among its functions is ensuring availability to the organization of an effective corporate control system. Its recommendations refer to the improvement of controls established regarding governance, managerial, financial, technical and IT issues, as well as issues related to ethical management and the administration system of asset-laundry and terrorism financing risk.

The committee met nine times during the period. Its members are the Director of Public Credit and National Treasury of the Ministry of Finance and Public Credit, Jesús Aristizábal Guevara, Carlos Felipe Londoño Álvarez and Camilo Zea Gómez.

EVALUATION OF THE BOARD OF DIRECTORS

With the incorporation of international best practices for efficacy of boards of directors as corporate bodies, and abiding by the recommendation of alternating methodologies like self-evaluation and evaluation by external consultants, the firm Spencer Stuart was hired for such end.

Their conclusions extol the Board's leadership, functionality, adding of value, constructive contribution, adequate time dedication to strategy issues, appropriate operations and very good balance between endeavors and results monitoring.

The Board of Directors relies on and assists the Management, challenges it and makes respectful demands from it; likewise, the Management abides by the Board's instructions and considers that it significantly adds value.

The results of the selection of the members of the Board of Directors, so far, have been satisfactory, and this is something that has to be guarded and preserved under any circumstance. In general, being a member of the Board of Directors requires intense time dedication and considerable work discipline. Lastly, the economic compensation received by the members is considered adequate.

The firm also made some recommendations, among which the following stand out: verifying the degree of compliance with some of the measures suggested by the new Código País, and restructuring the Board of Directors so that it consists of nine principal members with no alternates. Making sure that the Board is the main responsible entity for maintaining an adequate control environment inside the economic group; promoting a culture of knowledge and risk management derived from the strategic definition and business processes; defining roles, responsibilities and reporting lines.

As to the Board committees the proposal is to designate as their chairmen the independent members of the Board and to commit the Chairman of the Board and the committees to participate in the structuring of the agenda for each meeting.

A more active agenda for the Board and Corporate Governance Committee is then recommended and that human resources issues be dealt with there, sharing them afterwards with the full Board. To designate inside the Board, and after recommendation of the Audit Committee, the Internal Auditor and to promote a definition in the bylaws of a renewal policy of the Statutory Auditor office.

Lastly, to establish that the Board of Directors should be composed of a variety of profiles such as: CEOs of big organizations with international profile; big businesses lawyers; international investment bankers; persons who know and promote sustainability subjects, relationships with communities, new businesses and human resources; and economists experienced in public function, multilateral agencies or big companies.

The evaluation took place between October 15 and December 11, 2014 with 26 interviews to 11 members of the Board of Directors, seven former members of the Board, and eight members of the Management.

Finally, I want to let Messrs. Shareholders know that each member of the Board of Directors has contributed his knowledge, experience, dedication, and positive critical attitude to the growth and sustainability of ISA.



Santiago Montenegro Trujillo
Chairman of the Board of Directors



03

REPORT ON COMPLIANCE WITH AND ADVANCEMENT OF THE GOOD GOVERNANCE CODE

In compliance with the provisions contained in the Bylaws and the Code of Good Governance, we present the following report:

SHAREHOLDERS' MEETING

The notice for the Regular Shareholders' Meeting of March 28 of 2014 was published in two newspapers, one of wide national circulation, and a local one.

Likewise, on March 2 in national-circulation newspapers, the company reminded shareholders of the date set for the meeting and published information regarding representation by proxy for the meetings.

Concurrently, ISA posted on the company's website, the meeting convening notice, the agenda, the motions to be considered therein, as well as the ticket for the Board of Directors and the résumés of candidates that the State, as controlling shareholder presented to the consideration of the meeting.

Quorum was present at the meeting, as required by Law. The issues approved in the agenda were presented to the consideration of shareholders. The meeting was broadcast live via Internet streaming.

The minutes were signed by the meeting's Chairman and Secretary as well as by the respective commission, and they included the issues presented, the approvals and authorizations granted, and the observations made by the shareholders. The minutes were filed with the Chamber of Commerce of Medellín and copies were sent to the Colombian Financial Superintendency and to the Superintendency of Domiciliary Public Utilities.

For information of shareholders, an abstract of minutes 103 corresponding to the regular meeting held on March 28 of 2014 was posted on the company's website.

THE ADMINISTRATION

The Shareholders' Meeting of March 28 elected the Board of Directors for the April 2014 – March 2015 period. All members designated expressed their acceptance in writing, a fact that was also filed with the Chamber of Commerce of the corporation's domicile. The report on the operation of the Board of Directors recounts the Board's meetings held, members' attendance and evaluation of the Board.

According to the bylaws, the Chief Executive Officer, the vice presidents and the corporate directors are part of the administration. Information about the professional qualifications and experience of the company's administrators is available on the website, Corporate Governance section.

The CEO is evaluated according to the results of the indicators of the balanced scorecard; his score was 74.8%, above the lower goal.

In its February 27 session, the Board of Directors evaluated the Chief Executive Officer, Mr. Luis Fernando Alarcón, as leader of ISA Economic Group along 2014. The evaluation took into account several issues that are part of his responsibility as director of the group, including compliance with targets and budget established for the period:

"The Board expresses its satisfaction with the soundness of financial results and the main indicators that show performance above budget. Net income with superior budget compliance (120%), grew by 37% with respect to last year.

EBITDA margin, operating margin and net margin had outstanding increases between 2013 and 2014; execution for operating revenues and operating costs and expenses were 101% and 92%, respectively. In the consolidated balance sheet, assets increased due to construction of more projects in Peru, higher financial assets in Brazil and increased deferred tax in Chile; liabilities increased as a result of recognition of tax rate variation in Chile; and equity grew because of the year's income and translation effect of investment.

Advancement of implementation of ISA 2020 strategy approved by the Board of Directors is also here underlined. In 2014, the company was immersed in executing its strategic plan ISA 2014, a plan that ratifies the business model choice regarding the company's traditional activities and materializes actions derived from its strategic pivots and necessary to increase ISA's return in the next years.

The strategic plan ISA 2020 designated 2014 as a challenging year when the start of operations of ISA as parent company and INTERCOLOMBIA as subsidiary was to take place, and when early victories should be attained for every project undertaken while at the same time mobilizing the organization's commitment to the achievement of the strategy and translation of big aspirations into short- and medium-term goals. The results obtained associated with the strategic pivots reassert the solidity of the competitive position of ISA's business units to preserve the generation of value along time.

Also noteworthy are the results of the organizational climate evaluation that despite having been conducted in a year of big transformations for the Company produced the best favorability score since 2007.

The soundness of the financial results of ISA and its companies in 2014, the advancements in compliance with strategic initiatives, and the management of the organizational climate are evidence of the managerial capabilities, the focus on achievements and the leadership of the Chief Executive Officer. With his commitment and dedication Mr. Alarcón successfully guided the strategy, resources, human team and decisions to achieve the current results and ensure the effective implementation and continuity of the business.

On occasion of his resignation to the Chief Executive Office of ISA, the Board of Directors wants to extol the endeavors carried out during his tenure (2007-2015). During this period ISA experienced unprecedented transformation and consolidation, diversified its business units venturing into road concessions after acquiring the largest interurban concessionaire in Chile, expanded the company's presence from five to eight countries in the region, and its assets grew by 109% and net income by 162%; all these accomplishments have largely contributed to the position and recognition ISA enjoys today in Latin America and attest to Mr. Alarcón's remarkable management capabilities, strategic vision and effective contribution to the company's results.

The members of the Board unanimously concluded that there are extensive and favorable expectations for the future of ISA economic group since the successful implementation of the strategic transformation process and the leadership of Mr. Alarcón and his directive staff are key factors constituting solid basis for the new administration to preserve the sustainability of the companies. The challenge now is to carry on with the path of growth and consolidation of this company that has become a paradigm and cause of pride for the country."

The vice presidents, directors and other company workers are evaluated according to the indicators established for each level; these evaluations are used to prepare the improvement plan for the next period.

To negotiate shares of ISA, administrators must have authorization from the Board of Directors, as provided in Decision 60 of 2006 of the Board of Directors. ISA does not use special mechanisms for payment or remuneration in shares to employees and managers.

CONTROL

The company, along its continued inspection and control process, answered efficiently and timely the requests for information and/or documents presented by government control bodies and it obtained ratings from authorized agencies.

External control bodies

ISA submitted reports requested by the following external entities:

- National General Accounting Office
- National General Auditing Office
- Colombian Financial Superintendency
- Superintendency of Domiciliary Public Utilities
- Ministry of Finance and Public Credit
- National Statistics Administrative Department

Gestión y Auditoría Especializada Ltda. acted as ISA's external auditor of performance and results for the period 2013-2014. Its report published in national newspapers on July 10, 2014, stated that the internal control system effectively complied with the control goals set, that the company's risk level is low, that the company's methodology to identify and administer risks is adequate, and that no situations were observed indicating the existence of financial viability problems. Said report was presented to the Superintendency of Domiciliary Public Utilities.

During the period between April 2014 and March 2015, the firm Ernst & Young conducted the Statutory Auditing. In compliance with its legal duties, the firm will present to the Shareholders' Meeting a report on the corporation's performance, financial statements and administration.

Credit-rating agencies ratified the financial strength and solidness of ISA and its companies. In 2014, Standard & Poor's raised ISA's corporate credit rating from BBB- to BBB with stable outlook.

The Statutory Auditor's report, the External Auditor's opinion and the ratings of risk rating agencies are published on the company's website for information of shareholders and investors.

The following procedures were carried at the Chamber of Commerce of Medellín: presentation of financial statements, renewal of the mercantile register and single roster of proponents, filing of the minutes of the Shareholders' Meeting, election and acceptance of the Board of Directors' members, statutory auditor and legal representatives and their alternates, and updating of ISA's shareholding participation in its companies.

It is important to add that no requests for special audits were made by shareholders or investors during the period and no investigations that compromised ISA were conducted by control and inspection entities.

Internal control bodies

The internal control system of ISA and its companies is based on the international standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Through this standard the company seeks to: reasonably guarantee achievement of corporate objectives; strengthen trust on integrity of information delivered to stakeholders; adequately monitor corporate governance instruments, transparency practices and business-inherent risks and timely answer them.

The Corporate Audit office systematically performs, for ISA and its companies, evaluations of their internal control systems with the impartiality, objectivity and independence necessary in order to comply with its duties as established by international auditing principles and practices. To this end, and together with the individual audit committees of each company, it designs work plans, which according to the individual risk levels and particularities of each company, provide guidelines and strategies to follow.

In 2014, individual audits on issues pertaining to business units, as well as evaluations of administrative, technological and financial processes, were conducted in order to strengthen the Internal Control System. Evaluations conducted by the Corporate Audit office confirmed abidance by internal and external regulations and did not find any evidence of significant or material deviation that may jeopardize the business continuity of ISA and its companies; this opinion goes in line with the evaluations of external control bodies who issued favorable opinions about the internal control system.

Additionally, instruments such as the Code of Ethics, the Anti-fraud Code, and the Money Laundering and Terrorism Financing Risk Administration System (SARLAFT, for its Spanish initials), allow increased security levels at ISA and its companies for risks related to the principles they refer to.

STAKEHOLDERS

The rights and obligations of shareholders and investors and the relationships with suppliers can be found in the Sustainability Report.

RELATIONS WITH THE CONTROLLING SHAREHOLDER

ISA has signed inter-administrative agreements with the State, its majority shareholder. At 2014 closing the following contracts were in force:

Inter-administrative agreement GSA-57-2009-ISA4000763 between the State-Ministry of Mines and Energy and ISA, for general administration and execution of FAZNI funds to construct the 115 kV Popayan-Guapi line and associated substations, signed on October 13, 2009 and amended in December of 2014 to reach a total value of COP 286,270 million.

RISKS

ISA and its companies abide by the Policy for Integral Risk Management identifying, evaluating and implementing measures to manage the risks they are exposed to.

Each company has its own risks map and evaluates risks according to their likelihood of occurrence and severity of consequences on its fundamental resources (financial, human, information and reputation) giving priority to the most relevant for its operations and achievement of strategy. It also monitors their status and defines and implements measures to improve their management. Periodically, the companies report the advances in their management and the main events happened.

On the website and in this report, ISA publishes the risks map, the most significant events and the main administration measures implemented to mitigate their impact.

INFORMATION DISCLOSED TO THE PUBLIC

ISA, through its website, keeps the public opinion abreast of the company's developments.

Information not posted on the website can be requested in writing from the Chief Executive Officer, stating the reasons and purpose. It must be taken into account that reserved or confidential information, or information posing a risk to the corporation's business, or affecting third parties' rights, shall not be disclosed by ISA.

COMPLIANCE WITH THE GOOD GOVERNANCE CODE

Along 2014, the Good Governance Code underwent no reforms, and its compliance was monitored through a verification mechanism. The information supplied on the website, the reports to supervision and control bodies, the Code's verification mechanism report, and the reports to the Board of Directors constitute the central axis for verification of compliance with the Code.

No findings compromising compliance with the Good Governance Code commitments arose after annual audits by the Corporate Audit Office and the Statutory Auditor Office.

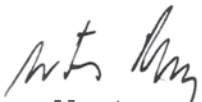
Additionally, there were no reports of non-compliance with the Code from either shareholders or the general public through phone lines or electronic mailboxes.

Ethics Line (Toll-Free):
01 8000 941341
lineaetica@isa.com.co

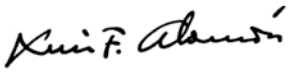
Toll-Free Line for Shareholder Attention:
Nationwide: 01 8000 115000
From Medellín: (574) 4442555.
accionesisa@isa.com.co

It must be pointed out that in addition to the above, the Colombian Financial Superintendency is available to shareholders, especially minority shareholders. This entity has the power to implement measures to avoid rights violations, and ensure the return to balance, and the principle of equal treatment for every shareholder.

Thank you very much,



Santiago Montenegro Trujillo
Chairman of the Board of Directors



Luis Fernando Alarcón Mantilla
CEO



04 ISA

ISA IN LATIN AMERICA BUSINESS UNITS AND COMPANIES





COLOMBIA
- ISA
- INTERCOLOMBIA
- TRANSELCA
- INTERNEXA
- XM
- Sistemas Inteligentes en Red
- Derivex, 49.95% investment through XM and 0.025% through INTERNEXA

ECUADOR
- TRANSNEXA, 5% investment through INTERNEXA And 45% through INTERNEXA (Peru)

PERU
- REP
- Transmantaro
- ISA Perú
- Proyectos de Infraestructura del Perú
- INTERNEXA

CHILE
- INTERCHILE
- INTERNEXA
- INTERVIAL CHILE
- Ruta del Maipo
- Ruta del Maule
- Ruta del Bosque
- Ruta de la Araucanía
- Ruta de los Ríos
- ISA Inversiones Chile
- ISA Inversiones Maule

CENTRAL AMERICA
- EPR ISA's investment (11,11%)
- Interconexión Eléctrica Colombia - Panamá, ISA's investment (50%)
- REDCA, ISA's investment (11.11%) through INTERNEXA

BRAZIL
- CTEEP
- IEMG
- PINHEIROS
- SERRA DO JAPI
- EVRECY
- INTERNEXA
- ISA Capital do Brasil
- INTERNEXA Participações

BOLIVIA
- ISA Bolivia

ARGENTINA
- Internexa

ECONOMIC GROUP
ELECTRIC ENERGY TRANSPORT
TELECOMMUNICATIONS TRANSPORT
ROAD CONCESSIONS
SMART MANAGEMENT OF REAL TIME SYSTEMS
INVESTMENT VEHICLE

ISA IN LATIN AMERICA

ISA is recognized today as a Multi-Latin leader with broad technical experience who carries out its activities within the framework of corporate sustainability. Directly and through its 33 affiliates and subsidiaries, it is currently implementing important infrastructure projects that boost the continent´s progress and contribute to the advancement of the inhabitants of Colombia, Brazil, Peru, Chile, Bolivia, Ecuador, Argentina, Panama, and Central America.

For such purpose, its activities are focused on the businesses of Electric Energy Transport, Telecommunications Transport, Road Concessions, and Real-Time Systems Smart Management.

In the Electric Energy Transport business unit, through its subsidiaries ISA expands, operates and maintains high-voltage energy transmission systems. This positions ISA as the largest international electricity transporter in Latin America with 41,650 km of high-voltage circuits, 77,710 MVA of transformation capacity and interconnections between Venezuela and Colombia, Colombia and Ecuador, and Ecuador and Peru.

ISA's participation in the Telecommunications Transport business unit comes about through INTERNEXA, a company that has laid down nearly 26,700 km of fiber optics and is a leader in connectivity infrastructures and telecommunications solutions in Latin America. It is dedicated to transporting information and to providing special information and communications technology solutions.

In the Road Concession business, ISA is the largest interurban road concessions operator in Chile. Through INTERVIAL CHILE and its five concessionaires (Ruta del Maipo, Ruta del Maule, Ruta del Bosque, Ruta de la Araucanía and Ruta de los Ríos) it operates 907 km of highways in this South American country going from Santiago to Rio Bueno.

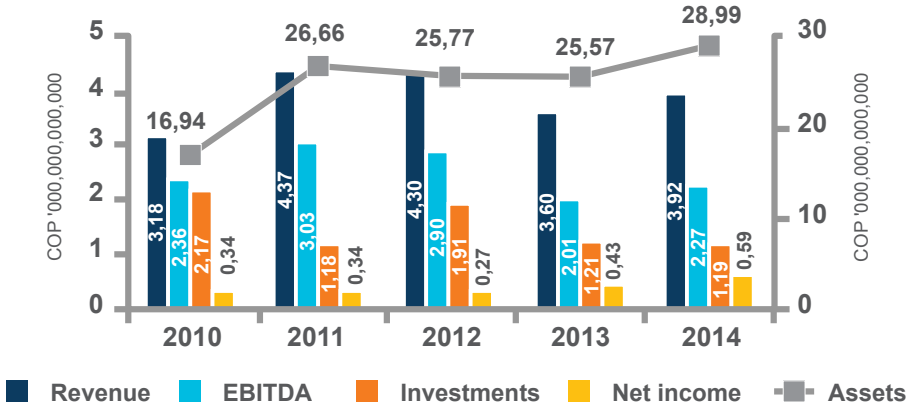
In the Real-Time Systems Smart Management business, ISA carries out planning, design, optimization, commissioning, operation and management activities for transactional systems or technological platforms, involving value added information exchange and goods and services related markets.

The experience of XM, a subsidiary of ISA, in operation of the power system and administration of the wholesale electricity market, permits it to offer to several economic sectors, smart solutions based on the technology and knowledge acquired.

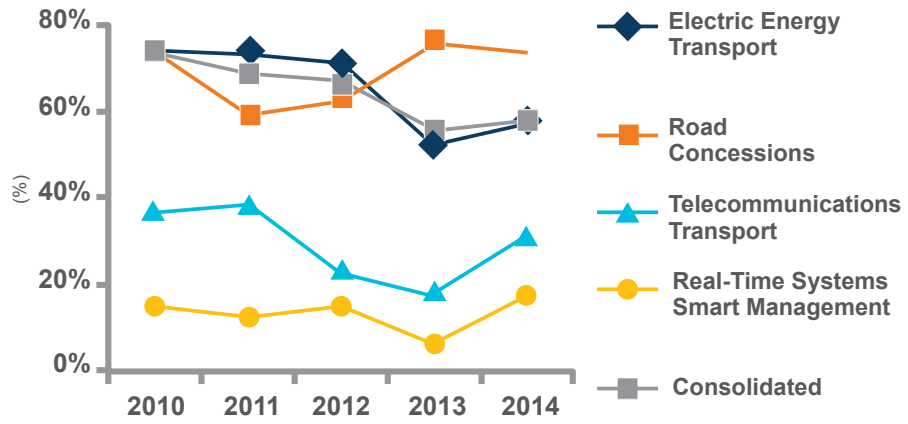
For about 50 years, efficient and reliable delivery of its services has characterized ISA in a framework of respect for human rights and protection of the environment, in order to favor competitiveness and regional sustainability, improvement of life quality, and development of the societies where it conducts its activities, all thanks to a human team of 3,869 highly qualified and committed associates.

ISA administers its business units with a corporate sustainability focus, in a responsible, transparent and ethical manner. Thus, it administers the opportunities, risks and impacts inherent to economic, environmental and social development so as to create value for its stakeholders and contribute to the advancement of the societies where it is present.

CONSOLIDATED FIGURES – EVOLUTION



EBITDA MARGIN



ACTION FRAMEWORK OF ISA AND ITS COMPANIES



Mission

Highly efficient development and operation of linear infrastructure systems where ISA has differential capacities and advantages based on the advancement of its human talent and innovation capacity to create value for its shareholders and other stakeholders and contribute to the sustainable development of the societies where it is present.

Vision

In the year 2020, ISA will have tripled its earnings by capturing the most profitable growth opportunities in its current business areas in Latin America, promoting operational efficiency and optimizing its business portfolio.

- ISA's profitability will be higher than its equity cost, a trend sustainable along time.
- In the Energy Transport business unit, ISA will remain as the operator with the largest presence in Latin America, will consolidate its position in the region and will reach levels of operational efficiency that are consistent with worldwide best practices.
- In the Road Concessions business unit, ISA will seize regional opportunities, focusing on Colombia.
- In the Telecommunications Transport business unit, ISA will consolidate its leadership as an independent transporter in Latin America and will have developed an IP ecosystem in the region.
- ISA will expand its Real-Time Systems Smart Management towards new services, accessing highly profitable new opportunities in other businesses.

Corporate Values

ISA and its companies work firmly on construction of an organizational culture where values, as pillars affirming its corporate identity, serve as the guide to achieve business success.

Four corporate values define the companies' will to become and to do, buttressing their trust and credibility, their behavior and what they want to be recognized for.

ISA and its companies work firmly on construction of an organizational culture where values, as pillars affirming its corporate identity, serve as the guide to achieve business success.

- **Ethics:** It defines the character of the organization, generates trust for stakeholders, and identifies its directive staff, managers and associates.
- **Excellence:** Compliance with the quality standards for service delivery that set it apart from its competitors.
- **Innovation:** Introduction of new aspects in the companies and their services, so as to help achievement of goals.
- **Social Responsibility:** Commitment to searching for improved standards of living for its employees and their families, the environment, and society in general.

Corporate Policies

In 2014 corporate policies were updated, with the prior approval of the Board of Directors, in order to ensure the alignment of the internal management with the ISA 2020 strategy.

As part of its new structure the policies have a purpose and principles that strengthen the commitments that have been undertaken. The full text containing the policies is available on ISA's website.

The objectives of the new corporate policies are:

- **Procurement:** To develop procurement processes for goods and services that incorporate quality and cost criteria, while giving suppliers a transparent and equitable treatment based on criteria of efficiency and competitiveness.

- **Environmental:** To have a responsible environmental management regarding the natural resources required by the business activities, and the resulting risks and impacts, in order to ensure that the processes and operations of ISA and its companies are aligned with the pursuit of sustainable development.

- **Communication:** To ensure a transparent, timely, clear and coherent communication at ISA and its companies that contributes to the achievement of the company's strategy, strengthens the relationships with key audiences and preserves the good name of the companies.

- **Control:** To establish principles for the effective and efficient operation of the control system at ISA and its companies to contribute to the achievement of organizational objectives.

- **Human Management:** To establish principles to attract, develop and retain the human talent of ISA and its companies within a framework of labor relationships that are clear, respectful, equitable and fair to generate an environment of trust and the comprehensive development of the human, labor and social aspects.

- **Comprehensive risk management:** To pursue the integrity of the corporate resources, the continuity and sustainability of the business units through constant management of the risks ISA and its companies are exposed to.

- **Information and knowledge:** To recognize the strategic value of information and knowledge in the development of the business units, understanding them as determining assets that need to be preserved, protected and managed to achieve corporate improvement, to build synergies and ensure the continuity of the operation of ISA and its companies.

- **Occupational health and safety:** To protect and preserve the health and safety of the workers, suppliers, third parties, visitors and stakeholders of ISA and its companies through safe and healthy work environments, self-care and the application of good prevention practices.

- **Service:** To establish the principles of action for the provision of quality and timely services with competitive prices, aimed at satisfying customers and building long-term relationships.

Code of Ethics

The Code of Ethics structures and compiles the policies, regulations, systems and ethical principles that guide the actions of the companies regarding their governance, conduct and information. It is the guide for employees and other stakeholders for making coherent decisions, and it is the instrument that consolidates the trusting relationships and defines the global character of the economic group.

In order to address the reports of stakeholders, the companies have an Ethics Committee and an Ethics Line, which has communication channels such as e-mail, a website and a phone line. These are administered by third parties to ensure transparency and confidentiality. Their reports are addressed in a timely manner by the ethics committees of the companies.

Ethics Line (Toll-Free):
01 8000 941341
lineaetica@isa.com.co

ISA's Code of Ethics is published on its website.

During the period ISA and its companies carried out activities to strengthen the ethical culture and consolidate the Code and its instruments. Some of the most salient activities are:

- The second Energy Sector Ethics Forum organized by XM, the National Operations Committee (CNO) and the Commercialization Advisory Committee (CAC), in which 58 companies of the Colombian power sector participated.
- The launch among employees and other stakeholders of the Code of Ethics and its instruments at INTERCHILE.
- 14 reports were received through ISA's Ethics Line, and they were handled by the Ethics Committee.

Anti-fraud Code

The Anti-fraud Code formalizes the will of ISA and its companies regarding fraud, sets a culture of zero tolerance to it and establishes homologated corporate guidelines and responsibilities for its prevention, detection, investigation and response in every country where they are present.

Through these practices, ISA and its companies place themselves at the vanguard in corporate governance issues, evidencing their commitment to such type of initiatives that are promoted even via international agreements.

ISA's Code of Ethics is published on its website.

Commitments to the Stakeholders

ISA and its companies recognize and value their stakeholders and incorporate them into their strategic model by formulating commitments to each of them. Consistent with the update of the corporate policies in 2014, the commitments were also updated:

- **Shareholders and investors:** To grow profitably, maintain good governance practices and ensure the sustainability of the companies.
- **Customers:** To provide quality and timely services with competitive prices aimed at fulfilling their needs and building long-term relationships with them.

- **Government:** To respect and promote the rule of law, and contribute to building a favorable environment for the provision of the services by promoting transparency and clear rules.

- **Suppliers:** To treat them in a transparent and equitable manner based on criteria of efficiency and competitiveness.

- **Society:** To have a comprehensive social management and get involved as a relevant participant in the construction of a favorable environment for development.

- **Employees:** To attract, develop and retain human talent within a framework of labor relationships that are clear, respectful, equitable and fair, and generate an atmosphere of trust and comprehensive development.

ISA 2020 CORPORATE STRATEGY

Progress in the implementation of the strategy

In 2014, the company was immersed in implementing its strategic plan ISA 2020; a plan that ratifies the business model choice regarding the company's traditional activities and materializes actions derived from its strategic pivots and necessary to increase ISA's return in the next years.

For the execution of the ISA 2020 plan, 2014 was designated as a specially challenging year when the start of operations of the new organizational scheme after the corporate split and the formalization and positioning of the new internal governance mechanisms was to take place, and when early victories should be attained for every project undertaken while at the same time mobilizing the organization's commitment to the achievement of the strategy and translation of big aspirations into short- and medium-term goals.

The results obtained associated with the strategic pivots reassert the solidity of the competitive position of ISA's business units to preserve the generation of value along time.

Pivot 1 - High profitability growth

The company continues to aim its growth towards businesses that offer the desired profitability conditions, taking advantage of synergies with existing assets and of the knowledge acquired through operations. Additionally, it prioritizes the allocation of resources to investment projects according to criteria of profitability, risk and expectations of future scaling of operations.

Between 2014 and the first quarter of 2015 around 30 business opportunities were analyzed and a success rate of nearly 60% was achieved in terms of the total bids submitted by the company. The projects awarded in the Electric Energy Transport business unit represent additional revenues of nearly USD 100 million. Meanwhile, in the Telecommunications Transport business unit operations were strengthened and profitability improved in Chile, Argentina and Brazil. Lastly, in the Road Concessions business unit in Colombia, ISA is participating in the structuring of bids for the 4G concessions.

ISA will continue to participate in current business units and in countries where it operates, considering the large amount of existing opportunities in

Latin America, where investment opportunities amounting to USD 30,000 million in electric infrastructure, roads and telecommunications are expected for the period of 2015 - 2020.

Additionally, it will monitor and analyze new opportunities that arise from the implementation of the energy and telecommunications reform in Mexico, and from the development of bi-national projects, such as the Andean Electric Interconnection System (SINEA)(*), among others.

Pivot 2 - Improvement in the return of the business units

It comprises a set of initiatives among which those related to OPEX, CAPEX and procurement stand out. These initiatives have made it possible to make a more efficient use of resources, maximize the generation of value throughout the life cycle of the assets, optimize processes and incorporate the best global practices, among other things. The seized efficiencies have exceeded initial expectations without compromising the level of service, the development of activities at the companies or the fulfillment of commitments to the stakeholders.

Pivot 3 - Management of the business portfolio

Progress was made in the development of a methodological tool to prioritize actions and make recommendations regarding the management of the company group and investments. These are classified according to the attractiveness of the industry and/or country, as well as ISA's ability to extract its value through actions derived from strategic pivots 1 and 2.

(*) Electric interconnection between member countries, Chile, Colombia, Ecuador and Peru. Bolivia as observer country.

ISA is forced to face new challenges derived from an increasingly changing business environment in which the stability and low-risk conditions, attributed to the infrastructure business, can no longer be considered regular.

Challenges

ISA is forced to face new challenges derived from an increasingly changing business environment in which the stability and low-risk conditions, attributed to the infrastructure business, can no longer be considered regular. This is why moving forward ISA's commitment to the defined strategy will imply constant and responsible reflection on its business model and on the management of the following issues:

- Consolidating the innovation management to increase the know-how and to continue channeling the resources, tools and technical solutions towards the efficient use of resources.

- The proactive incorporation of trends that might reconfigure the sources of value creation in ISA's business model, such as opportunities associated with climate change and energy efficiency, among others.

- Promoting regional integration by participating in initiatives for the technical and economic feasibility of the required infrastructure and the harmonization of the regulatory framework necessary for the regional electric market. The strengthening of the energy exchange is in tune

with the interests of the regional governments, the consumers and the investors because integration translates into benefits for the quality and safety of the electrical supply, the efficient use of supplementary energy resources, the creation of competitive prices and the mitigation of the climate impact.

- Strengthening risk management, especially in relation to regulatory issues, due to its high impact on the operations and financial performance. The concern of the government, regulation agencies and users over balancing infrastructure needs and the payment capacity of the user is a reality, which makes an increasingly closer, transparent, collaborative and proactive interaction with the government and regulation agencies imperative for the promotion of common interests and to ensure the sustainability of the system.

- Secure the incorporation of sustainability criteria in decision-making and other processes according to the international benchmarks adopted by ISA – mainly the Global Compact, Dow Jones Sustainability Index, ISO 26000 Guide and Global Reporting Initiative.

- Strengthen the communication and joint work with the communities, institutions and associations that represent civil society, which are becoming increasingly informed about environmental and social issues, expressing higher demands to make infrastructure solutions feasible and maximize the benefit of social investment, amid a hostile environment for project development.

GROUP MANAGEMENT

One of the most important steps included in the implementation plan of ISA 2020 strategy was the separation of the corporate strategic issues in one parent company, today ISA, from those related to operation and maintenance in one subsidiary that will represent ISA's electric assets and will be engaged in energy transport in the country, today INTERCOLOMBIA.

With this separation, ISA, as corporate center, is focused on the functions of guiding the group's actions, profitably administering the portfolio of growth opportunities, defining the big corporate choices, providing competitive guidance to the companies, and establishing the action framework that characterizes the management and practices to be applied in relevant processes.

Human talent management

The human talent of ISA and its companies is the cornerstone of the business strategy, which is why the organization works tirelessly to attract, develop and retain its people.

In order to achieve this, ISA and its companies have a human resources management model that gives priority to three key elements: management of knowledge, culture and succession.

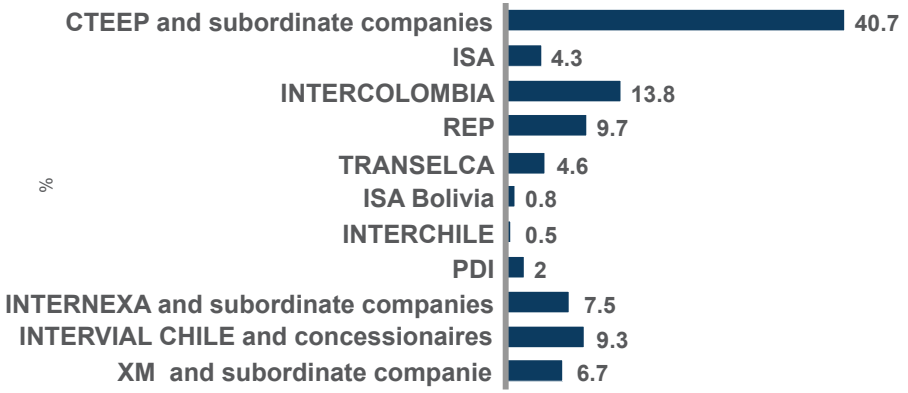
- **Management of knowledge:** It seeks to have critical knowledge remain in the organization, thus ensuring the sustainability of the companies.

- **Culture:** ISA and its companies are governed by common values and a goal-oriented culture. These elements contrast with the characterization of the features of the subsidiaries, which address the differences originated by the diversity of countries and business units, and enables the development of common actions to work on desirable habits and behaviors for employees.

- **Succession:** It is one of the priorities that have been established to ensure continuity. To this end, successor categories were defined, talents, experts and key players were identified, and the successors were prioritized. These people meet the established criteria and have a development plan for closing gaps and enlistment.

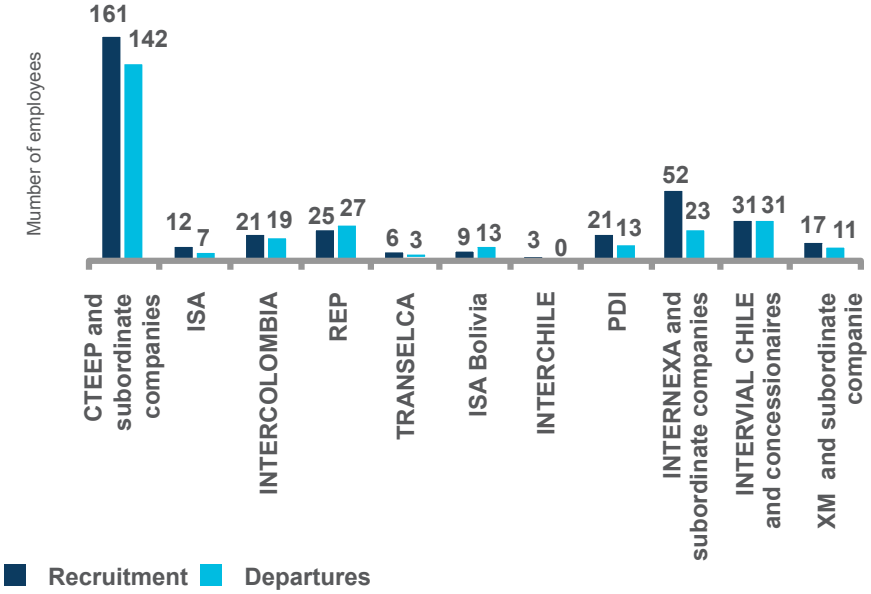
Workforce

WORKFORCE DISTRIBUTION

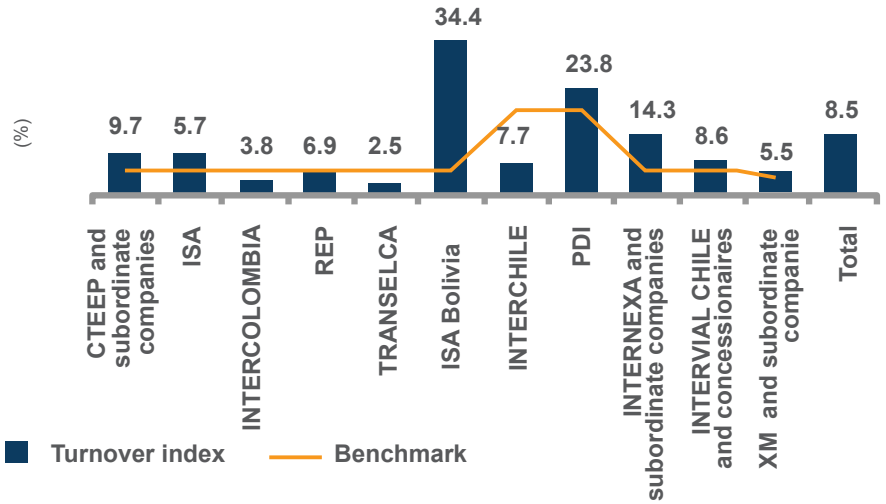


By the end of 2014, ISA and its companies employed 3,869 people; throughout the year 358 people were hired and 289 left.

PERSONNEL RECRUITMENT AND DEPARTURES



TURNOVER INDEX



The turnover index, calculated as the average of arrivals plus departures over the average workforce, went from 8.7% in 2013 to 8.5% in 2014.

Learning

ISA and its companies developed a training plan of 201,175 hours valued at USD 3.1 million, which is equivalent to an average of USD 824 and 52.5 hours per person. It is worth highlighting that, in the search for equity and coverage in the assignment of the training programs, 61.7% of employees received at least one day of training during the year.



TRAINING PLAN				
Business Units	**Companies**	**Investment (USD)**	**Investment (USD/person)**	**Training hours (hours/person)**
Electric Energy Transport	ISA	464,126	2,813	22.6
	INTERCOLOMBIA	480,291	901	32.3
	CTEEP and subordinate companies	863,362	550	57.4
	REP	442,197	1,170	62.5
	TRANSELCA	202,497	1,144	62.5
	ISA Bolivia	28,517	839	65.6
	PDI	28,670	462	19.8
Telecommunications Transport	INTERNEXA and subordinate companies	140,463	488	56.1
Road Concessions	INTERVIAL CHILE and concessionaires	201,182	557	53.7
Real-Time Systems Smart Management	XM and subordinate company	305,123	1,169	63.3
Total		**3,156,428**	**824**	**52.5**

Mobility

The mobility scheme focuses on the development, dissemination and transfer of knowledge and best practices to strengthen the learning curve. During 2014, ISA hosted nine internships and made 21 temporary transfers.

Organizational climate

ISA and its companies measure the organizational climate annually to obtain a perception of the factors that have a positive or negative effect on the employees' performance and degree of satisfaction.

This assessment includes four dimensions: commitment, company effectiveness, individual effectiveness and work recognition. The contemplated dimensions cover 17 factors that measure autonomy, communication, benefits, workload, satisfaction with position, perception of immediate supervisor and of senior management, commitment, pay, development possibilities, and equitable workloads, among others.

In 2014, 92% of employees participated in the evaluation, three points above the previous year. The organizational climate at ISA and its companies

shows a favorability index of 70 (three points higher than in 2013), the best result of the past seven years.

Assessment results are classified into: clear strength, over 75%; moderate strength, between 50% and 75%; opportunity for improvement, between 20% and 50%; and alert, under 20%.

EVALUATION OF ORGANIZATIONAL CLIMATE

Business Units	Companies	2010	2011	2012	2013	2014
Electric Energy Transport	ISA	72	68	75	73	80
	INTERCOLOMBIA	72	68	75	73	75
	CTEEP and subordinate companies	56	57	62	58	63
	REP	71	71	74	71	73
	TRANSELCA	76	74	78	82	85
	ISA Bolivia	76	77	80	83	68
	PDI	59	61	69	74	71
Telecommunications Transport	INTERNEXA and subordinate companies	72	68	73	70	75
Road Concessions	INTERVIAL CHILE and concessionaires		59	65	59	63
Real-Time Systems Smart Management	XM	83	82	81	83	82
	SIER			92	93	89
Economic Group		**65**	**64**	**69**	**67**	**70**

Regulatory management

In terms of regulatory management, the most relevant facts occurred in Colombia and Brazil, which demanded from the company permanent work with the regulating agencies to minimize the impact of these measures.

Colombia

This past February 19, the Energy and Gas Regulatory Commission (CREG) published the resolution draft with the new proposed methodology for the remuneration of transmission activities in Colombia. This new approach implies a substantial change in STN management and entails the co-management of the transmission assets by the government, which has a significant impact on the reliability of the system and the company. As a consequence of the analyses that were performed, ISA has made CREG aware of all the technical and legal elements within its reach so that they may be taken into account before the resolution is issued.

In 2014, the regulator modified the metering code contained in the General Appendix of the Network Code, which establishes, among other things, the technical conditions of the measuring systems and the responsibilities of the agents and users, making the requirements more demanding.

Brazil

As far as the early termination of the Concession Contract 059 of 2001 is concerned, it is worth mentioning that from the total amount of BRL 2,890 million corresponding to the compensation for new investments in assets (made after May of 2000), CTEEP received 50% of that amount in January 2013, with remaining 50% to be received in 31 monthly installments (from January 2013 to July 2015).

Regarding the payment of the company's unamortized assets (prior to May 31, 2000), in August 2014 CTEEP submitted to the Agencia Nacional de Energía Eléctrica (ANEEL) an appraisal based on an independent study conducted by the firm of Delos Consultoría which values these assets at BRL 5,186 million (December 31, 2012 base).

Subsequently, on January 08, 2015, CTEEP received from Superintendencia de Fiscalización Económica y Financiera (Economic and Financial Fiscalization Superintendency), an internal body of ANEEL, the Fiscalization Report in which they consider the company is entitled to receive BRL 3,605 million (December 31, 2012 base).

As the next step, CTEEP filed for reconsideration before the SFF to contest the compensation amount, pursuant to the technical appraisal conducted by Delos Consultoría. After receiving and analyzing this appeal, the SFF will issue a document stating its position and will submit it to the Directors Commission at ANEEL.

On the other hand, Regulatory Resolution 643 of 2014 was issued, which incorporated the right of the transmission concessionaires to receive additional revenue for carrying out the improvements included in the expansion and reinforcement plans, and for modernization of the facilities, both approved by the system operator.

Environmental and social

This was one of the priority issues on the regulatory agenda during 2014. ISA faced risk factors derived from weak institutional coordination in the region for project development, low environmental and social planning in the calls for bids for new projects by different governments, delay in obtaining licenses due to higher environmental evaluation requirements, excessive paperwork and conflicts regarding the use of the soil.

In order to contribute to the creation of structural solutions through the use of discussion spaces, the company prepared a series of specific recommendations that were sent to the governments of Colombia, Peru, Chile and Brazil. It also promoted benchmarking and support among environmental agencies, within the framework of the Environmental Seminar organized by ANDESCO in Colombia.

Comprehensive risk management

The risks map of ISA and its companies consolidates 18 risks, classified as strategic, environmental and operating:

RISKS MAP	
Strategic	Legal and regulatory
	Suppliers
	Growth
	Financial
	Human capital and labor relations
	Reputational
	Governance
Milieu	Social
	Political
	Armed conflict, terrorism and vandalism
	Natural phenomena
	Electric system and market deficiencies
Operating	Environmental
	Land
	Errors and omissions
	Equipment, spare parts and materials failure
	Information and communications technologies
	Fraud and corruption

The priority risks, which management and monitoring focused on throughout the year, were as follows:

Legal and regulatory risk: It includes events such as the change in the remuneration scheme proposed by CREG for energy transmission in Colombia, the outstanding payments corresponding to the compensation for the early renewal of CTEEP's concession, the contingencies associated with Law 4819 in Brazil and the overcharging of some taxes and contributions by some municipalities in Colombia, among others.

Main administration actions:

- Direct management and also through industry associations before the regulatory authorities of each country.
- Analysis and presentation of possible impacts caused by new resolutions or laws before the responsible entities.
- Strategic analyses regarding the consequences of these risks.
- Judicial and out-of-court proceedings.
- Structuring of proposals for the regulator.
- Analysis of lessons learned.

Environmental and land-property risk: It comprises the longer construction times and cost overruns of investment in infrastructure projects due to additional deadlines taken by authorities to grant environmental licenses, opposition from communities to the development of the projects, unauthorized settlement of communities that inhabit the areas of influence, and difficulties in the negotiation and/or imposition of easements.

Main administration actions:

- Direct management and also through industry associations before the authorities.
- Anticipated analysis of the environmental, social and land property restrictions in the expansion plans.
- Higher level of detail in the formulation of environmental, land property and social management for infrastructure projects and their associated costs.
- Development and implementation of the environmental and land property management strategic initiative.
- Corporate guidelines for environmental and land property management.

Reputation and positioning management

In order to manage reputation-related risks, based on an accurate and actual diagnosis, ISA and its companies perform a periodic measurement of

their reputation among their key audiences. In late 2013, this investigation was conducted for ISA, INTERNEXA, XM, TRANSELCA, REP, CTEEP, ISA Bolivia and Ruta del Maipo by the Reputation Institute, a world leader and model on the matter.

In 2014 the results of the measurement were received with very satisfactory indices for nearly all the companies. For ISA specifically, the rating remained at strong and excellent levels among the surveyed audiences (employees, customers, shareholders, suppliers and opinion leaders). After this, each company developed a gap-closing plan in order to improve the results of the next measurement which will take place in 2016.

In order to manage reputation-related risks, based on an accurate and actual diagnosis, ISA and its companies perform a periodic measurement of their reputation among their key audiences.

ISA'S REPUTATION MAP

ASSOCIATES	CUSTOMERS	SHAREHOLDERS	SUPPLIERS	OPINION LEADERS
STRONG	STRONG	EXCELLENT	EXCELLENT	EXCELLENT

In 2014 ISA aligned its positioning with the ISA 2020 strategy and its new corporate role. This was based on three attributes that define it and differentiate it on the market: Multi-Latin leader, technical excellence and corporate sustainability. The company, having existed for nearly 50 years, is becoming a narrator with a great history to tell, a history of achievements, results and success as well as its vision for the future framed in its mission, its values as the navigation chart of an experienced entrepreneur that generates great credibility thanks to his accomplishments. “We move forward, one milestone at a time. ISA, a history built on future deeds”.

Sustainability Management

ISA and its companies define sustainability as a business approach that enables the company to manage the economic, environmental and social risks, opportunities and impacts in a responsible, transparent and ethical manner. This with the purpose of creating value for its stakeholders, maintaining its competitive advantage and contributing to the development of the societies where it is present.

Sustainability objectives of ISA and its companies:

- **Ethics and Human Rights:** To promote relationships that are ethical, transparent, constructive and respectful of Human Rights, and to have channels that provide information and ensure spaces for dialog with stakeholders.
- **Eco-efficiency:** To incorporate this concept and minimize the environmental risks and impacts, especially on biodiversity.
- **Regional development:** To commit to regional development and to the creation of capabilities in the communities where it is present.
- **Human talent:** To contribute to its development in order to achieve the established goals in an atmosphere of collaboration and satisfaction for the workers.
- **Responsible procurement:** To promote the care of the labor and human rights of its suppliers’ workers, as well as their compliance with the agreed upon social and environmental commitments.
- **Relationship with the Government:** To have a permanent relationship with Government agencies in order to promote public policies to ensure the development of public utilities (energy, mobility and telecommunications) within a framework of efficiency and healthy competition.

Management of Information and Communications Technology

Information and Communications Technology (ICT) management seeks to drive the achievement of the challenges and results of ISA and its companies through an aligned, comprehensive, proactive and technologically innovative management that contributes to achieving the strategy. By using technology as a vehicle for the integration of businesses and companies, a high degree of competitiveness is made possible while at the same time supporting critical processes and achieving synergies and scale economies. In 2014 ISA developed a new, high-level ICT strategy aligned with the ISA 2020 corporate strategy. This includes IT principles, technology adoption criteria, renovation cycles, a disaggregation model and a long-term financial plan that seeks to optimize the cost of possessing technology.

The plan identified ICT transformation programs and initiatives aligned with the needs of the business units and with the major trends in the industry, as well as the roadmap for the projects that have been prioritized and adjusted to the corporation's capabilities for the next 3 years.

Likewise, current investment levels were validated to identify opportunities to reduce non-discretionary spending and the top-level computer architecture choices were validated, thus making possible the long-term development of the information systems in a consolidated and comprehensive manner taking into account the main digital trends and promoting business opportunities.

Finally, the ICT governance was updated according to the new configuration of the group, which makes the standardization of practices feasible and generates synergies that allow companies to operate with differentiating practices on a common technological foundation, quickly accessing business solutions regardless of their size and geographical location.

As well, the company would like to highlight the implementation of the following initiatives:

- Integration with corporate procurement for the definition of the ICT categories to enable strategic sourcing processes at the regional level to seize benefits for the group.

- Adoption and operation on the cloud of the Success Factors tool, which facilitates the comprehensive management of human talent at the regional level, a key factor for corporate governance and for the succession strategy of executives and key positions in the group.

- Adjustment of information systems to facilitate the adoption of the International Financial Reporting Standards (IFRS) for Colombian companies.

- Enabling computer technology to support the operations of new companies in the Telecommunications Transport business unit in Brazil and their integration into the group.

Innovation management

In 2014 ISA established a management model for innovation with which an integrated and systemic vision is achieved for R+D+i activities. It facilitates the planning, organization and control of the process; it promotes the flow of internal and external knowledge, it improves communication between companies, it is a competitiveness factor and it leverages synergies of the group with the environment.

Innovation management relies on technological supervision tools, benchmarks with other companies in the industry (ITOMS-CIER), technological foresight and specialized methodologies, among others.

In order to apply the innovation model to the Electric Energy Transport business unit, innovation focal points were identified in the design of lines, civil works, condition of equipment, management of information in the life cycle of the asset, extension of useful life and renovation, social-environmental improvement and underground cables.

For its implementation, ideas with a high potential for innovation were identified and the formats to develop them, the preliminary projects and

the business cases were established. Additionally, the general guidelines to handle this process in the group were agreed upon with the innovation management teams of REP, CTEEP and INTERCOLOMBIA.

It is worth noting that in 2014 new designs and technologies were introduced that allow, under certain conditions, to optimize the civil works of the electric energy transmission projects and improve the profitability of the business unit considering the entire life cycle of the assets. This initiative is expected to have positive effects on both cost optimization and the reduction of the projects' environmental impact.

Procurement management

The ISA 2020 vision established the improvement of the profitability of the current business units as one of its strategic pivots. To this end, procurement was identified as one of the main levers.

The need planning system was revised and adjusted in 2014 based on the best practices, and we worked on training the staff, incorporating technological tools, risk management, and standardization of categories among the companies; a purchase methodology was established with centralized, assisted and decentralized categories. Important efficiencies were seized as a result of these efforts.

Legal affairs management

No litigations or contingencies with the potential to materially affect ISA arose in 2014. Judiciary and administrative actions against it were timely and adequately countered to defend the company's interests, and to comply with its duties and responsibilities.

In turn, and on its own behalf, the company undertook the judicial and administrative actions necessary to further its corporate purpose and in defense of its interests, respecting all binding regulation.

Additional information regarding litigations and claims is available in the Notes to ISA's Financial Statements.

Financial management

LINEAR SYSTEMS RE LTD.

In January 2014 ISA's Board of Directors authorized the incorporation and capitalization of a class 2 captive insurance/reinsurance company to handle the group's insurance.

The company called LINEAR SYSTEMS RE LTD. was established in June with domicile in Bermuda under the registration No. 49204 issued by the Bermuda Registrar of Companies.

A captive is a mechanism through which large corporate groups effect a more efficient transfer of their risks to the reinsurance market, from which the world's reinsurance markets can be accessed directly. This helps to avoid blockages, achieve price optimizations and coverage of the group's goods and risks.

Accolades

ISA

- In the measurement of transparency policies and mechanisms for public utility companies conducted by Corporación Transparencia por Colombia, ISA maintained its score of 94, positioning itself at low risk and exceeding the industry average by 9 points.

- The Colombian Stock Exchange awarded ISA for the second consecutive time the “IR Recognition”, an initiative that ratifies the company’s commitment to the stock market.

INTERCOLOMBIA

It received the Military Engineers’ Bicentennial Medal as recognition for the support provided to this military institution and the joint work that was carried out in the recovery of the electric infrastructure that was affected by the terrorist attacks.

REP

It obtained a Diploma of Recognition from the Ministry of Education for the important support for the development of education in Peru.

INTERNEXA

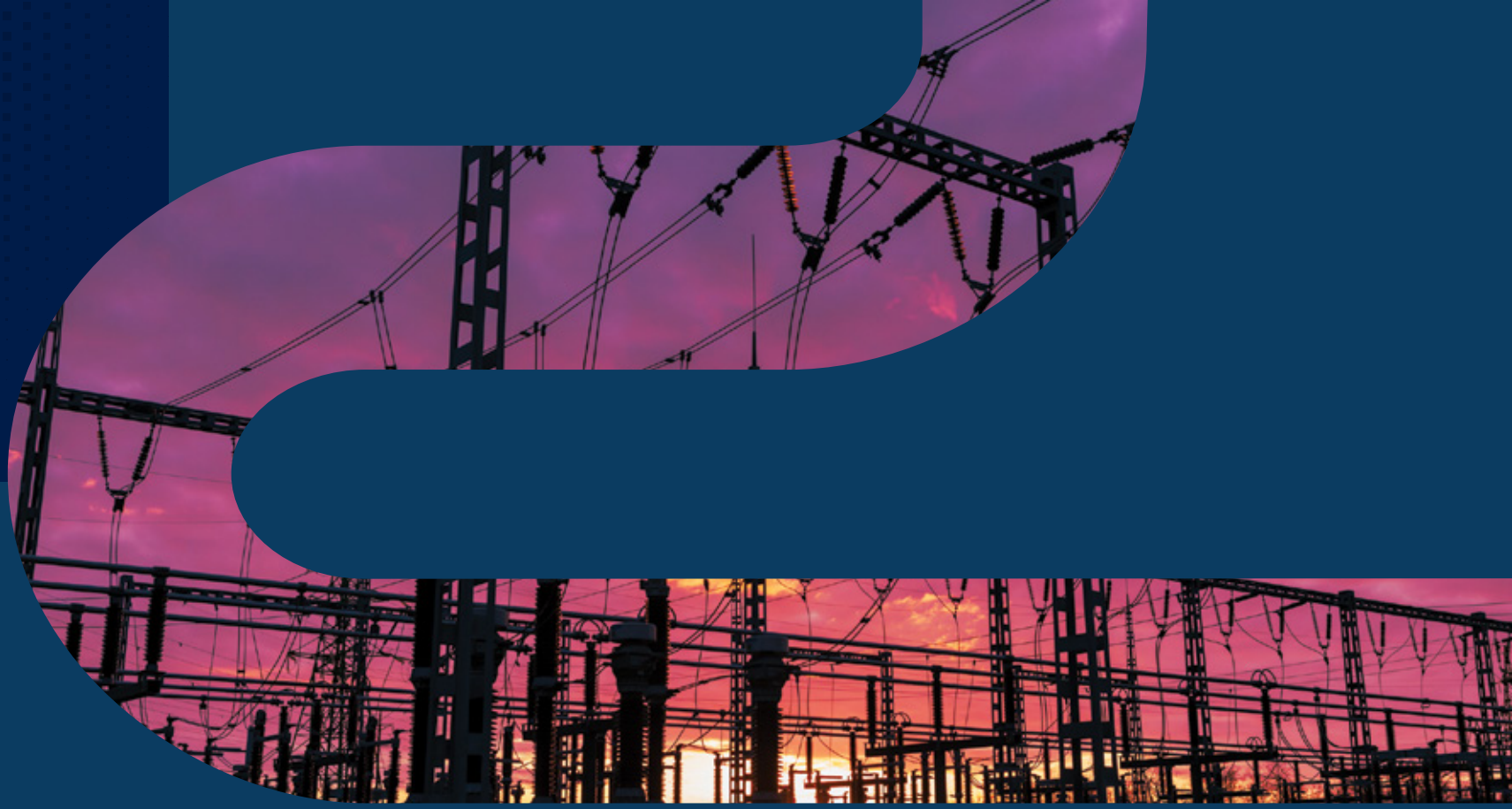
For the fourth consecutive year, it obtained two of the most important awards: “Wholesale Provider of the Year” and “Best Service of the Year”, both for the Caribbean & Latin America region. These recognitions were granted by the Metro Ethernet Forum (MEF), an agency that fosters and recognizes the adoption of best practices for the transportation of large volumes of data.

INTERVIAL CHILE

Committed to transparency and excellence, in 2014, INTERVIAL CHILE and its concessionaires became the first interurban and urban concessions to certify the Corporate Integrity and Ethics Model according to Law 20393 of this country.

XM

In the measurement of transparency policies and mechanisms for public utility companies conducted by Corporación Transparencia por Colombia XM obtained a score of 88, exceeding the industry average by 13 points.



05

ELECTRIC ENERGY TRANSPORT BUSINESS UNIT

ELECTRIC INFRASTRUCTURE





Country	Company	Operational circuit km
Colombia:	ISA	10,538
	TRANSELCA	1,586
Peru:	REP	6,233
	Transmantaro	2,792
	ISA Perú	393
Bolivia:	ISA Bolivia	587
Brazil:	CTEEP	19,189
	IEMG	172
	PINHEIROS	6
	EVRECY	154
Total		41,650

Country	Company	Transformation MVA
Colombia:	ISA	13,840
	TRANSELCA	3,893
Peru:	REP	2,746
	Transmantaro	4,926
	ISA Perú	235
Bolivia:	ISA Bolivia	370
Brazil:	CTEEP	45,750
	PINHEIROS	3,900
	SERRA DO JAPI	1,600
	EVRECY	450
Total		77,710

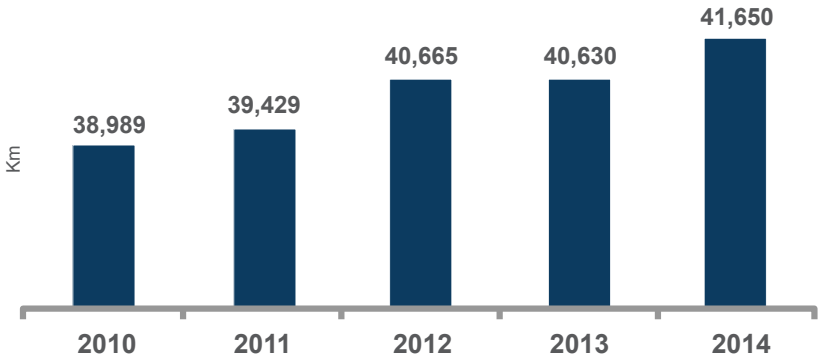
- TRANSMISSION LINES IN OPERATION
- TRANSMISSION LINES UNDER EXECUTION
- TRANSMISSION LINES UNDER STUDY
- INTERNATIONAL INTERCONNECTION

Electric energy transport is fundamental for having an energy market; it is the meeting point between generation and demand and is the way to perform electric energy interchanges.

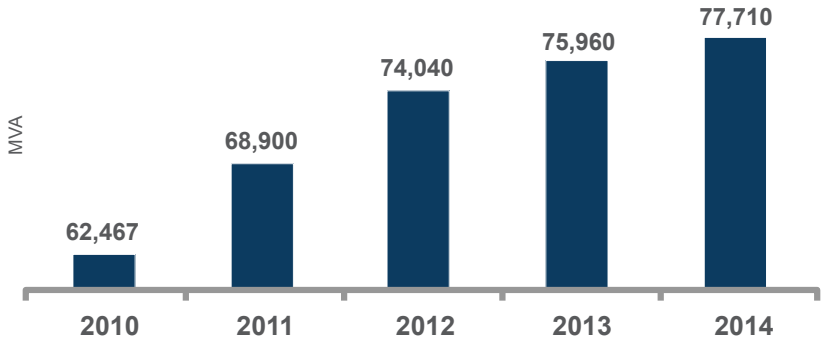
ISA and its companies are one of the largest international transporters of electric energy in Latin America, with 41,650 km of high voltage circuits and 77,710 MVA of transformation capacity, expanding, operating and maintaining a high-voltage transmission network in Colombia, Peru, Bolivia Brazil and Chile; and international interconnections between Venezuela and Colombia, Colombia and Ecuador, and Ecuador and Peru.

Additionally, in Brazil, the companies in which CTEEP has a shareholding operate 3,290 km of circuits and 8,850 MVA of transformation.

CIRCUIT KILOMETERS – EVOLUTION



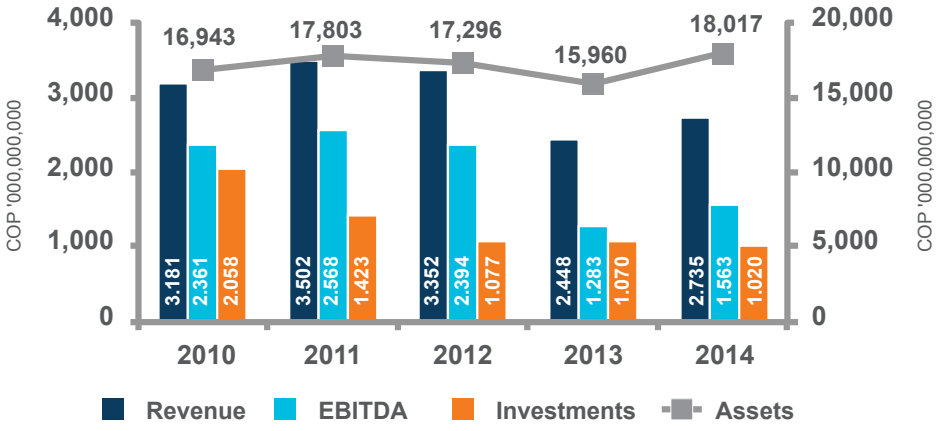
TRANSFORMATION CAPACITY – EVOLUTION



In order to keep their leadership as electric energy transporters and to consolidate their outstanding position in Latin America, ISA and its companies continue taking part in bid processes endorsed by national governments; they also undertake construction of large projects, promote the connection to the grid of generation utilities, distribution utilities and large consumers, and work with different countries' regulators the way to expand and strengthen existing grids.

As a result of this effort, during 2014, ISA and its companies were awarded projects demanding investments of approximately USD 1,150 million that will entail design and construction of 1,680 km of high-voltage circuits, and commissioning of 6,750 MVA of transforming capacity. Additionally, during the same period, the company entered into commercial operation approximately 1,000 km of high-voltage circuits and 2,000 MVA of transforming capacity, projects demanding investments of USD 380 million.

ELECTRIC ENERGY TRANSPORT BUSINESS UNIT – EVOLUTION





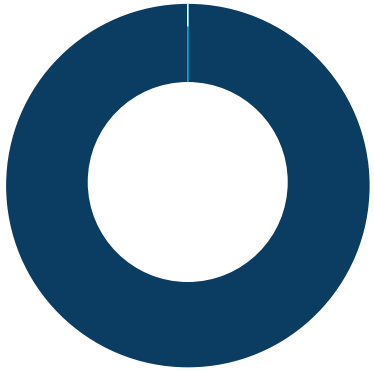
COLOMBIA

SHAREHOLDING (%)



The State	51.4
EPM	10.2
Ecopetrol	5.3
EEB	1.7
Individuals	31.4

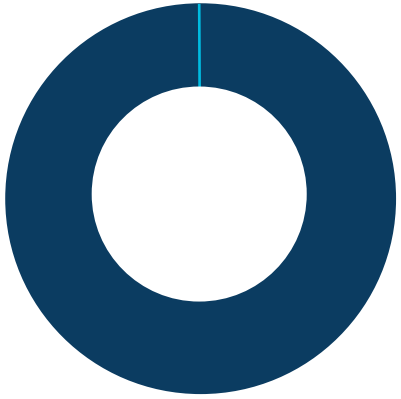
SHAREHOLDING (%)



TRANSELCA

ISA	99.997
Other	0.003

SHAREHOLDING (%)



INTERCOLOMBIA

ISA	99.996
Other	0.004

COLOMBIA - ELECTRIC INFRASTRUCTURE				
	Operational infrastructure		Infrastructure under construction. Approximate investment USD 240 million	
Companies	Transmission (circuit km)	Transformation (MVA)	Transmission (circuit km)	Transformation (MVA)
ISA (*)	10,538	13,840	1,356	4,535
TRANSELCA	1,585	3,893		90
TOTAL	**12,122**	**17,733**	**1,356**	**4,625**

(*) ISA: Owner of assets INTERCOLOMBIA: Builds, operates and maintains ISA's assets

Commissioned projects

During 2014, with investments of approximately USD 130 million, ISA, through its subsidiaries in Colombia, entered into commercial operation projects allowing the company to consolidate 79.62% ownership of the National Transmission System (STN), keeping its leadership in the Colombian electric sector as the largest energy transporter in the country and the only one with nationwide coverage.

- **UPME Bid 04 of 2009:** Includes construction of Sogamoso substation at 500/230 kV (1,050 MVA), the Sogamoso-Guatiguará 230 kV transmission line and the reconfiguration of the 500 kV Primavera-Ocaña and 230 kV Barranca-Bucaramanga (163 km) transmission lines. The project, which entered into operation in August, permits Sogamoso power plant (820 MW) to be connected to the STN, increasing system reliability in the Northeastern region of the country and removing restrictions by lowering operational costs when more costly generation dispatch is displaced.

- **Sogamoso connection:** Connects Sogamoso hydroelectric power plant with Sogamoso 500/230 kV substation.

- **Cerromatoso substation expansion:** Connection and associated bays for a third transformer 500/110/34.5 kV (150 MVA) in order to increase reliability in the North of Antioquia Province and in the South of Cordoba Province.

- **Jamondino substation expansion:** Installation of a transformer bank 230/115/13.8 kV (150 MVA) and the San Bernardino 1 and 2 alternate transmission lines in order to increase load capacity and reliability of the country's Southern region system.

TRANSELCA put into commercial operation:

- **Expansion of Nueva Barranquilla substation:** Back-up bay for a 45 MVA power transformer at 110/13.8 kV.

- **Chinú 110 kV substation expansion:** Construction of the Boston 2 line bay in double bus bar configuration plus by-pass section switch.

- **Termocartagena 66 kV substation expansion:** Installation of an encapsulated SF-6 gas-insulated transforming module in double busbar configuration.

New projects

- ISA was awarded UPME Bid 06 of 2013. The project includes design, procurement, construction, operation and maintenance of Caracolí 220 kV substation and associated 220 kV transmission lines Caracolí-Las Flores (22 km) and Caracolí-Sabana (31 km). This project, to be built by INTERCOLOMBIA, will generate annual revenues of approximately USD 7.54 million and will improve energy transmission reliability in Atlántico Province, avoiding risks of not supplying demand.

- ISA was awarded UPME Bid 07 of 2013. The project includes design, procurement, construction, operation and maintenance of Montería 230 kV substation, expansion of Chinú 230 kV (450 MVA) substation and associated 230 kV transmission lines Montería-Chinú (71 km) and Montería-Urabá (124 km). This project, to be built by INTERCOLOMBIA, will supply energy demand growth in Córdoba Province improving reliability in the area in case of failures and will generate annual revenues of approximately USD 9 million.

- ISA was awarded UPME Bid 02 of 2014. The project includes design, procurement, construction, operation and maintenance of the connection of Reforma substation to the Guavio-Tunal 230 kV circuit. This project, to be built by INTERCOLOMBIA, will generate annual revenues of approximately USD 0.5 million and will improve Reforma substation interconnectivity.

- In January 2015, ISA signed a contract with GECELCA in order to connect thermal coal power plant GECELCA 3.2 to the STN at Cerromatoso substation. The project includes construction of two transmission lines at 110 kV and the installation of 450 MVA of transformation capacity plus a back-up unit of 150 MVA.

- In February 2015, ISA was awarded UPME Bid 05 of 2014, Caribbean Coast Reinforcement at 500 kV. The Project includes construction of the 500 kV Cerromatoso-Chinú-Copey (332 km) transmission line and expansion of associated substations. This project, to be built by INTERCOLOMBIA, will generate annual revenues of approximately USD 14.13 million and will improve safety and reliability of energy demand supply in this area of the country. The project will, in the long term, lower dependency from thermal generation of Atlántico, Bolívar and Guajira Provinces.

- In February 2015, ISA was awarded UPME Bid 03 of 2014 to build the largest electric energy transmission project in the country. The project includes design, procurement, construction, operation and maintenance of Ituango and Medellín (also known as Katíos) substations at 500 kV (450 MVA) and the associated transmission lines (530 km). This project, to be built by INTERCOLOMBIA, will generate annual revenues of approximately USD 42.42 million, and will connect Ituango hydraulic generation power plant (2,400 MW) to the STN, increasing this way the country's energy reliability.

Projects under construction

ISA, through its subsidiary INTERCOLOMBIA, works on projects from bids awarded during 2014, as well as projects from bids previously awarded.

ELECTRIC INFRASTRUCTURE UNDER CONSTRUCTION	
Project	**Benefits**
UPME 02 - 2013: Expansion Copey 500/220 kV (450 MVA) substation	Installation of second transformer at the substation to increase electric system reliability in the Colombian northern region
Expansion UPME: Termocol 220 kV substation	Installation of capacitive compensation module (35 MVAr)
Expansion UPME: El Bosque 220 kV substation	Substation expansion in 1 1/2 circuit breaker configuration to connect a 220/66 kV transformer belonging to Electrocaribe
Expansion UPME: FACTS device STATCOM type	Installation of a static synchronous compensator (STATCOM) at Bacata substation at 500 kV with a reactive power supply capacity of 200 MVAr
Expansion UPME: Reforma 230 kV substation	Substation expansion in 1 1/2 circuit breaker configuration to connect the third 230/115 kV (150 MVA) transformer belonging to EMSA
Expansion UPME: Betania-Mirolindo 230 kV line	Installation of a line second circuit (206 km) including construction of associated bays The work will improve network availability in the country's southwestern region
Connection: Expansion Chivor 230 kV substation	Construction of a new substation at 115 kV and increase of transformation capacity 230/115 kV (150 MVA), in order to supply Casanare Province's increasing energy demand

PERU

SHAREHOLDING (%)

REP



ISA	30
TRANSELCA	30
EEB	40

SHAREHOLDING (%)

ISA PERÚ



ISA	45.14
TRANSELCA	54.86

SHAREHOLDING (%)

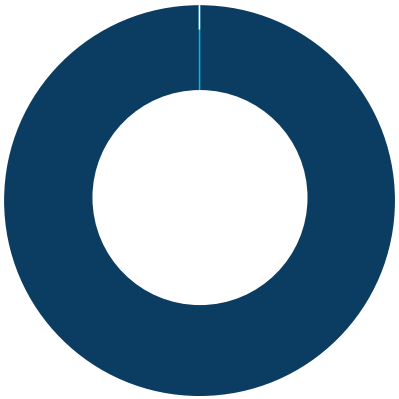
TRANSMANTARO



ISA	60
EEB	40

SHAREHOLDING (%)

PROYECTOS DE INFRAESTRUCTURA DEL PERU –PDI– (*)



ISA	99.97
TRANSELCA	0.03

(*) PDI, a subsidiary engaged in electric infrastructure project construction for ISA's companies.

PERU - ELECTRIC INFRASTRUCTURE				
	Operational infrastructure		Infrastructure under construction Approximate investment USD 760 million	
Companies	Transmission (circuit km)	Transformation (MVA)	Transmission (circuit km)	Transformation (MVA)
REP	6,233	2,746	154	100
Transmantaro	2,792	4,926	1,453	2,295
ISA Peru	393	235		115
TOTAL	**9,418**	**7,907**	**1,607**	**2,510**

Commissioned projects

In 2014, with investment of USD 170 million, Peruvian energy transport companies put into commercial operation projects that added 330 km of circuits and 740 MVA of transformation capacity to the National Interconnected Electric System (SEIN).

- **Trujillo-Chiclayo at 500 kV Bid:** Included building the 325 km transmission line between Lambayeque and La Libertad regions and complementary works at Trujillo Nueva and La Niña (600 MVA and 350 MVAr) substations. This project, built by Transmantaro, allows increase of electric energy transmission capacity from Chilca (2,000 MW) and El Platanal (220 MW) energy generation regions to the northern region of the country, thus increasing transmission service reliability and quality.

- **REP Expansion 12:** Ayaviri (138 kV) substation reconfiguration and installation of a 40 MVA transformer at Puno (138 kV) substation, thus increasing transformation capacity in order to serve growing demand in the Southern region while improving service reliability.

- **REP Expansion 13:** Uprating from 152 MVA to 180 MVA the transmission line Talara-Piura at 220 kV; reactive power compensation at Piura Oeste (20 MVAr) and construction of Pariñas 200 kV substation; works permitting connection of Talara (30 MW) wind farm to SEIN, improving voltage control in the Piura region and increasing transmission capacity in the northern region of the country.

- **REP Expansion 14:** Expansion of Trujillo Norte 220/138 kV (100 MVA) substation enabling supply of increased energy demand in the northern region of the country.

- **ISA Peru Expansion 2:** Uprating Paragsha-Vizcarra 220 kV transmission line in order to increase its transmission capacity from 152 MVA to 250 MVA.

With the commissioning of these projects, ISA, through its subsidiaries in Peru, continues to be the largest high-voltage energy transporter in this country with about 9,420 km of circuits and 7,900 MVA of transformation capacity.

ISA, through its subsidiaries in Peru, continues to be the largest high-voltage energy transporter in this country with about 9,420 km of circuits and 7,900 MVA of transformation capacity.

New projects

- ISA won the international public bidding conducted by Agencia de Promoción de la Inversión Privada de Peru (ProInversión) to design, finance, construct, operate and maintain for 30 years the Planicie-Industriales transmission line at 500 kV (consisting of an 11.7 km aerial segment and a 4.9 km underground segment) and its associated substations. This project, to be built by Transmantaro, will generate annual revenues of approximately USD 5.5 million and will allow to attend energy demand growth in Lima's metropolitan area in order to deliver quality service in time.

- ISA was awarded the ProInversión Bid to design, finance operate and maintain for 30 years the transmission line Friaspata-Mollepata at 220 kV (90 km) and associated substations; and to build Orcotuna 220/60 kV substation and a link in the Huayucachi-Carabayllo transmission line (6 km). This project, that will generate annual revenues of approximately USD 5.7 million, will be built by Transmantaro and will be the main link of the Ayacucho electric system to SEIN in order to supply, in a reliable way, the growing energy demand in the central region of the country.

Additionally, ISA Peru signed an agreement with the Ministry of Energy and Mines of Peru (MEM) in order to expand its transmission network.

- **Expansion 3:** Transmission capacity uprating from 50 MVA to 80 MVA of Aguaytía-Pucallpa 138 kV transmission line, expansion of substation's transformation capacity (115 MVA) and installation of 20 MVAr of reactive compensation in Pucallpa substation. The project will attend growing energy demand in Pucallpa generated by the economic growth in the area.

Projects under construction

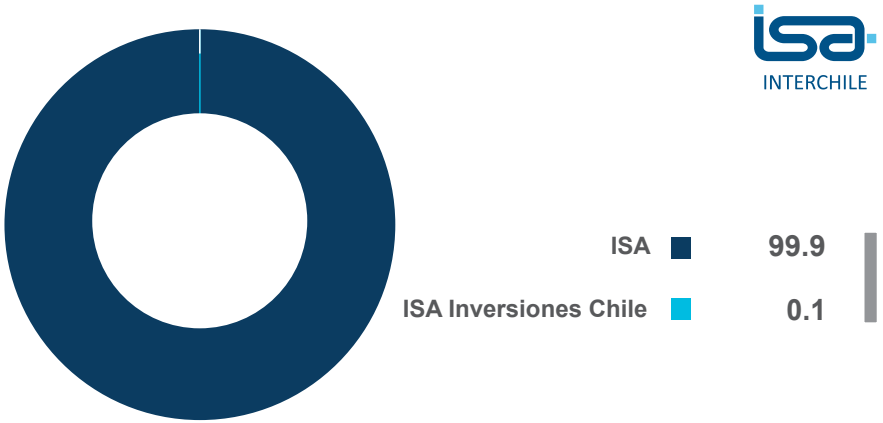
Peruvian companies, through its subsidiary Proyectos de Infraestructura del Peru –PDI–, are undertaking construction of projects awarded during 2014 as well as projects previously awarded:

ELECTRIC INFRASTRUCTURE UNDER CONSTRUCTION

Company	Project	Benefits
CTM	Bid: Machupicchu-Abancay-Cotaruse 220 kV transmission line and associated substations	Improves electric energy transport reliability and quality in the country's southern region and adjusts SEIN to permit connection of new hydroelectric generation developments: Machu Picchu II stage (102 MW), Santa Teresa (100 MW) and Quillabamba (200 MW)
CTM	Bid: Mantaro-Marcona-Socabaya-Montalvo 500 kV transmission line and associated substations	Permits transfer to the South of energy generated in the country's central region in order to attend increasing energy demand in this region
REP	Expansion 14: Reque substation at 220 kV Transformers 220/60/22.9 kV and 100 MVA	Serving growing demand in the northern region and permitting connection to SEIN of Eten thermal plant (230 MW) at Reque substation
REP	Expansion 15: Uprating of San Juan-Chilca line at 220 kV from 350 to 700 MVA, Ventanilla-Zapall line at 220 kV from 152 to 270 MVA, and Ventanilla-Chavarria line at 220 kV	Meeting growth of electric energy generation and demand in Lima region
REP	Expansion 16: Amarilis substation at 138 kV and expansion of transmission capacity of Paragsha-Huánuco line at 138 kV from 45 to 74 MVA	Timely and reliable attention of growing demand in the central Sierra, and solution to the occupation problem of easements around Huánaco substation

CHILE

SHAREHOLDING (%)



CHILE - ELECTRIC INFRASTRUCTURE UNDER CONSTRUCTION

	Approximate investment USD 1,000 million	
Projects	Transmission (circuit km)	Transformation (MVA)
Cardones-Maitencillo-Pan de Azúcar-Polpaico 500 kV lines and associated substations	1,498	2,250
Encuentro-Lagunas 220 kV line and associated substations	376	290
TOTAL	**1,874**	**2,540**

New projects

ISA was awarded an international public bid to design, finance, build, operate and maintain three projects in the central region of the country that will generate revenues of approximately USD 2.6 million with perpetual rights of use.

INTERCHILE will be in charge of project construction. These projects include building of 2,250 MVA of auto transforming banks at Cardones, Maitencillo and Pan de Azúcar substations at 500 kV, permitting transformation of electric current from 500 kV to 220 kV in the trunk line under construction by the Chilean company.

Additionally, the Ministry of Energy awarded ISA rights of exploitation and building of the second circuit of Encuentro-Lagunas 220 kV transmission line, being part of the Sistema Interconectado del Norte Grande (SING).

Projects under construction

As far as advance of Cardones-Maitencillo-Pan de Azúcar-Polpaico at 500 kV transmission line is concerned, contracts for building, erection and commissioning of the lines were signed; the Study for Environmental Impact was admitted by the Environmental Evaluation Service, and, as far as land management is concerned, the requests of final concession for the lines were declared acceptable by the Superintendencia de Electricidad y Combustible.

These projects were declared by the Chilean government as a necessity and a priority for the country's development and their main objective is to strengthen Chilean main trunk transmission system.

ISA was awarded an international public bid to design, finance, build, operate and maintain three projects in the central region of the country that will generate revenues of approximately USD 2.6 million with perpetual rights of use.

Although projects between Cardones and Polpaico municipalities have been questioned by some communities, mayors and regional authorities, INTERCHILE is deeply convinced that it is acting according to the Law and that the project will be entering into service within the limits set by the Chilean electric authorities. The company will continue to work, along with other sector actors, in order to reach a transmission line outline with the minimum possible impact on people and communities.

As far as Encuentro-Lagunas 220 kV transmission line (first circuit) and associated substations is concerned, contracts were signed for the transmission line construction, erection and commissioning and for substations expansion; additionally, the Environmental Impact Study was approved by the Environmental Evaluation Service.



BRAZIL

SHAREHOLDING (%)

ISA CAPITAL DO BRASIL



ISA	65.58
HSBC Finance	17.21
Banco Votorantim	17.21

SHAREHOLDING (%)

IEMG



CTEEP	100

SHAREHOLDING (%)

CTEEP



ISA Capital (*)	38
Eletrobras	35.4
Other	16.8
Secretaría de Hacienda	5.8
Vinci	4

(*) capital % with voting rights

SHAREHOLDING (%)

PINHEIROS



CTEEP	100

SHAREHOLDING (%)

SERRA DO JAPI



CTEEP	100

SHAREHOLDING (%)

IENE



CTEEP	25
CYMI	25
Isolux	50

SHAREHOLDING (%)

EVRECY



CTEEP	100

SHAREHOLDING (%)

ieSul
INTERLIGAÇÃO ELÉTRICA SUL
INVERSIÓN ISA



CTEEP	50.1
CYMI	49.9

SHAREHOLDING (%)

ie madeira
INTERLIGAÇÃO ELÉTRICA DO MADEIRA



CTEEP	51
FURNAS	24.5
CHESF	24.5

SHAREHOLDING (%)

ie garanhuns



CTEEP	51
CHESF	49



BRAZIL - ELECTRIC INFRASTRUCTURE				
	Operational infrastructure		Infrastructure under construction	
Companies	Transmission (circuit km)	Transformation (MVA)	Transmission (circuit km)	Transformation (MVA)
Controlled companies			**Approximate investment. USD 130 million**	
CTEEP	19,189	45,750		
IEMG	172			
PINHEIROS	6	3,900		900
SERRA DO JAPI		1,600		400
EVRECY	154	450		
TOTAL	**19,522**	**51,700**		**1.300**
Non-Controlled companies			**Approximate investment. USD 150 million**	
IE MADEIRA	2,385	6,100		
IENNE	720			
IESUL	208	750		
IE GARANHUNS			838	2,100
TOTAL	**3,313**	**6,850**	**838**	**2,100**

Commissioned projects

Interligação Elétrica do Madeira –IE MADEIRA–: The 600 kV line of the transmission system of the Río Madeira Complex, also known as “Linhão do Madeira” started commercial operations in 2013. Porto Velho at 500/600 kV (3,150 MVA) HVDC substation and Araraquara 2 at 600/500 kV (2,950 MVA) HVDC inverter substation also entered into operation during 2014.

This transmission line, crossing Brazil from North to Southeast, is considered one of the longest HVDC (600 kV) transmission lines in the world with 2,385 km. The line crosses five states and connects Santo Antônio (3,150 MW) and Jirau (3,450 MW) hydroelectric power plants, part of the Rio Madeira Hydroelectric Complex (the largest energy project in the Amazon region) to São Paulo State.

Other projects which entered into operation during 2014 are:

- **Interligação Elétrica Pinheiros –PINHEIROS–:** with an investment of USD 2.3 million, the 345/138 kV PiratiningaII substation expansion entered into service.

- **EVRECY:** With an investment of approximately USD 4.8 million, an extension of Conselheiro Pena 230 kV substation entered into operation.

- **Interligação Elétrica Sul –IESUL–:** with an investment of USD 22 million, the Joinville Norte-Curitiba transmission line at 230 kV (100 km) between Santa Catarina and Paraná States entered into commercial operation.



BOLIVIA

SHAREHOLDING (%)



ISA BOLIVIA

ISA	51
TRANSELCA	48.99
INTERNEXA	0.01

ISA Bolivia is undertaking the construction of a project to expand the Sucre 230/115 kV substation, part of the National Interconnection System Expansion Plan.

This project, with an investment of USD 8 million, includes the installation of a 230 kV/115 kV autotransformer bank with 150 MVA capacity and the Sucre-Padilla at 115 kV transmission line connection, in order to avoid electricity shortages in Sucre rural area. The project also includes the Sucre-Karachipampa-Potosí 115 kV transmission line which will help to increase service reliability in the country's southern region.

BOLIVIA - ELECTRIC INFRASTRUCTURE

	Operational infrastructure		Infrastructure under construction Approximate investment USD 8 million	
Company	Transmission (circuit km)	Transformation (MVA)	Transmission (circuit km)	Transformation (MVA)
ISA Bolivia	588	370		150

CENTRAL AMERICA

SHAREHOLDING (%)

INTERCONEXIÓN ELÉCTRICA COLOMBIA - PANAMÁ



ISA	50
ETESA	50

SHAREHOLDING (%)



ISA	11.11
INDE	11.11
ETESAL	11.11
ENNE	11.11
ENATRE	11.11
ICE-CNFL	11.11
ETESA	11.11
EDF	11.11
ENDESA	11.11

Interconexión Eléctrica Colombia-Panamá –ICP–

The electric interconnection between Colombia and Panama is an initiative of the interest of multilateral banking and regional governments, and aims to consolidate the regional energy market in the frame of the Mesoamérica Project. This project will lead to the integration of the Andean market to the Central American market with the resulting benefits for market agents in both countries as well as in the region.

For this reason, ICP is working to make viable construction of the transmission line between the two countries. With this objective, the company developed a work plan with activities at strategic and tactical levels that, besides trying to achieve both countries' commitment and intention, must guarantee that already identified economic benefits are reached through optimized investments and a competitive energy price, permitting to consolidate a short and long term regional energy market.

The current priority of the project is to develop technical and environmental studies in order to minimize risks and uncertainties (to project participants) and assess funding scenarios permitting to assure the project's viability under the proposed conditions.

A project's main milestone is the approval by the Environmental Licenses National Agency (ANLA) of the environmental corridor through which the Environmental Impact Study in Colombia must be developed. An equivalent approval must be given by the Environment National Authority (ANAM) in Panama. Currently, this authority is assessing information and support studies carried out during the previous years.

Once the approval of the environmental corridor is given in Panama, execution of the Environmental Impact Study and the line's detailed design in both countries will start.

Empresa Propietaria de la Red –EPR–

Company operating the Central American Electrical Interconnection System (SIEPAC), including the electrical infrastructure running from Guatemala to Panama, supplemented with an already existing connection to Mexico and a future transmission line to Colombia, integrating the safest, and with largest capacity, network in Central America.

During 2014, the transmission line final segment under construction in Costa Rica, Parrita-Palmar Norte, entered into service, thus culminating the project and consolidating a 1,800 km transmission line and works at 15 substations, whose construction cost is approximately USD 500 million. This project consolidates the Regional Electric Market (MER) contributing to decreased energy cost in the region.

From the statement of the ministerial meeting for support of Mesoamerican integration (Panama, December 2014), it is worth mentioning the commitment of involved countries to promote energy integration by means of implementation of necessary actions to consolidate MER, strengthening and expansion of SIEPAC, implementation of regulation making viable the development of regional electric power plants, and operational coordination of MER with Mexico and Panama markets.

BEST PRACTICES

ISA's goal is to guarantee that all its companies provide services under high levels of reliability, availability and safety according to applicable regulation in each country. This is the reason for energy transport companies to support their network operation and maintenance management on strict and excellent processes, safe for the people, in balance with the environment, and socially responsible.

In order to evaluate these levels, the company has, among others, the following transmission network quality indicators:

- **Network availability:** Measures the percentage of time during the year when grid assets (substation bays, transformers, lines, etc.) were in service or available.

- **Unserved load (ENS):** Measures energy not supplied to each country's electric system due to facts where the transporter is responsible.

SERVICE QUALITY INDICATORS							
Country	Colombia		Peru			Bolivia	Brazil
Company	ISA (*)	TRANSELCA	REP	Transmantaro	ISA Peru	ISA Bolivia	CTEEP
Network availability (%)	99.86	99.91	99.60	99.52	99.90	99.64	99.95
Unserved load (ENS) (MWh)	1,568	4,530	4,081	169	235	492	741

(*) ISA: Owner of assets - INTERCOLOMBIA: Builds, operates and maintains ISA's assets

Looking to improve its business profitability, the companies take part in international benchmarking processes, allowing comparisons with world leaders to be performed, gaps in cost and quality to be identified and industry best practices to be adopted.

During 2014, the company successfully developed strategy optimization projects of transmission lines and substation maintenance, boosting reliability-centered maintenance analysis and improving maintenance practices for these assets.

Implementation of gap-closing project in assets management, according to PAS 55 and ISO 55001 standards, had significant advance at the end of the year. During the following years, this project will help to strengthen cost-risk-performance management practices of the whole assets life cycle.

The results of the fourth phase of CIER 11 international benchmarking study and the International Transmission Operations & Maintenance Study (ITOMS) benchmark process, were the input to identify efficiency goals in AOM costs for energy transport companies.

Integrated Management System (SIG)

Consistent with their intention of applying international standards, helping to definitely raise competitiveness levels, ISA and its companies have been certified for ISO and OHSAS standards; for this purpose, they comprehensively manage in their processes aspects like quality, safety, environment, occupational health and information safety.

INTEGRATED MANAGEMENT SYSTEM (SIG)

Company	ISO 9001	ISO 14001	OHSAS 18001	ISO 27001
ISA				
INTERCOLOMBIA		(1)	(1)	
CTEEP				
REP				
TRANSELCA				
ISA Bolivia				
PDI				

Certified	
In process	

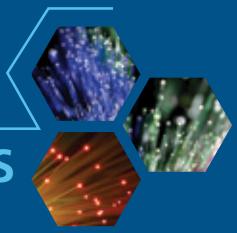
(1) In process: Building infrastructure projects



06

TELECOMMUNICATIONS
TRANSPORT BUSINESS UNIT

TELECOMMUNICATIONS CONNECTIVITY INFRASTRUCTURES





Country	Company	Optic fiber km in operation
Colombia	INTERNEXA	6,887
Peru	INTERNEXA	5,414
Chile	INTERNEXA	2,166
Brazil	INTERNEXA	6,816
Argentina	Internexa	2,531
Ecuador	TRANSNEXA	926
Venezuela	In association with local operator	1,977
Total		**26,717**

ACTUAL NETWORK

FUTURE NETWORK

UNDERSEA CABLE

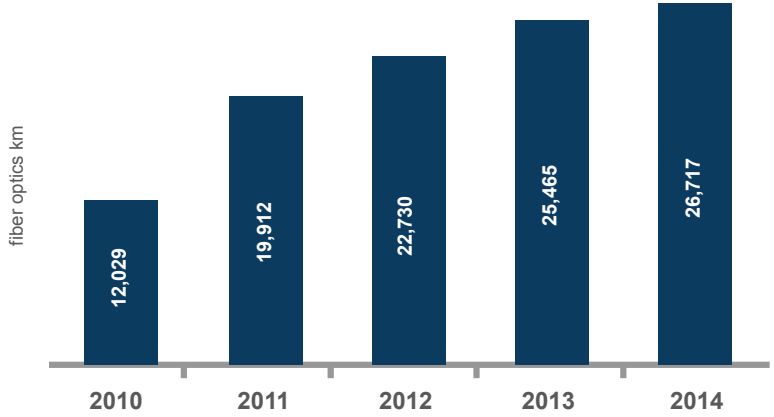
The industry of telecommunications is one of the most dynamic and promising commercial activities of modern economy; under this name are found companies engaged in media, content, Internet access, fixed line telephony, mobile telephony, data transmission, software, mobile applications and others.

Currently, the industry is growing driven by a series of trends like cloud storage; the growing use of mobile devices and “wearables” (devices incorporated to clothing, detecting, transmitting and storing data from users); content consumption through mobile devices; and widespread use of Internet of Things (IoT), like homes with sensors alerting about domestic problems, car applications showing traffic status in real time, smartphones converted into electronic wallets, and home robots helping with domestic chores.

Previous examples offer a series of huge-magnitude challenges to telecommunications service providers that will have to face an increase in mobile broadband availability, offer higher safety in data transmission, speed up innovation cycles, develop applications using available information and, lastly, get integrated with other service providers in order to give a wider value offer.

ISA participates in this business unit through its subsidiary INTERNEXA, a leading company in connectivity infrastructures and telecommunication solutions in Latin America, focused on the information transport business and special solutions in Information and Communication Technologies (ICT).

GROWTH OF CONNECTIVITY INFRASTRUCTURE FOR TELECOMMUNICATIONS



Currently, the company is operating in Colombia, Venezuela, Ecuador, Peru, Chile, Argentina and Brazil, using a fiber optics network making INTERNEXA into the telecommunications service provider with the largest continuous land network in the continent, with approximately 26,700 km fiber optics. The network is complemented with seven undersea cable heads and has transmission capacity in the Arcos 1 network. The company also has 11.11% shareholding in REDCA, a company responsible for fiber optics assets management of the SIEPAC Project.

INTERNEXA’s network is open to all service providers, implying that the company offers transport capacity over its networks to all players interested in contracting its services. This way, the company creates a wider competition scenario in regions reached by its networks, positively affecting the value chain efficiency of the telecommunications industry.

INTERNEXA develops its service offer according to each client segment's needs, with three strategic focal points:

- **Infrastructure:** Its goal is to offer access to information transport infrastructure to telecommunications service providers and integrators – Business Process Outsourcing (BPO), requiring a reliable infrastructure with high availability standards.

- **IP:** It offers Internet access services to service providers, cable operators, media companies and other actors, setting up multiple data centers, migrating to them relevant digital content, peering agreements and access to the main Network Access Points (NAP) of each country.

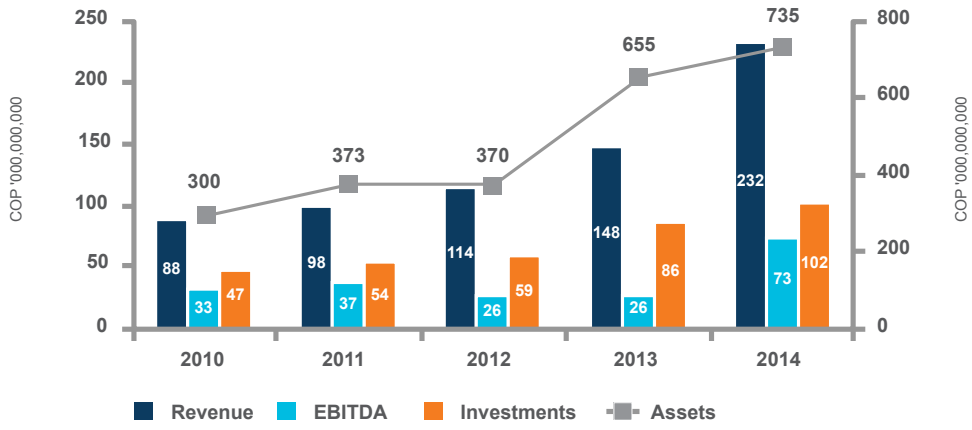
- **Other sectors ICT:** It offers integrated ICT solutions to specific industries such as the electric, mining and oil sectors and road concessions, either autonomously or in joint ventures with integrators.

The company has been awarded the international ISO 9001:2008 certification for its carrier service at regional level, managing high quality standards and supporting critical mission services required by customers. Additionally, the company has been awarded the OHSAS 18001 certification for complying with safety and occupational health standards.

It is also worth mentioning that for the fourth consecutive year the company has received the Best Wholesale Provider and the Best Service awards, given by the Metro Ethernet Forum (an organization promoting and regulating best practices on Carrier Ethernet transmission).

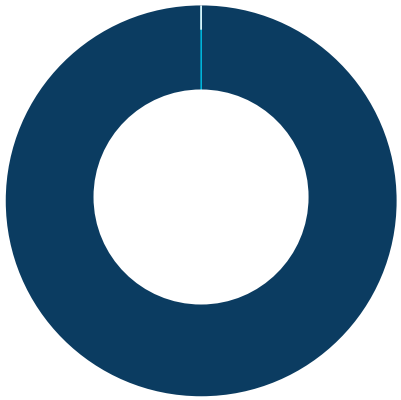
INTERNEXA consolidated its international growth process with the acquisition of the Brazilian company NQT in Rio de Janeiro State. INTERNEXA also adapted infrastructure and started commercial operations in Chile, Argentina and Brazil, closing this way a fully connected land fiber optics ring in the continent. This process helped to confirm the effectiveness of its strategy, because for the first time since 2009, the company closed its fiscal year with profits of approximately USD 4 million.

TELECOMMUNICATIONS TRANSPORT BUSINESS UNIT – EVOLUTION



COLOMBIA

SHAREHOLDING (%)



ISA	99.27
Other	0.73

The company operates a 6,887 km network spread over seven fiber optics networks, covering the main cities in the country. At the same time, the network is integrated with microwave links, providing better redundancy and coverage in intermediate cities.

The company provides connection to Maya, Emergia, Panamericano, Arcos 1, Globenet and CFX undersea cables, having also a “carrier class” Internet access platform with direct connection to the most important suppliers in the USA.

This network consolidates Colombia as INTERNEXA’s most important market, taking into account the number of customers and revenues, and the second most important considering network length.

During 2014, the company had a 30% increase in sales and continued implementing new technologies and expanding its network capacity in order to provide services to large operators. The company also took part in government projects, adding up value to them with its connectivity.

PERU

SHAREHOLDING (%)



INTERNEXA (Col)	100

INTERNEXA has a 5,414 km fiber optics land network covering parts of Sierra, jungle and coastal areas of Peru, connecting Lima with Ecuador, Chile and Bolivia.

The company also has a connection to the South American Crossing (SAC) undersea cable.

Growth in revenues in this country amounted to 62%, mainly due to the large sales task performed and to its position as strategic partner in the energy sector, interconnecting five new projects of renewable energy. Additionally, the company signed an agreement to provide high quality and availability services in the southern region of the country.

Important long-term businesses have been settled for large capacity transport and services for new operators in the wholesale telecommunications market.

BRAZIL

SHAREHOLDING (%)



INTERNEXA Participações

INTERNEXA (Col)	67.24
IFC	16.38
IFC GIF BRASIL	16.38

SHAREHOLDING (%)



INTERNEXA

INTERNEXA Participações	100

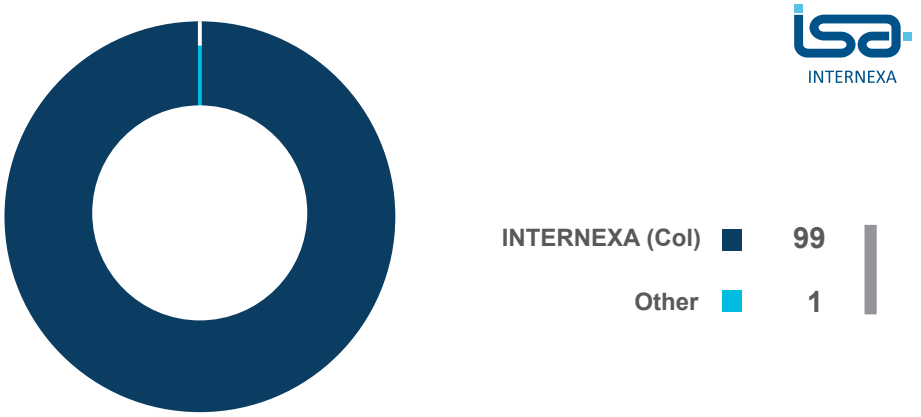
During 2014, INTERNEXA experienced a great boost by consolidating a 6,816 km fiber optics network and positioning Brazil as the country with the largest growth possibility:

- The company profited from the acquisition of Nelson Quintas Telecomunicações do Brasil (NQT), which positively contributed its business results. This new brand was integrated to INTERNEXA. Progress was done incorporating technical and commercial best practices, and finally, the NQT network was connected to the regional transport network, providing new possibilities to customers.
- The company opened a commercial office in Porto Alegre, Rio Grande do Sul State, complementing São Paulo and Rio de Janeiro branches.
- Revenues growth coming from Rio de Janeiro metropolitan network, backbone traffic sales for infrastructure customers and negotiations with large operators.

During 2014, INTERNEXA experienced a great boost by consolidating a 6,816 km fiber optics network and positioning Brazil as the country with the largest growth possibility.

CHILE

SHAREHOLDING (%)



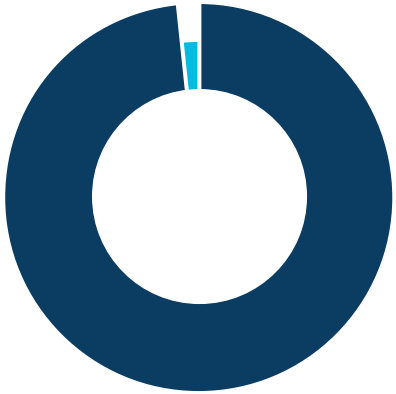
INTERNEXA consolidated a 2,166 km fiber optics land telecommunications network (between Valparaiso and BíoBío regions) conforming a redundant and safe fully ringed network, allowing the company to offer real carrier-class service in a highly geologically complex territory.

During 2014, Internet access and content businesses were closed in regions outside Santiago, increasing competitiveness of local operators. Additionally, capillarity of the national network was increased, growing from providing services to 20 nodes between large and intermediate cities, to 60 nodes, including places with low population density.

ARGENTINA

SHAREHOLDING (%)

Internexa



INTERNEXA (Col)	98.54
INTERNEXA (Peru)	1.46

The company has a 2,531 km fiber optics network that grew from an operation in four cities (Buenos Aires, Córdoba, Rosario and Mendoza) to ten cities (Rafaela, Chajarí, Federal, Santo Tomé, Arroyito and Río Primero).

The content node in Buenos Aires managed to deliver 45% of the traffic provided to its customers; 40% was settled directly within Latin America due to its open network philosophy and the deep regional integration; the remaining 15% was delivered from interconnections to the USA.

As far as commercial operation is concerned, the company doubled the number of customers and managed to connect three of the four main operators in the country and one in Uruguay, extending its businesses outside the country's borders.

ECUADOR

SHAREHOLDING (%)

TRANSNEXA



INTERNEXA (Peru)	45
INTERNEXA (Col)	5
CNT	50

TRANSNEXA has a 926 km fiber optics network over high-voltage electric transmission lines, providing data transmission services to the main telecommunications service providers, covering 13 cities in the country.

The network has a central ring connecting Guayaquil and Quito, providing connections to Colombia and Peru and integrating Ecuador to the world.

During 2014 the company had a sales increase larger than forecast and a greater market share, mainly in the eastern region of the country.

CENTRAL AMERICA

SHAREHOLDING (%)



INTERNEXA (Col)	11.11
INDE	11.11
ETESAL - CEL	11.11
ENNE	11.11
ENATREL	11.11
ICE-CNFL	11.11
ETESA	11.11
EDF	11.11
ENDESA	11.11

INTERNEXA has 11.11% share of Red Centroamericana de Fibras Ópticas (REDCA), a public company operating and commercially exploiting 1,800 km of a fiber optics network interconnecting the telecommunication systems between Guatemala and Panama.

To this laying of fiber optics that started commercial operation in 2014, additional 350 km belonging to a consortium between REDCA and ETESA, have to be added for a future commercial operation in Panama.

VENEZUELA

INTERNEXA operates in Venezuela through a reciprocal distribution agreement with the local operator, CANTV. Using a 1,977 km fiber optics network, the company provides services to operators in Caracas, Maracaibo and Barquisimeto, among others.

BOLIVIA

INTERNEXA has an IP capacity link between Peru and Bolivia, allowing high information traffic volume through the network.



07

ROADS CONCESSIONS BUSINESS UNIT

ROAD INFRASTRUCTURE



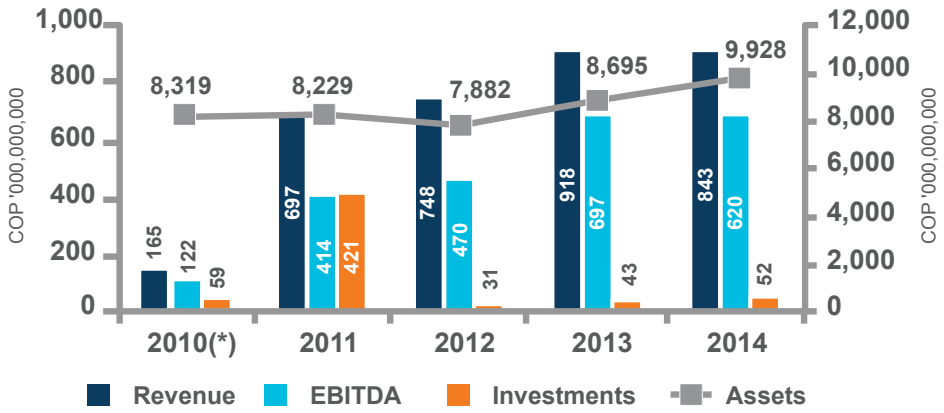


Country	Concessions	Road km in operation
Chile:	Ruta del Maipo	237
	Ruta del Maule	193
	Ruta del Bosque	161
	Ruta de la Araucanía	144
	Ruta de los Ríos	172
Total:		**907**

ROAD INFRASTRUCTURE IN OPERATION

ISA structures, designs, constructs, operates and maintains road infrastructure. For operation and maintenance, it considers standards previously established by the business regulators in each of the countries; it also supports its work on processes that guarantee operational excellence and safety for users.

ROAD CONCESSION BUSINESS UNIT – EVOLUTION



(*) 3 months

CHILE

SHAREHOLDING (%)

INTERVIAL CHILE



ISA Inversiones Chile	55
ISA Maule	45

SHAREHOLDING (%)

RUTA DEL MAIPO



INTERVIAL CHILE	100

SHAREHOLDING (%)

RUTA DEL MAULE



INTERVIAL CHILE	100

SHAREHOLDING (%)

RUTA DE LA ARAUCANÍA



INTERVIAL CHILE	100

SHAREHOLDING (%)

RUTA DEL BOSQUE



INTERVIAL CHILE	100

SHAREHOLDING (%)

RUTA DE LOS RÍOS



INTERVIAL CHILE	75
Fondo Las Américas	25

INTERVIAL CHILE, through its five concessionaires, is the largest operator of interurban roads in the country and is responsible for the control, operation and management of five adjacent concessions, that stretch along Ruta 5 Sur, from Santiago to Rio Bueno city, covering six important regions of the country, all having great impact on economic sectors like agro-industry, fishing, forestry and tourism.

In order to help users, concessionaires have available services and infrastructure such as emergency centers, SOS signposts every two km, tow trucks, ambulances, patrols, control areas, service areas, truck parking lots, etc.

ROAD INFRASTRUCTURE IN CHILE

Concessionaires	Ruta del Maipo	Ruta del Maule	Ruta del Bosque	Ruta de la Araucanía	Ruta de los Ríos	Total
Stretch	Santiago - Talca	Talca - Chillán	Chillán - Collipulli	Collipulli - Temuco	Temuco - Río Bueno	Santiago - Río Bueno
Length (km)	237	193	161	144	172	907
Trunk road toll posts	3	2	2	2	2	11
Lateral road toll posts	39	16	16	8	5	84
Service areas	4	4	3	3	4	18

INTERVIAL CHILE's roads are designed to operate at 120 km/h and have 293 bridges, 368 structures (among them grade crossings, junctions and other elements), 188 pedestrian walkways, and 95 toll plazas, with a transit of more than 100 million vehicles during 2014.

In order to help users, concessionaires have available services and infrastructure such as emergency centers, SOS signposts every two km, tow trucks, ambulances, patrols, control areas, service areas, truck parking lots, etc. They also maintain fluent and timely communication with users and the community through campaigns in mass media, real-time information panels, a website and Twitter accounts, among others, which provide information about the state of traffic and roads, weather conditions and specific advice for a safer trip.

Certifications

The companies are certified for the service of exploitation of road concessions under UNE-EN-ISO 9001:2008 international quality standard. Such

certification was ratified in 2014 by Asociación Española de Normalización y Certificación (AENOR), Chile section.

Committed to transparency and excellence, in 2014, INTERVIAL CHILE and its concessionaires became the first interurban and urban concessions to certify the Corporate Integrity and Ethics Model according to Law 20393 of this country.

Traffic and revenues

Since 2003, concessionaires, with the exception of Ruta de los Ríos, joined the Revenue Distribution Mechanism (MDI, for its Spanish initials), converting as a variable the concession's term, and defining the concession's end as the moment when a certain present value of expected revenues is reached.

According to concession contracts, the Ministry of Public Works (MOP) recognizes an annual subsidy for those with low traffic flow, applicable to Ruta del Bosque and Ruta de los Ríos.

Additionally, concessionaires with a good safety management policy, decreasing the number of accidents and fatalities compared to a base year, are authorized by the MOP a raise in tariffs of up to 5%, known as the Road Safety Bonus (PSV, for its Spanish initials). With the exception of Ruta del Maule, PSV is not part of the regulated income base taken into account for the MDI.

In 2014, traffic in the five concessionaires increased by 3.7% with respect to 2013; individual growth for each concessionaire was in line with total growth with the exception of Ruta de los Ríos (5%) and Ruta del Maipo (4.3%).

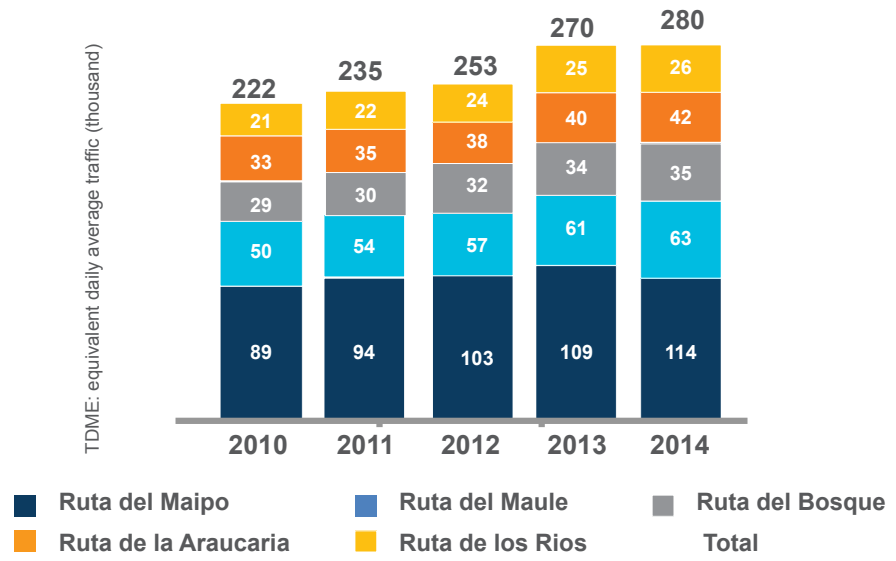
ROAD SAFETY BONUS (PSV) (%)

Concessionaires	Year of application					
	2010	2011	2012	2013	2014	2015
Ruta del Maipo	5	5	5	5	5	5
Ruta del Maule	5	5	5	5	5	5
Ruta del Bosque	3.6	2.8	4.2	3.1	3.6	4.1
Ruta de la Araucanía	3.7	2.2	2	3.4	5	4.3
Ruta de los Rios	3.5	1.6	0.5	1.4	2.1	1.4

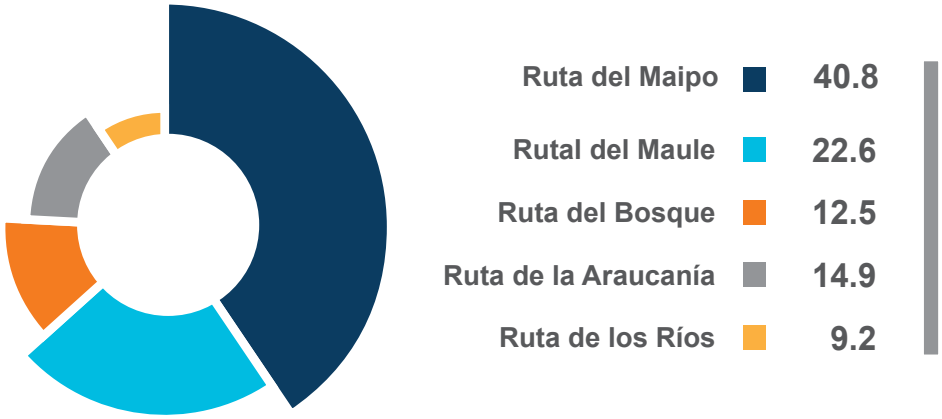
From 2010, annual traffic and toll revenues show a growing trend in line with the growth exhibited by the Chilean economy.

In 2014, traffic in the five concessionaires increased by 3.7% with respect to 2013; individual growth for each concessionaire was in line with total growth with the exception of Ruta de los Ríos (5%) and Ruta del Maipo (4.3%). It is worth mentioning that the traffic compound annual growth rate since 2010 has been 6%.

TRAFFIC GROWTH (TDME)

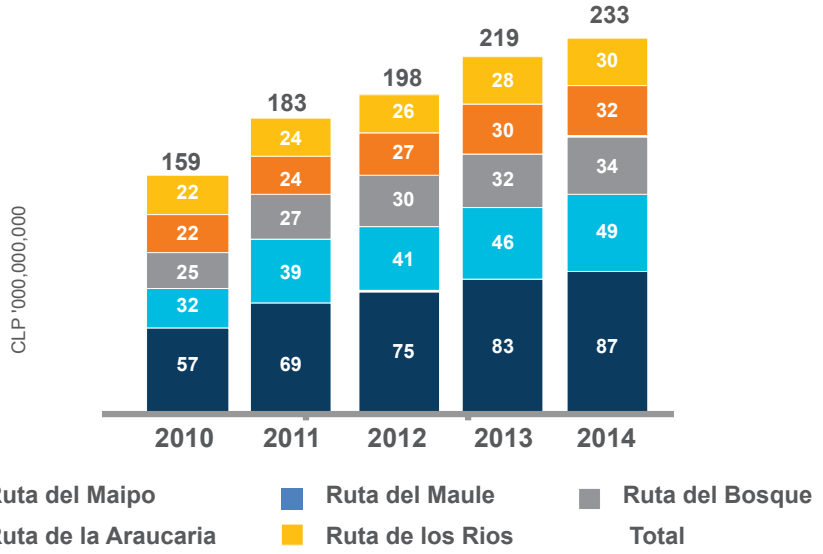


TRAFFIC COMPOSITION (%)

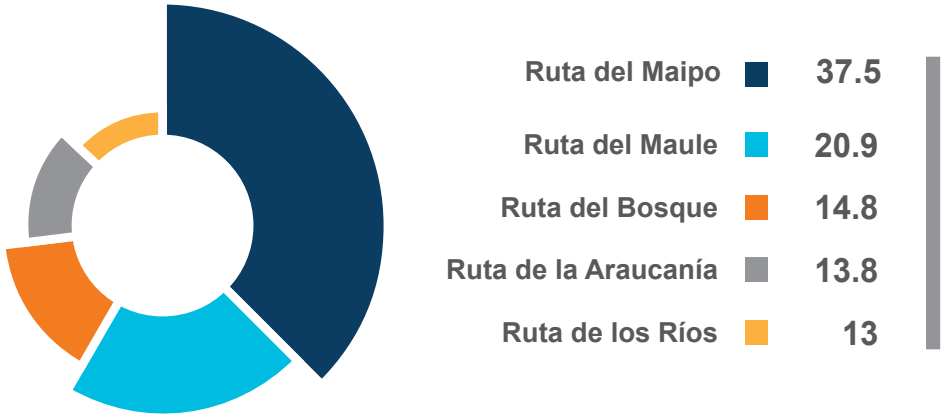


Concessionaires' revenues, in their original currency, increased by 6.1%, compared to 2013, showing the largest increments in Ruta de los Ríos (9%) and Ruta de la Araucanía (7.8%).

REVENUE GROWTH



REVENUE COMPOSITION (%)



Ruta del Maipo - Third lanes

Given the traffic increase to the South between Santiago and Rancagua, the MOP decided to increase the route's capacity by building a third lane in both directions. The project was divided into three segments and includes the following works:

- A 39-km third lane in both directions.
- Moving the Angostura toll, the largest in the country.
- Constructing an institutional building for the concessionaire and a toll control room.

Construction of segment two (7 km) between the Santiago South access (km 51) and Puente Peuco (km 58) started in 2014; it will permit expansion of the roads capacity and mitigated congestion in critical points, as well as relocation of the Angostura toll. The works will be operational in the second half of 2016 and will demand investment close to USD 80 million.

Safety and service works

Concessionaires, involved in providing a safer route, negotiated with the MOP two works which started construction during 2014:

- **Ruta de la Araucanía:** Installation of closed-circuit television with 19 display sites.
- **Ruta de los Ríos:** construction of a link in Río Bueno sector and a pedestrian bridge in Villa San Pedro.

Maintenance works

Concessionaires carry out yearly routine and major maintenance plans in order to increase road lifetime and to guarantee high standards in service and in road safety. During 2014, major maintenance works totaled USD 20 million and routine maintenance USD 11 million.

Procurement management

With the aim of contributing to ISA 2020 strategy, a series of initiatives were defined in order to capture efficiencies, taking advantage of scale economies obtained from joint negotiation of goods and services for the concessionaires.

Capturing such efficiencies will not only be reflected during this year but will continue to be evidenced during the following years.

It is worth mentioning the success of the LED luminary project, which will change conventional lighting in several places along the route for four concessions. The project aims to reduce operating costs by saving electric energy consumption; it also contributes to sustainable development by using a type of lighting friendlier with the environment.

Additionally, new negotiating methodologies were developed for contracting service providers and new policies defined for keeping operational assets.

It is worth mentioning the success of the LED luminary project, which will change conventional lighting in several places along the route for four concessions.

COLOMBIA

SHAREHOLDING (%)



During 2014, INTERVIAL COLOMBIA, a subsidiary of ISA responsible for developing the Road Concession business unit in Colombia, took part in association with Cintra Colombia Infraestructuras, in the first round of the Fourth Generation of Road Concessions program promoted by the National Infrastructure Agency (ANI).

Within the framework of this program, technical and financial studies for the Honda-Girardot-Puerto Salgar project were prepared; however, it was finally decided not to submit the proposal.

Preliminary analysis for the other five projects of the second round where the company is pre-qualified was also carried out. The corresponding bidding processes will take place in 2015, and once the new schedule is defined and the bidding conditions are posted, the corresponding analysis will be made in order to define the convenience of ISA taking part in the process

Projects for which ISA has been pre-qualified:

- **Group 13:** Neiva-Girardot project that will directly benefit Huila, Tolima and Cundinamarca provinces. A key project to interconnect the northern region to the southern region through the Magdalena River Valley. Estimated cost COP 2,410,000 million (Capex and Opex).
- **Group 16:** Palmar de Varela-Puerta de Hierro and Carreto-Cruz del Viso project, providing benefits to the people of Sucre, Bolívar and Atlántico provinces. Estimated cost COP 1,240,000 million (Capex and Opex).
- **Group 17:** Santana-Mocoa-Neiva, benefiting connection with Ecuador. Estimated cost COP 2,970,000 million (Capex and Opex).
- **Group 18:** Popayán-Santander de Quilichao. Estimated cost COP 1,710,000 million (Capex and Opex).
- **Group 19:** Bogotá-Villavicencio-El Tablón. Estimated cost COP 2,310,000 million (Capex and Opex).

Parques del Río Project

This is an integral project of Medellín Municipality, whose aim is to foster Medellín River as a central axis for mobility, public space and sustainability. The project's architectural and environmental conception includes as main components, a great linear public park and a mobility system dealing not only with the urban area but with the national connection of the Medellín Metropolitan Area to the North and South of the country.

Medellín Mayor's Office, which is charge or leading and developing the project in the city area, invited ISA and Empresas Públicas de Medellín (EPM) to carry out a joint analysis of the project in order to find the way to make viable its development. With this objective in mind, in October 2014, the Medellín Municipality, ISA and EPM subscribed a memorandum of understanding for structuring the project and determining the viability to continue, as a joint effort, with the detailed design, building, operation, maintenance and commercial exploitation phases of the project.



08

REAL-TIME SYSTEMS SMART MANAGEMENT BUSINESS UNIT

Real-Time Systems Management consists of planning, design, optimization, commissioning, operation and management activities for transactional systems or technological platforms involving value added information exchange and goods-and-services-related markets.

XM's experience and knowledge in operation of the power system and administration of the wholesale energy market permit it to offer, through its companies, smart solutions based on the acquired technology and knowledge, to different economic sectors.

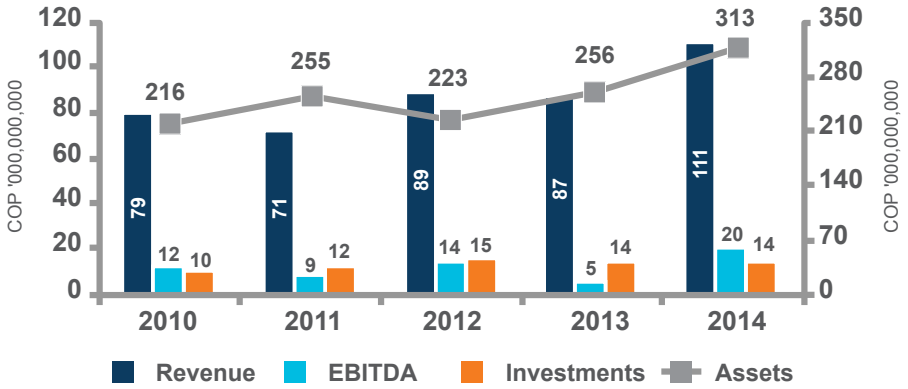
Based on its competencies, the company offers supervision, coordination and value added information by means of real-time smart systems associated with transactional infrastructure and platforms for goods and services markets.

XM acts in the framework of a worldwide mega trend known as "smart cities", cities where "smart networks" act as real time systems allowing control and operation of large impact complex processes like electric energy dispatch and urban traffic coordination.

In 2014, XM assumed the challenge of rethinking itself through a strategic updating process that confirmed "real-time smart systems" as dominant subject. Applicability of the dominant subject to other economic fields was later analyzed resulting in selection of strategic sectors with high degree of complexity, where challenging problems become opportunities rather than entrance barriers and turn into prospects akin to what XM is passionate to make – transforming the environment with solutions that create well-being.

Lastly, in order to turn detected opportunities into real businesses, the company prepared a tactical plan for development, strengthening and alignment of organizational capabilities, competencies, commercial plans, management of alliances and relations, among others.

REAL-TIME SYSTEMS SMART MANAGEMENT BUSINESS UNIT – EVOLUTION



ELECTRICITY SECTOR

SHAREHOLDING (%)



filial de isa

ISA	■	99.73
Other	■	0.27

XM conducts planning and coordination of operation of the resources of the National Interconnected System (SIN), administers the Commercial Settlement System (SIC) in the Wholesale Energy Market (MEM), administers the International Electricity Transactions (TIE) with Ecuador, and carries out the settling and clearing of charges for use of the SIN's grids.

» XM conducts planning and coordination of operation of the resources of the National Interconnected System (SIN), administers the Commercial Settlement System (SIC) in the Wholesale Energy Market (MEM).

As operator of the SIN, it guarantees the continuous balance between electric energy output and consumption in the country. Based on electricity demand estimates, XM carries out the coordinated real-time operation of the generation plants and the electric grid in order to continuously match power plants' generation with consumers' demand in an economic, reliable and safe manner under standards of quality.

Energy generation

During 2014, SIN operation and MEM administration were impacted by high uncertainty in the hydroelectric generation supply, with large variability of rainfall in SIN's reservoirs. At the end of the year, the deficit in rainfall was similar to that of the previous year (close to 90% of the annual historic average), which shows in an increase in thermal generation in the last two years.

ENERGY GENERATION							
Resources	2010 (GWh)	2011 (GWh)	2012 (GWh)	2013 (GWh)	2014 (GWh)	%	Variation %
Hydraulic	38,089	45,583	44,924	41,836	42,158	65.54	0.8
Thermal	15,591	9,384	11,506	16,839	18,406	28.61	9.3
Minor	2,986	3,337	3,213	3,170	3,293	5.12	3.9
Co-generators	223	317	347	352	472	0.73	34.1
Total	**56,888**	**58,620**	**59,989**	**62,197**	**64,328**	**100**	**3.4**

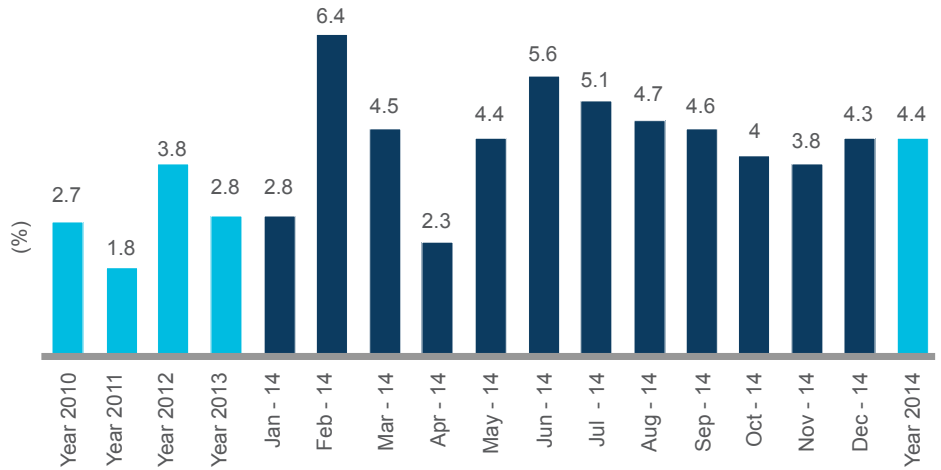
As of December 31, the SIN had an effective net installed capacity of 15,489 MW, with an increase of 6.4% compared to 2013, mainly due to the entry into operation of hydroelectric power stations Hidrosogamoso (820 MW) and Dario Valencia Samper units 1 and 5 (50 MW each).

SIN'S NET EFFECTIVE CAPACITY							
Resources	2010 (MW)	2011 (MW)	2012 (MW)	2013 (MW)	2014 (MW)	%	Variation %
Hydraulic	8,525	9,185	9,185	9,315	10,315	66.6	10.7
Thermal	4,089	4,545	4,426	4,515	4,402	28.4	-2.5
Minor	621	635	693	662	695	4.5	4.9
Co-generators	55	55	57	66	77	0.5	16.6
SIN's total	**13,290**	**14,420**	**14.361**	**14,559**	**15,489**	**100**	**6,4**

Energy demand

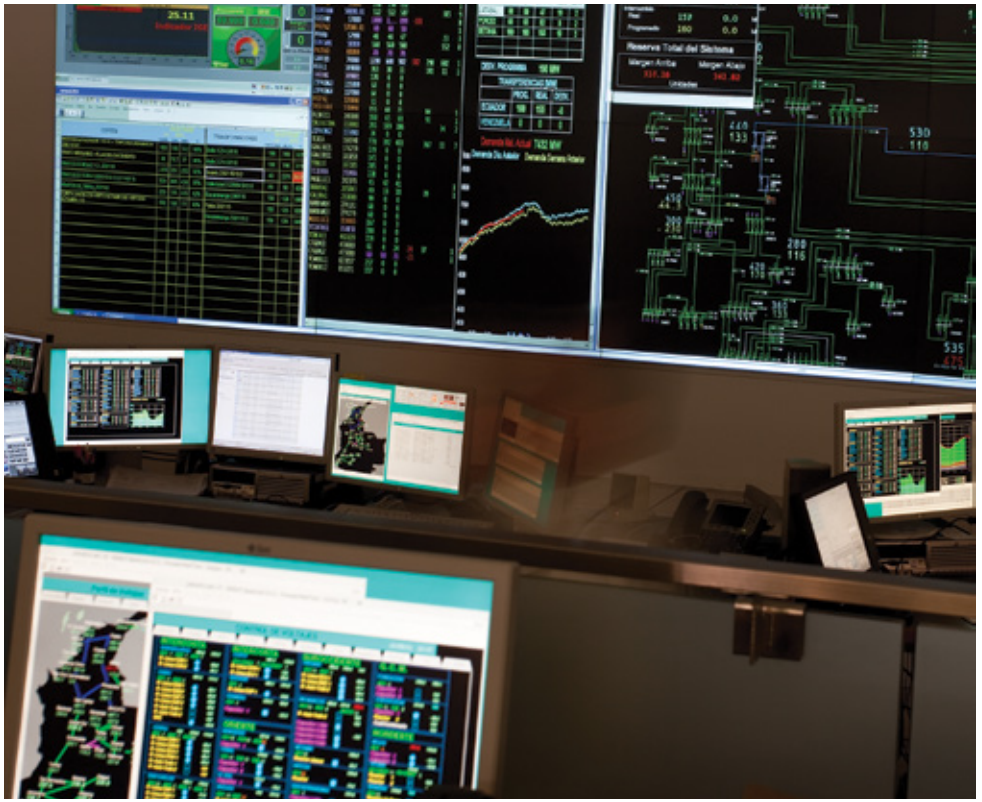
Electric energy demand at 63,571 GWh (4.4% up on 2013) registered the largest growth in the last 10 years due to 5% increase in regulated demand (residential consumption and small businesses) and 3% in unregulated demand (industry and commerce).

ENERGY DEMAND VARIATION



Behavior of the electric market

The Administrator of the Commercial Settlement System (ASIC) provides services to 56 generators, 93 traders, 12 transporters and 31 network operators.



DELIVERY POINTS

Delivery points	2010	2011	2012	2013	2014	% Variación
Regulated consumers	4,741	5,024	7,189	8,872	9,670	9
Unregulated consumers	4,638	5,058	5,422	5,672	5,546	-2.2
Public lighting	409	414	403	406	393	-3.2
Total	**9,788**	**10,496**	**13.014**	**14,950**	**15,609**	**4.4**

Total energy traded in the MEM (sales and purchases) was COP 13,300,000 million, more than in 2013 (COP 12,300,000 million).

Total purchases in the pool showed an increase of 29.3% compared to 2013; average pool price increased 26.1% compared to 2013.

Invoice collection for accounts administered by XM for the Commercial Settlement System (SIC) and Account Settling and Clearing (LAC) totaled COP 5,000,000 million, showing an increase of 20.8% compared to 2013 (COP 4,300,000 million).

MARKET BEHAVIOR						
	2010	2011	2012	2013	2014	% Variación
Wholesale Energy Market (MEM) transactions						
Total market transactions (COP '000,000,000,000)	10.1	9.5	10.9	12.4	13.3	7.5
Purchases in the energy pool (COP '000,000,000,000)	2.4	1.3	1.9	2.7	3.5	29.3
Average pool price (COP / KWh)	130.4	76.2	116	178.9	225.5	26.1
Average contracts price (COP / KWh)	110	118	120.7	125.9	131.5	4.4
Account Settling and Clearing (LAC)						
STN use charges (COP '000,000,000,000)	1.19	1.35	1.25	1.26	1.33	5.6
FAER, FAZNI, FOES, PRONE Funds (COP '000,000,000)	176.8	194.7	196.6	199	203.6	2.3

Worth mentioning is MEM's safe and efficient administration of funds totaling COP 4,000,000 million in 2014, and of bank guarantees and prepayments to secure liabilities totaling COP 4,100,000 million. By 2014 closing date, collection of such liabilities was 100%.

International Electricity Transactions –TIE–

Colombia's export capacity to Ecuador stands at 535 MW and to Venezuela at 336 MW; import capacity levels from the two countries are 395 MW and 205 MW, respectively.

Since implementation of TIE in 2003, Colombia has exported 12,470 GWh to Ecuador for an approximate value of USD 1,070 million; and it has imported 316 GWh for a value of USD 14 million.

INTERNATIONAL ELECTRICITY TRANSACTIONS (TIE)

Year	Energy (GWh)		Value (USD thousand)	
	Exports	Imports	Exports	Imports
2010	797.7	9.7	73,812	565
2011	1,294.6	8.2	92,996	231
2012	236.1	6.5	24,151	243
2013	662.3	28.,5	78,442	1,683
2014	824	46.9	95,997	2,936

Additionally, in 2014, 25 GWh were exported to Venezuela, 97% less than in 2013 (715 GWh).

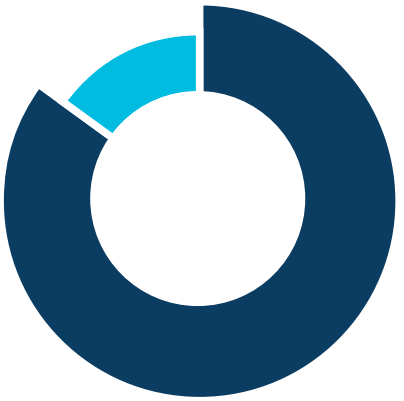
Integrated Management System

XM has ISO 9001-2008 certifications for services of interconnected electric systems operation and energy markets administration (including information services and training) as well as for electronic invoicing services in the processes of invoice acceptance, conservation and exhibition resulting from the transactions in the wholesale energy market.

In 2014, ICONTEC renewed the company's information security management system certification, based on ISO\IEC 27001:2005 standards for the economic dispatch programming process.

OTHER SECTORS

SHAREHOLDING (%)



SISTEMAS INTELIGENTES EN RED

XM 85

ISA 15

SHAREHOLDING (%)



Derivex

MERCADO DE DERIVADOS DE COMMODITIES ENERGÉTICOS

XM	49.95
BVC	50
INTERNEXA	0.025
Other	0.025

SHAREHOLDING (%)

CAMARA DE RIESGO
central de contraparte de colombia s.a.



Dealers	19.72
BVC	27.64
Banks	22.05
Deceval	12.41
Stock Exchange - Spain	9.91
Corporación Financiera	1.09
XM	7.18

Sistemas Inteligentes en Red –SIER–

SIER (in association with UNE and the ITS consortium) supervises and coordinates the Traffic Control Center, a part of Medellin Mobility Smart System (SIMM) by means of traffic, supervision and information specialized tools.

During 2014, activities were conducted to give signals to the Medellin Mobility Secretary that help management and decision making with the aim of reducing road accidents and deaths related to traffic incidents, optimizing urban mobility, and improving performance of public transport in strategic places in the city.

SIER also supports the Medellin Mobility Secretary in planning the street network and improving circulation. In 2014, it presented 24 studies for traffic lights optimization to improve road safety at intersections, and 23 circulation studies with alternatives for solving mobility problems in certain critical points. Several of these recommendations were implemented.

Derivex

Since 2010 the company administers in Colombia an electricity futures trading and registration system that permits generators, traders and consumers hedging against price volatility in the energy pool, avoiding the risk of default.

This way, generators and traders can indistinctly use futures traded in Derivex and bilateral energy contracts in order to cover their capacity to back-up market operations, hedging against credit, price and counterparty

risks. Generators can guarantee energy sale price and hedge against low rainfall risk that makes it difficult to fulfill contract obligations. At the same time, traders can guarantee energy purchase price, avoiding exposure to high prices during shortage periods. Additionally, electricity hedges permit large consumers ensured price of one of their main supplies, electricity.

At the moment, Derivex has eight financial members acting as intermediary agents for trading. Since its entry into operation in 2010, 454 GWh have been traded between monthly futures contracts for 360,000 kWh-month and contracts for 10,000 kWh-month.

Cámara de Riesgo Central de Contraparte –CRCC–

CRCC is a financial entity managing risks resulting from financial instruments trading. An energy-derivatives organized market requires an entity to assume counterparty risk providing security and liquidity for transactions.

In 2014, the CRCC recorded a monthly average of 7,131 contracts (20.22% more than in 2013); additionally, the open interest at year's end was COP 9,500,000 million, 3.85% more than the previous year.

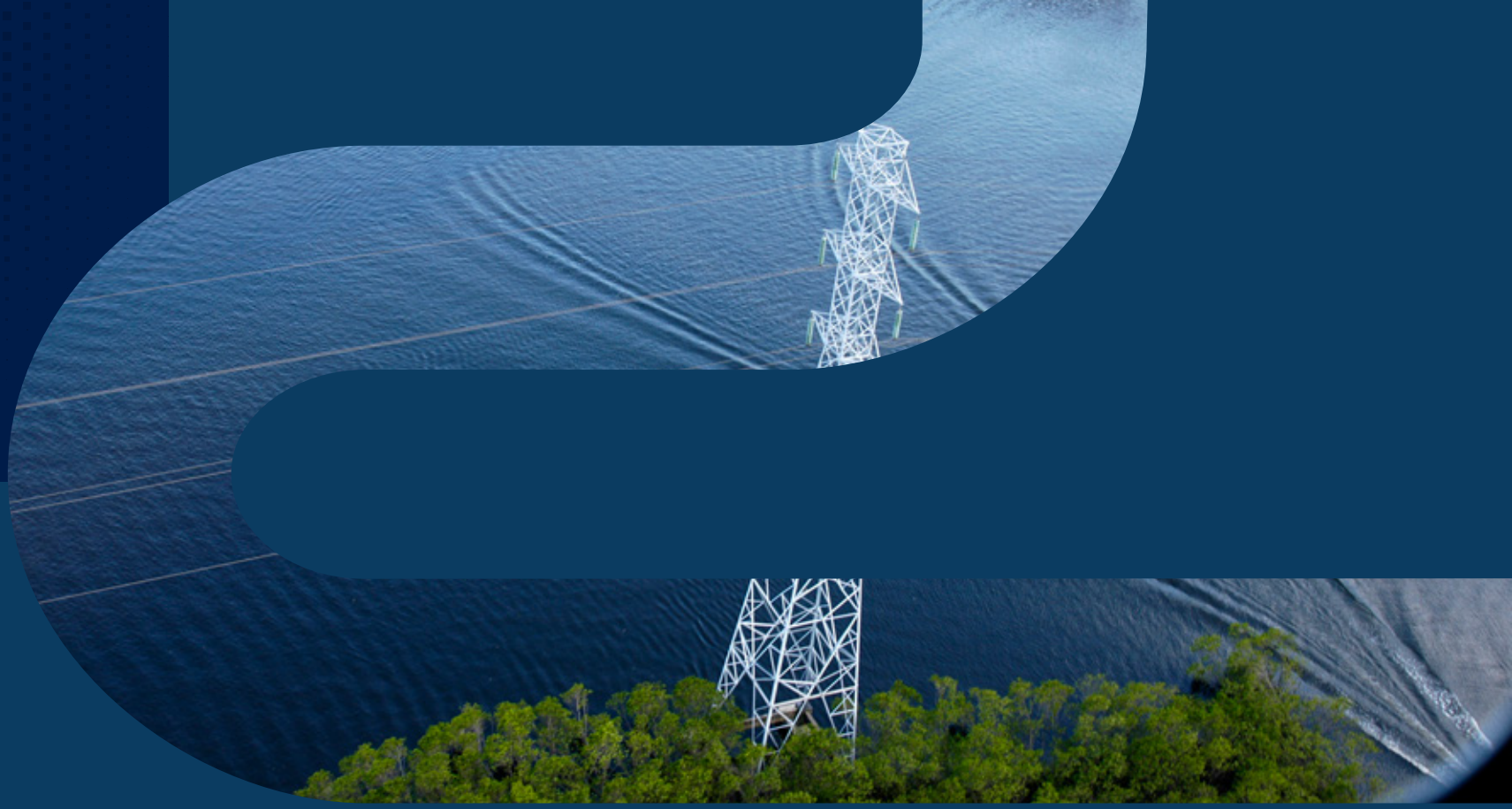
New business opportunities

In line with the new strategy, in 2014 XM executed the following projects:

- **Dirección de Aduanas Nacionales (DIAN -Tax and Customs Authority)** Modernization of part of its technological platforms and management systems.

- **Government of Antioquia Province:** Conclusion of first stage of project for provision of technological tools and effective processes for monitoring road works execution in the province.





09 ECONOMIC AND FINANCIAL RESULTS

CONSOLIDATED RESULTS

CONSOLIDATED RESULTS FOR THE PERIOD - COP MILLION				
	2014	2013	Variation	Variation %
Results				
Operating revenue	3,921,335	3,601,325	320,010	8.9
Operating costs and expenses	2,042,739	2,050,226	(7,487)	-0.4
AOM costs and expenses (excluding pensions)	1,646,409	1,589,651	56,758	3.6
Provisions, depreciation, amortization and pensions	396,330	460,575	(64,245)	-13.9
Operating income	**1,878,596**	**1,551,099**	**327,497**	**21.1**
Non-operating results	(569,796)	(889,508)	319,712	35.9
Income before taxes	**1,308,800**	**661,591**	**647,209**	**97.8**
Income tax provision	379,889	91,648	288,241	314.5
Income before minority interest	**928,911**	**569,943**	**358,968**	**63**
Minority interest	335,846	136,895	198,951	145.33
Net income	**593,065**	**433,048**	**160,017**	**37**
Balance Sheet				
Assets	28,994,200	25,567,362	3,426,838	13.4
Liabilities	16,047,204	14,411,340	1,635,864	11.4
Minority interest	4,243,349	3,704,545	538,804	14.5
Equity	8,703,647	7,451,477	1,252,170	16.8

CONSOLIDATED RESULTS FOR THE PERIOD - COP MILLION				
	2014	2013	Variation	Variation %
Ratios				
EBITDA (COP million)	2,274,926	2,011,674	263,252	13.1
EBITDA margin (%)	58.0	55.9		
Operating margin (%)	47.9	43.1		
Income before minority interest (%)	23.7	15.8		
Return on assets after minority interest (%)	2.0	1.7		
Return on equity (%)	6.8	5.8		
Leverage (%)	55.3	56.4		
Net Debt / EBITDA (times)	3.3	3.4		
EBITDA / Interest (times)	4.35	3.14		

The consolidated financial statements of ISA show very positive results closing the year with net income of COP 593,065 million versus COP 433,038 million in 2013, equivalent to 37% increase, and improved net margin which went from 12% in 2013 to 15.1% in 2014.

The most relevant economic facts that had impact on consolidated financial results were:

Tax law amendment

The tax law amendment (Law 1739) was published in 2014; it will affect the financial statements of the companies in Colombia as from that year.

- Increase in the rate for calculation of deferred taxes from 33% to 34%.
- Creation of tax on wealth for equities greater than COP 1,000 million for the 2015-2017 period.

- Income tax for equity purposes (CREE) remains at 9%; additional surcharge for CREE of 5, 7, 8 and 9% to be applied between 2015 and 2018.

Tax law amendment in Chile

The tax law amendment (Law 20780) was published in 2014; it will affect the financial statements of the companies in Chile as from 2014.

The Fund of Taxable Earnings (FUT), a system that permitted business owners to pay taxes on withdrawn earnings, is replaced, starting January 1 of 2017, with two tax regimes – one called “integrated or attributed income” and a second called “partially integrated or earned income”; taxpayers are entitled to choose the most convenient option.

For each regime the tax rate increases gradually between 2014 and 2018:

INCOME TAX RATE

Year	Attributed income (%)	Earned income (%)
2014	21	21
2015	22.5	22.5
2016	24	24
2017	25	25.5
2018	25	27

For the companies in Chile it was determined that the partially integrated regime was the most appropriate; consequently, the rate for calculation of deferred taxes went from 20% in 2013 to 27% in 2014.

Macroeconomic effects

Translation of the financial information of the subsidiaries and affiliates abroad resulted in variations in the different line items of the financial statements due to the effect of the devaluation of the Colombian, Chilean and Brazilian currencies versus the US Dollar.

Nonetheless, the financial strategy of keeping the companies’ revenues and debts in the same currency tends to neutralize in net income the effect of translation into Pesos of the subsidiaries abroad.

EXCHANGE RATE VARIATION

Rates	Year average			Year end		
	2014	2013	Variation %	2014	2013	Variation %
Peso / Dollar	2,000.68	1,868.89	7.1	2,392.46	1,926.83	24.2
Peso / Real	850	866	-1.8	901	823	9.5
Peso / Chilean Peso	3.51	3.77	-7	3.94	3.67	7.4
Real / Dollar	2.35	2.16	9.1	2.66	2.34	13.4
Chilean Peso / Dollar	570.37	495.31	15.2	606.75	524.61	15.7

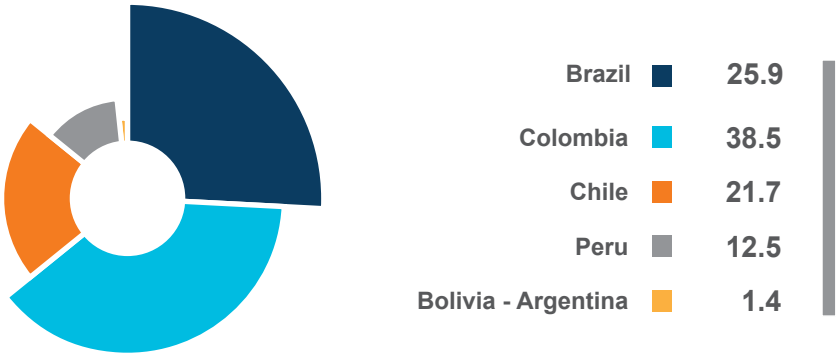


Consolidated income statement

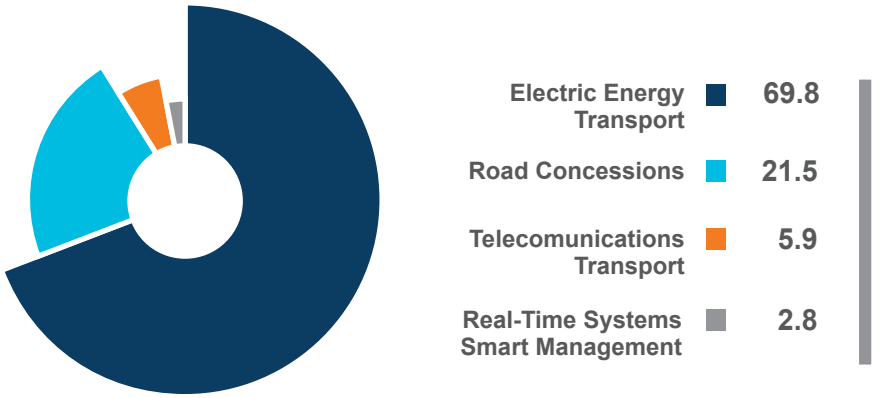
Operating revenues closed at COP 3,900,000 million, 8.9% up on 2013 (COP 3,600,000 million) due to:

- **Peru:** Higher revenues due to commissioning of projects and expansion of the electric grid.
- **Colombia:** Higher revenues explained by UPME bids, higher AOM remuneration and higher Produce Price Index (PPI).
- **Brazil:** Adjustment to remuneration and increased revenues due to construction of electric infrastructure; additional revenues from consolidation of telecommunications subsidiaries starting in the last quarter of 2013.
- **Chile:** Decrease in financial yields of the road concessions account receivable due to higher toll collection caused by increased traffic.

CONSOLIDATED REVENUE BY COUNTRY (%)



CONSOLIDATED REVENUE BY BUSINESS UNIT (%)



Operating costs and expenses, in turn, dropped 0.4% with respect to previous year. This result is due mainly to:

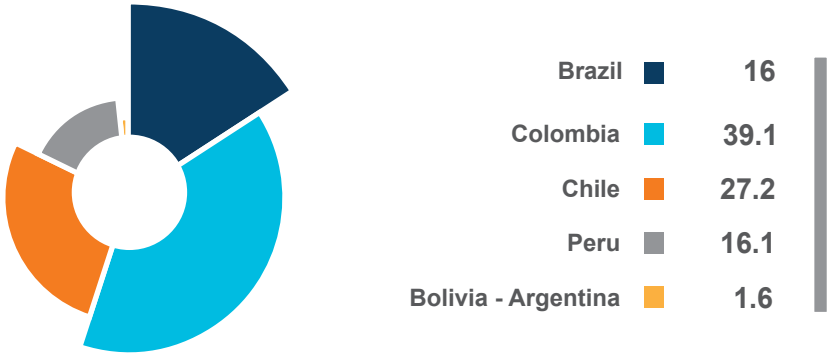
- **Brazil:** Lower personnel, maintenance and contingencies expenses in CTEEP; conclusion of amortization of goodwill in ISA Capital Do Brasil (December 2013) offset by the increase in costs and expenses due to consolidation of the new telecommunications subsidiaries.

- **Chile:** Higher construction expenses because of Ruta del Maipo third lanes.

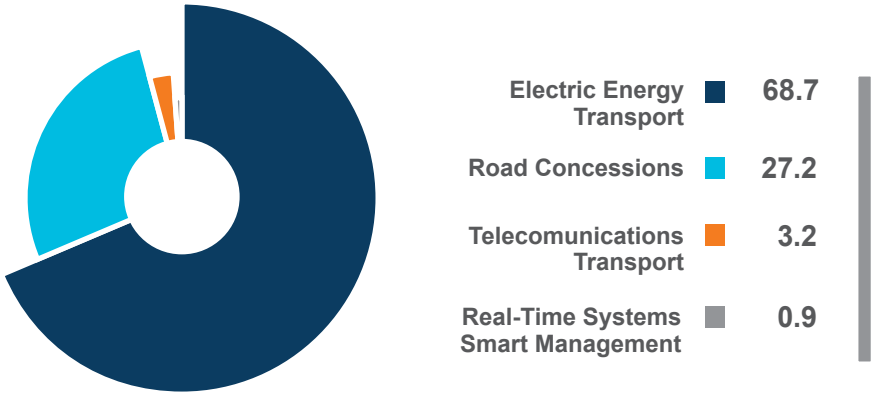
As a consequence of the higher growth of revenues relative to costs and expenses, EBITDA closed at COP 2,300,000 million, 13.1% up on 2013 (COP 2,000,000 million); EBITDA margin increased from 55.9% in 2013 to 58% in 2014.

Consolidated operating income closed at COP 1,900,000 million, 21.1% up on 2013; operating margin increased from 43.1% in 2013 to 47.9%.

CONSOLIDATED EBITDA BY COUNTRY (%)



CONSOLIDATED EBITDA BY BUSINESS UNIT (%)



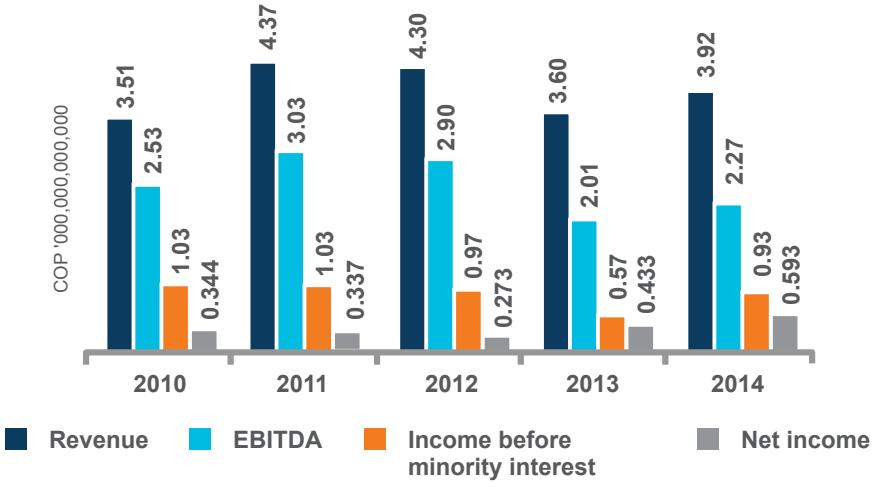
Non-operating results show a decrease in expenses relative to 2013. In 2014 no allowance was made for the account receivable from the State of São Paulo, related to Law 4819, given that there has not been any legal pronouncement making it necessary to modify last year's allowance. The net effect recognized for the allowance in CTEEP and ISA Capital do Brasil was COP 354,044 million in 2013.

Income tax expense increased by 314.5% from COP 91,648 million in 2013 to COP 379,889 million in 2014. Such variation obeyed primarily to: the increase in the deferred tax rate in Chile (from 20% to 27%) and in Colombia (from 33% to 34%); the increased income obtained in the period; and the recognition in 2013 of the tax in favor resulting from the allowance for the account receivable from the State of São Paulo related to Law 4819 that is not applicable in 2014.

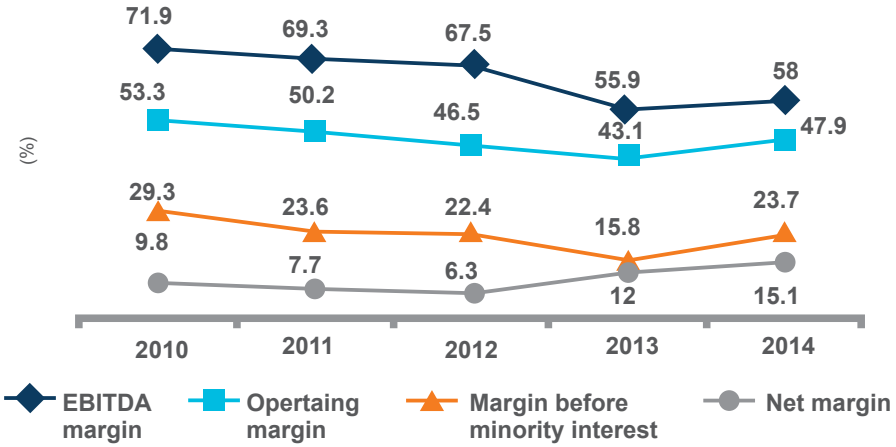
Consolidated income before minority interest reached COP 928,911 million, of which 36.2% (COP 335,846 million) corresponds to minority shareholders.

Finally, net income, at COP 593,065 million, was 37% higher than in 2013.

CONSOLIDATED FINANCIAL FIGURES

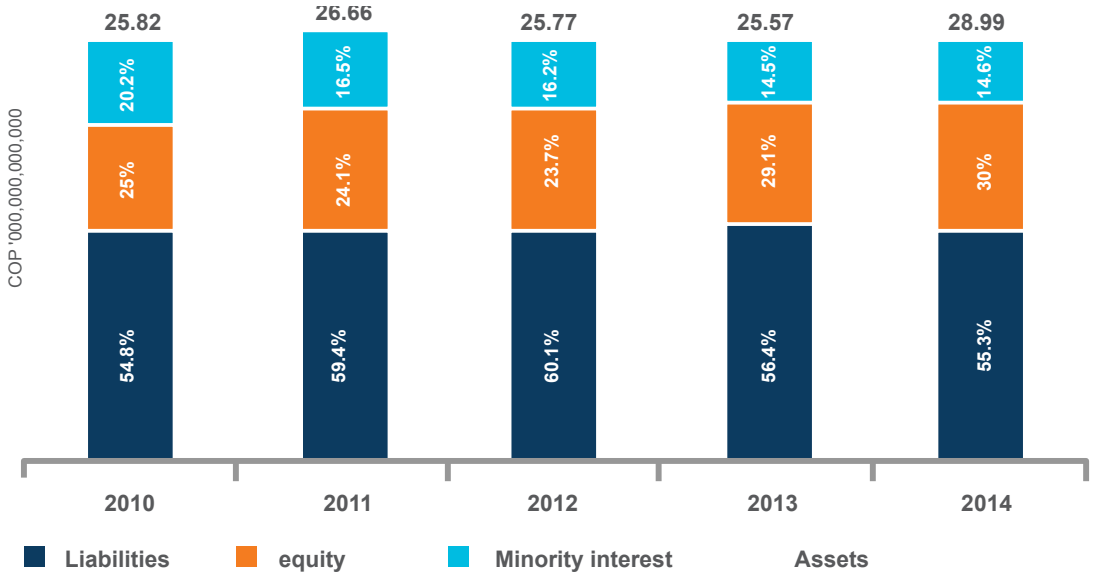


CONSOLIDATED FINANCIAL RATIOS



Consolidated balance sheet

CONSOLIDATED BALANCE SHEET STRUCTURE



Assets: Assets closed at COP 29,000,000 million, 13.4% up on 2013 (COP 25,600,000 million) resulting from increased value of projects under construction (Peru), financial assets (Brazil), deferred tax (Chile), and the translation effect derived from depreciation of the Peso versus the US Dollar that increases the value of long-term investments.

Liabilities: Liabilities went from COP 14,400,000 million in 2013 to COP 16,000,000 million in 2014 (11.4% increase) due to the higher deferred tax in Chile and the translation effect derived from depreciation of the Peso versus the US Dollar.

Minority Interest: At COP 4,200,000 million it is 14.5% higher than in 2013 (COP 3,700,000 million) as a result of the inclusion of Corporación Financiera Internacional (IFC) as minority shareholder of INTERNEXA Participações and to the better results of the companies in Brazil.

Equity: It closed at COP 8,700,000 million, 16.8% up on 2013 (COP 7,500,000 million) as a result of the period's higher income and to the translation effect of investments of the foreign subsidiaries which compensates the distribution of dividends made in 2014.

CONSOLIDATED ASSETS BY COUNTRY (%)



Brazil	23.9
Colombia	28.1
Chile	34.4
Peru	13.1
Bolivia - Argentina	0.5

CONSOLIDATED ASSETS BY BUSINESS UNIT (%)



Electric Energy Transport	62.1
Road Concessions	34.2
Telecomunications Transport	2.6
Real-Time Systems Smart Management	1.1

CONSOLIDATED LIABILITIES BY COUNTRY (%)



Brazil	14.6
Colombia	21.9
Chile	47.4
Peru	15.6
Bolivia - Argentina	0.5

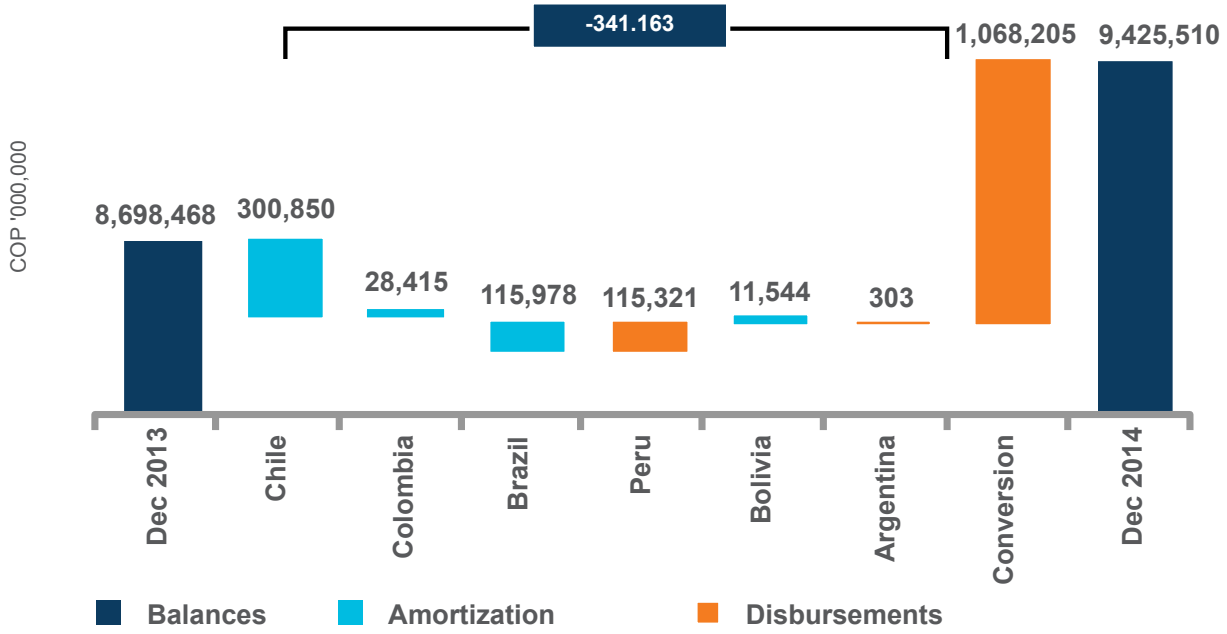
CONSOLIDATED LIABILITIES BY BUSINESS UNIT (%)



Electric Energy Transport	47.5
Road Concessions	47.2
Telecomunications Transport	3.6
Real-Time Systems Smart Management	1.7

Financial liabilities

DEBT EVOLUTION



At the end of 2014, consolidated financial liabilities amounted to COP 9,400,000 million with 8.4% increase with respect to previous year (COP 8,700,000 million). Although in 2014 a large number of the companies lowered net debt by COP 341,163 million, the increase in consolidated debt is due to the translation effect resulting from the devaluation of the Peso versus the currencies of the companies abroad.

Movements made during the period:

- **Colombia:** ISA exercised the prepayment option for COP 59,500 million of series B bonds of sixth tranche of the Domestic Debt Securities Issue and Placement Program, and it additionally amortized the USD 3.8 million loan with BNP Paribas; TRANSELCA obtained a USD 3.2

million loan from Banco Colpatria to fund its cash flow; and INTERNEXA obtained loans from Banco ITAUBBA Colombia and Helm Bank for COP 32,000 million and COP 8,000 million, respectively, to fund purchase of the companies in the State of Rio de Janeiro, made in 2013.

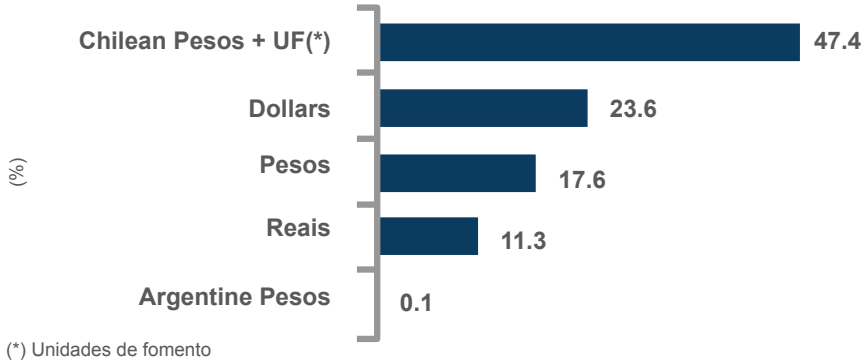
- **Brazil:** CTEEP redeemed the debentures first series for BRL 163.6 million and amortized BRL 14.5 million of the second series; it hired a BRL 391.3 million loan with BNDES to finance its multi-annual 2012-2015 investment plan and amortized also with BNDES loans for BRL 149 million; additionally it hired a BRL 10.3 million loan with Banco Santander to finance machinery and equipment. Additionally INTERNEXA's affiliates in Brazil hired loans for BRL 65.7 million to fund their investments and cash flow and made amortization payments for BRL 103.3 million.

- **Peru:** Transmantaro subscribed USD 100 million loan with Banco de Crédito del Peru to prepay loan of the Trujillo-Chiclayo trust (USD 61 million balance at 2013 closing date). REP conducted seventh issuance (series A) of the third corporate bond program for USD 20 million to finance expansion of its transmission network. Additionally, ISA Perú repaid loan with BBVA Banco Continental for USD 5.4 million.

- **Chile:** The concessionaires made partial debt payments according to schedule. INTERNEXA obtained a short-term loan from Banco BBVA for CLP 1,234 million.

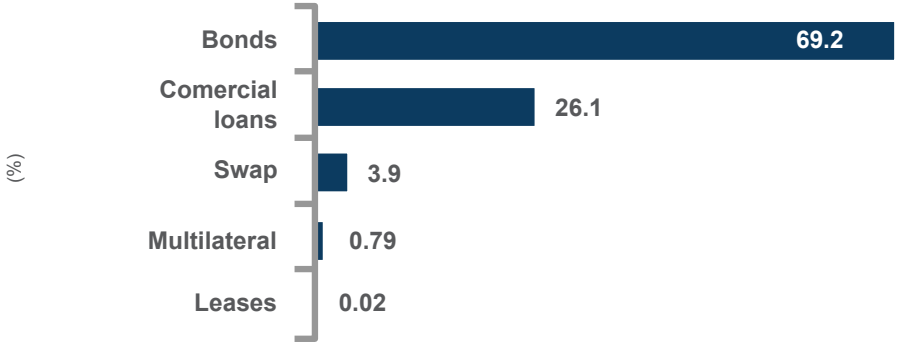
In order to obtain a natural hedge against exchange risk, ISA and its companies seek to hire their debt in the same currency of their revenue, and considering that the projects they carry out are remunerated in the long-term, a large part of their debt is obtained in the capital markets (bonds) at competitive rates.

CONSOLIDATED DEBT BY CURRENCY



(*) Unidades de fomento

CONSOLIDATED DEBT BY SOURCE



Credit risk ratings

Ratings for corporate risk and local and international bond issues granted by specialized agencies ratified the strength and financial soundness of ISA and its companies, the stability and predictability of their cash flows, the prominent position as energy transporter in Latin America, and its role as participant in the Chilean road concession business.

As an indication of the improvement of the company's indicators, in August of 2014, Standard & Poor's (S&P) raised ISA's corporate credit rating from BBB- to BBB with stable outlook. This way the three most important international rating agencies worldwide have the company rated in the BBB category, equivalent to one grade above investment grade.

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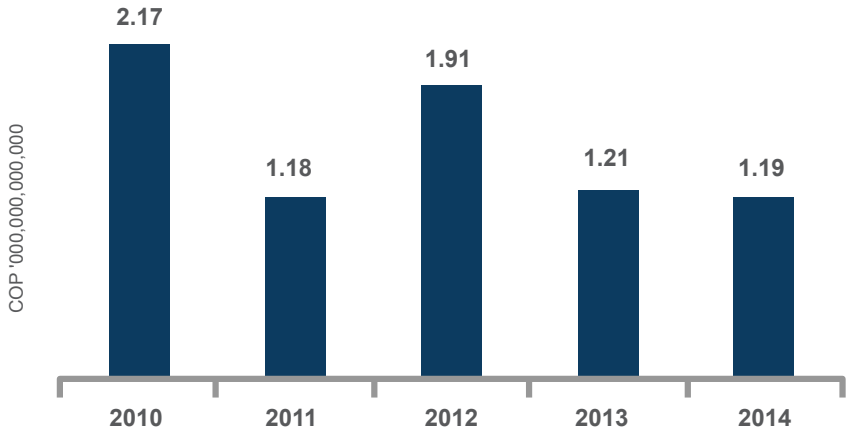
COMPANY	Rating type	S&P	Moody's	Fitch	Feller - Rate	Apoyo y Asociados	Equilibrium
ISA	Corporate	BBB (Stable) Aug. 2014	Baa2 (Stable) Aug. 2014	BBB (Stable) May. 2014			
	Bond issues			AAA (Stable) May. 2014			
	Commercial papers			F1+ May. 2014			
TRANSELCA	Bond issues			AAA (Stable) Apr. 2014			
ISA Capital do Brasil	Corporate			BB+ (Stable) Aug. 2014			
	International bond issues			BBB- (Stable) Aug. 2014			
	National rating			AA- (Stable) Aug. 2014			
CTEEP	Corporate			AA+ (Stable) Aug. 2014			
	Bond issues			AA+ (Stable) Ago. 2014			
Transmantaro	International bond issues		Baa3 (Stable) Apr. 2014	BBB- (Stable) Apr. 2014			
	Commercial papers			CP-1+ (PE) Sep. 2014			
REP	Bond issues					AAA (Stable) Apr. 2014	AAA (Stable) Apr. 2014
Ruta del Maipo	Bond issues	BBB- (Stable) Dec. 2014	Baa3 (Stable) May. 2014		A (Stable) Jun. 2014		
Ruta del Maule	Bond issues	BBB- (Stable) Dec. 2014	Baa2 (Stable) May. 2014		A (Stable) Jun. 2014		
Ruta del Bosque	Bond issues	BB+ (Stable) Dec. 2014	Baa3 (Stable) May. 2014		A (Stable) Jun. 2014		

Investments

CASH INVESTMENTS



Figures include ISA's cash investments and those of the companies that are consolidated for accounting purposes. Translation into Colombian Pesos is done at each quarter's closing date rate.

In 2014, ISA and its companies carried out investments worth COP 1,190,000 million, in accordance with their expansion plans:

Colombia: Investments for COP 336,784 million:

- **ISA:** COP 221,374 million for construction of transmission projects, assets replacement and contributions to corporations.
- **TRANSELCA:** COP 30,894 million for expansion of substations and other operational assets.
- **INTERNEXA:** COP 70,733 million for expansion of its fiber optics network and contributions to its subsidiaries in Brazil, Argentina and Chile.
- **XM:** COP 13,782 million in new technological developments and capitalizations in Derivex.

Brazil: Investments for COP 363,538 million, of which COP 319,763 million were carried out by CTEEP for grid reinforcements and capital contributions to the companies where it has stakes. Additionally, affiliates PINHEIROS, SERRA DO JAPI, EVRECY and IEMG invested COP 28,341 million for expansion of their networks.

Peru: COP 423,431 million invested mostly by TransMantaro (COP 269,221 million) in execution of projects awarded by the Peruvian government, while REP invested COP 142,983 million in expansion of its electric grid. INTERNEXA in turn, invested COP 8,383 million in expansion of its fiber optics network.

Chile: Investments for COP 57,335 million most of them by Ruta del Maipo in the third lanes project.

INVESTMENT BY COUNTRY (%)



Brazil	30.6
Colombia	28.4
Chile	4.8
Peru	35.6
Bolivia - Argentina	0.6

INVESTMENTS BY BUSINESS UNIT (%)



Electric Energy Transport	85.9
Road Concessions	4.4
Telecomunications Transport	8.5
Real-Time Systems Smart Management	1.2



RESULTS ISA

ISA'S RESULTS DURING THE PERIOD (COP MILLION)				
	2014	2013	Variation	% Variation
Results				
Operating revenue	781,408	997,128	(215,720)	-21.6
AOM costs and expenses (excluding pensions)	112,446	392,772	(280,326)	-71.4
EBITDA	**668,962**	**604,356**	**64,606**	**10.7**
Provisions, depreciation, amortization and pensions	107,141	114,808	(7,667)	-6.7
Operating costs and expenses	219,587	507,580	(287,993)	-56.7
Operating income	**561,821**	**489,548**	**72,273**	**14.8**
Non-operating results	197,797	60,587	137,210	226.5
Income before taxes	**759,618**	**550,135**	**209,483**	**38.1**
Income tax provision	166,553	117,087	49,466	42.2
Net income	**593,065**	**433,048**	**160,017**	**37**
Balance Sheet				
Assets	11,328,742	10,266,517	1,062,225	10.3
Liabilities	2,699,672	2,818,975	(119,303)	-4.2
Equity	8,629,070	7,447,542	1,181,528	15.9
Ratios				
EBITDA margin (%)	85.6	60.6		
Operating margin (%)	71.9	49.1		
Net margin (%)	75.9	43.4		
Return on assets (%)	5.2	4.2		
Return on equity (%)	6.9	5.8		
Leverage (%)	23.8	27.5		
Net Debt / EBITDA (times)	1.37	1.84		
EBITDA / Interest (times)	6.13	5.13		

Income statement

The company posted highly positive results closing the year with COP 593,065 million net income versus COP 433,038 million in 2013, equivalent to 37% increase.

Starting in 2014, INTERCOLOMBIA as general partner of the partnership in commendam entered into with ISA, recognizes in its financial statements the totality of operating revenues and expenses derived from the execution of the contract. ISA, in turn, recognizes in its financial statements the income participation derived from the partnership in commendam contract.

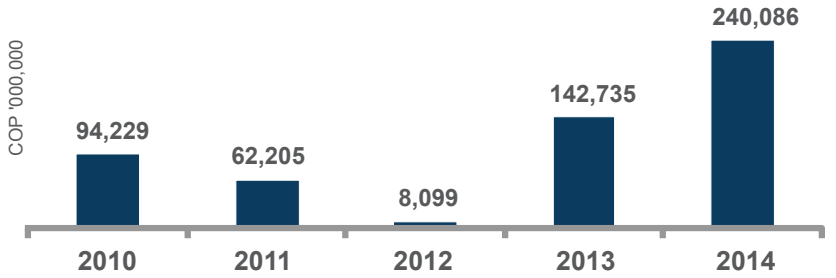
As a consequence of the contract, ISA's results for operating revenues, operating costs and expenses, EBITDA margins, operating margins and net margins are not comparable between 2013 and 2014.

The income of the partnership in commendam contract was very favorable and resulted from increased revenues obtained in the UPME bids, the positive behavior of the Producer Price Index (PPI) and lower operating costs.

Accordingly, EBITDA increased by COP 64,606 million (10.7%) with respect to former year and operating income at COP 561,821 million was 14.8% higher than in 2013.

Non-operating results increased by 226.5% from COP 60,587 million in 2013 to COP 197,797 million in 2014, mainly due to higher revenues from the equity method and better financial yields.

REVENUES FROM EQUITY METHOD

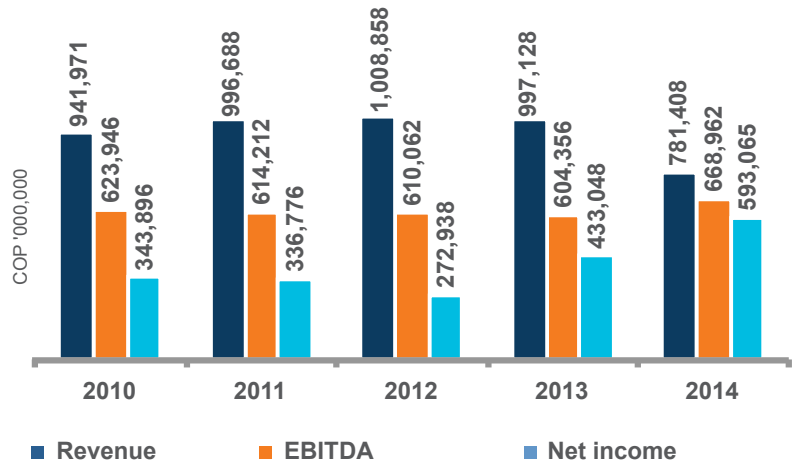


REVENUE FROM EQUITY METHOD BY COUNTRY - COP

Countries	2010	2011	2012	2013	2014	Variation	% Variation
Colombia	30,686	52,813	61,327	49,866	136,732	86,866	174.2
Peru	33,176	42,288	34,810	40,229	55,752	15,523	38.6
Brazil	20,745	48,587	31,139	(110,362)	11,631	121,993	110.5
Chile	13,490	(79,888)	(113,632)	161,562	33,214	(128,348)	-79.4
Bolivia	(3,380)	(839)	(465)	2,096	4,418	2,322	110.8
Panamá - Bermuda	(487)	(756)	(5,080)	(656)	(1,661)	(1,005)	-153.2
Total	**94,229**	**62,205**	**8,099**	**142,735**	**240,086**	**97,351**	**154.8**

Income tax provision increased by 42.2% due to higher fiscal income and to increase in deferred taxes, as consequence of the tax rate increase from 33% in 2013 to 34% (new tax law amendment).

ISA'S FINANCIAL FIGURES





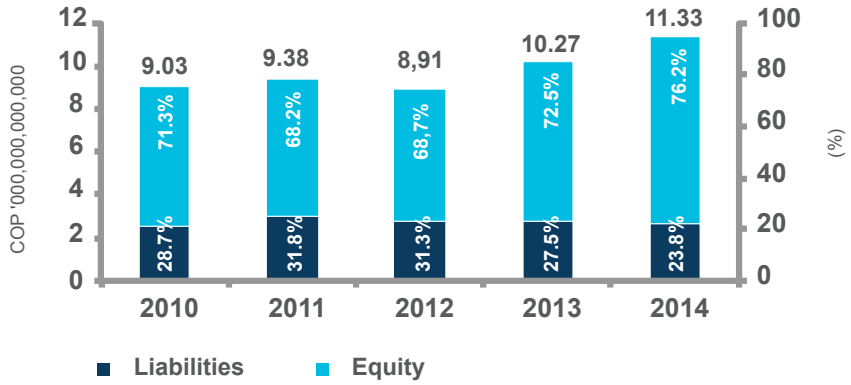
Balance sheet

Assets: COP 11,300,000 million, 10.3% higher than in 2013 as a result of: increase in long-term investments in the subsidiaries (improved results and translation effect from devaluation in Colombia); higher revaluation surplus for property, plant and equipment; and increase in cash and short-term investments.

Liabilities: COP 2,700,000 million, 4.2% down on 2013 (COP 2,800,000 million) explained by lower accounts payable balance (higher execution of delegated administration projects) and reduction in debt.

Equity: COP 8,600,000 million (15.9% up on 2013) resulting from higher surplus from equity method (the result of the subsidiaries' equity variations and translation effect from foreign subsidiaries), increased revaluation of property, plant and equipment, and improved results of the period.

ISA'S BALANCE SHEET STRUCTURE



Financial liabilities

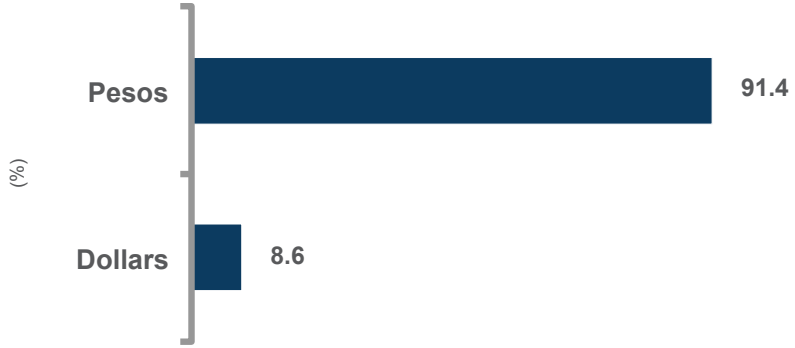
At December 31, financial debt stood at COP 1,400,000 million, 3.1% down on 2013. ISA exercised the prepayment option for COP 59,500 million of series B bonds of sixth tranche of the Domestic Debt Securities Issue and Placement Program, and it additionally amortized the USD 3.8 million loan with BNP Paribas.

Most of the debt is hired in Pesos because a large portion of revenues of ISA are expressed in this currency. In order to obtain a natural hedge for revenues of UPME bids (set in US Dollars), it holds a portion of its debt in this currency.

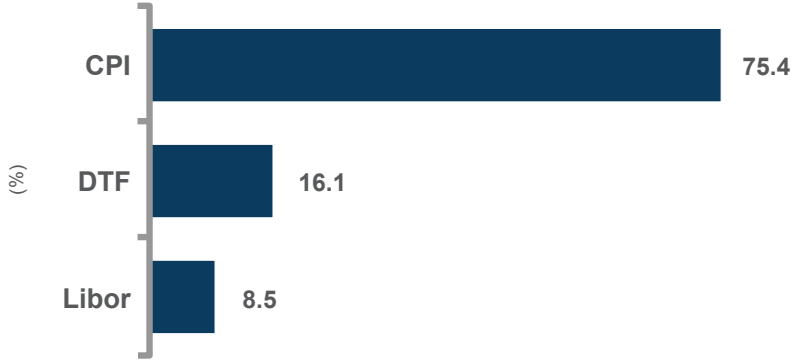
In the same manner, since most of revenues are indexed to the PPI, and there exists an average correlation between CPI and PPI, most of the debt hired is indexed to the CPI.

Additionally, considering that the projects carried out by the company are remunerated in the long-term, a large part of the debt is hired in the capital markets (bonds) at competitive rates.

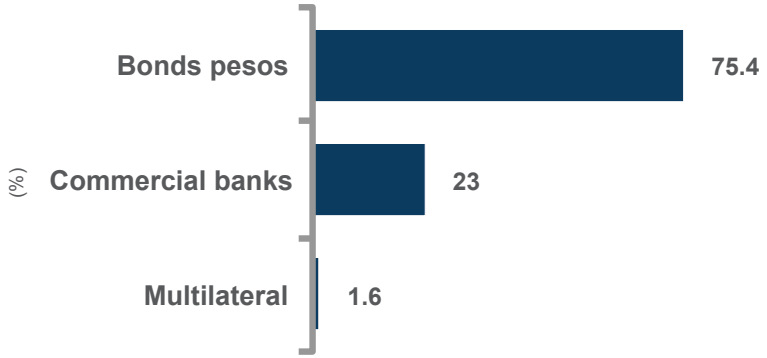
ISA'S DEBT BY CURRENCY



ISA'S DEBT BY INTEREST RATE



ISA'S DEBT BY SOURCE



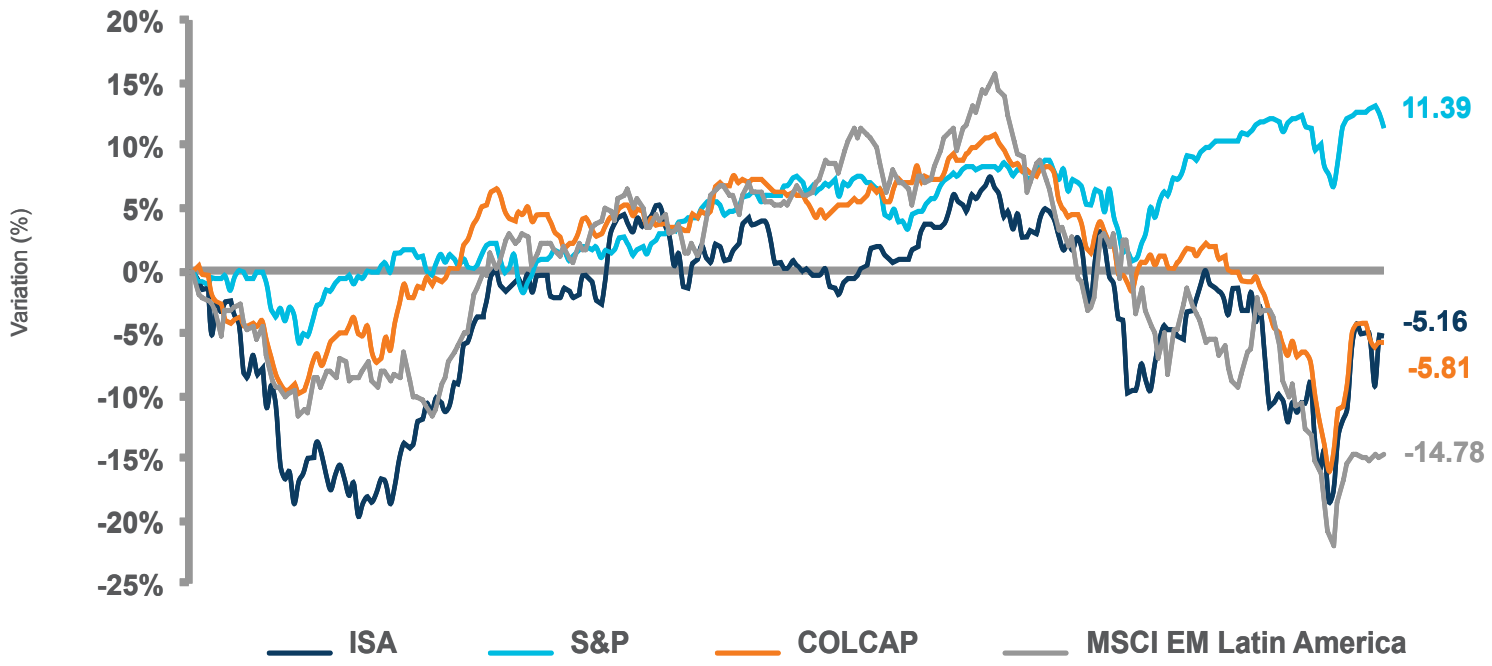
Law 1676 of 2013

In compliance with Law 1676 of 2013 that amended articles 2, 7 and 8 of Law 1231 of 2008, ISA permitted free circulation of invoices issued by sellers or suppliers.

EVOLUTION OF THE STOCK

Behavior of the stock market

VARIATION OF ISA STOCK QUOTE VS. MAIN INDICES

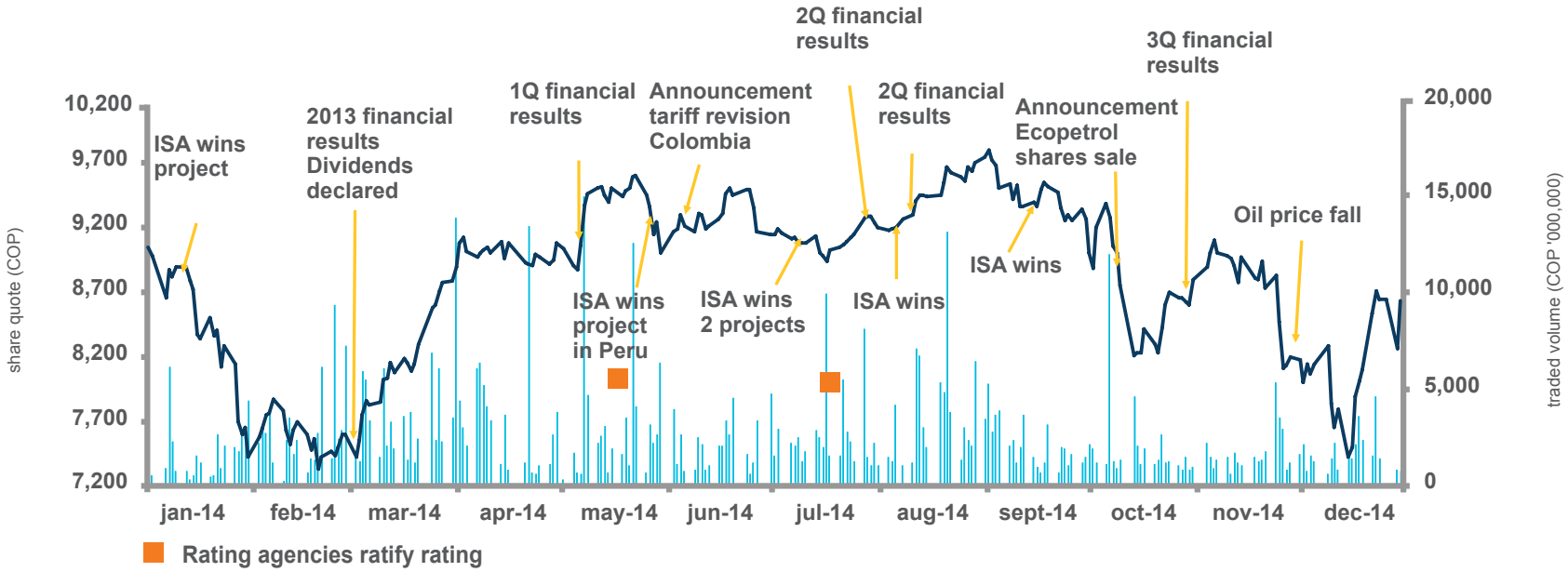


In 2014, the Morgan Stanley Capital International Emerging Markets (MSCIEM) Latin America, designed to measure performance of the stock markets of Brazil, Chile, Colombia, Mexico and Peru, closed with a loss of 14.78%.

This is due in part to the recovery of economies of developed countries, especially the United States, as a consequence of which, capitals of emerging markets migrate seeking higher earnings. The Standard & Poor's (S&P) index evidences this behavior with an increase of 11.39%.

Latin American stock exchanges were also affected by the drop in oil prices –almost 50% during the second half of the year– driving the COLCAP index to a negative variation of 5.81% in the year.

PERFORMANCE OF THE STOCK



Performance of the stock

In 2014, the maximum quote of ISA stock was COP 9,800, the minimum quote COP 7,330, the average quote COP 8,782, and the closing quote COP 8,630, with accumulated drop of 5.16% for the year.

The volume of shares traded was 72,971,690 shares, 2.8% down on 2013 (75,056,894). The daily average number of shares of the company traded at the Colombian Stock Exchange rounds was 299,142, with an average value per round of COP 2,624 million.

By year's end, ISA stock occupied 13th place in the Market Capitalization Index (Colombian Financial Superintendency).

STOCKMARKET INDICATORS

	2010	2011	2012	2013	2014
ISA Stock					
Outstanding shares (No.)	1,107,677,894	1,107,677,894	1,107,677,894	1,107,677,894	1,107,677,894
Free - Float (%)	31,42	31,44	31,44	31,33	31,44
Shareholders (No.)	51,204	48,168	43,986	40,562	38,062
Par value (COP)	32,80	32,80	32,80	32,80	32,80
Closing quote (COP)	14,100	11,200	9,600	9,100	8,630
Book value including appreciation (COP)	5,813,69	5,774,55	5,524,81	6,723,56	7,790,23
Market capitalization (COP billion)	15,618,258	12,405,992	10,633,708	10,079,869	9,559,260
Daily average traded (COP million)	4,490	2,337	3,260	2,725	2,624
Ratios					
Dividend Yield %	1.13	1.54	1.86	2.07	2.48
EPS	310.47	304.04	246.41	390.95	535.41
P/E	45.42	36.84	38.96	23.28	16.12
Tobin's Q (P/BV)	2.43	1.94	1.74	1.35	1.11

Shareholding

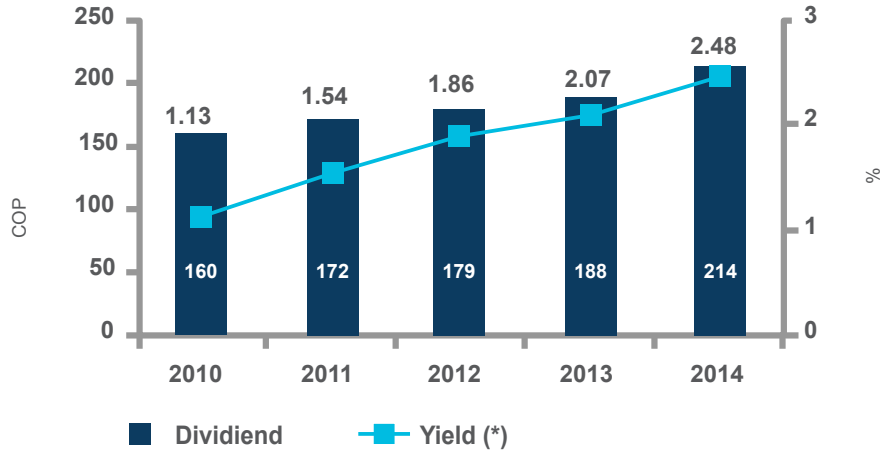
SHAREHOLDING (DEC 31, 2014)		
Shareholders	**Stock**	**%**
State investors	**682,078,108**	**61.58**
The State	569,472,561	51.41
Empresas Públicas de Medellín	112,605,547	10.17
State and private capital investors	**78,586,530**	**7.09**
ECOPETROL	58,925,480	5.32
Empresa de Energía de Bogotá	18,448,050	1.67
Empresa de Energía del Pacífico	1,213,000	0.11
Private investors	**347,013,256**	**31.33**
Institutional investors	202,887,650	18.32
Individuals	66,712,392	6.02
Legal entities	15,432,184	1.39
Foreign investment funds	60,971,105	5.5
ISA ADR Program	1,009,925	0.09
Subscribed and paid share capital	**1,107,677,894**	**100**

During the year, the main sellers were the pension and severance pay funds, while the main purchasers were the foreign investment funds followed by legal entities and, to a smaller extent, the ADR program. This trend is similar to that of the variable-income market in Colombia.

Dividends

The Shareholders' Meeting held on March 28, 2014 approved distribution to shareholders of earnings and reserves for COP 237,043 (9.4% of distributable income for 2013) to pay COP 214 dividend per share (13.83% more than previous year). Payment was made in two installments, a regular dividend of COP 196 per share (July 21) and one extra dividend of COP 18 per share (September 22).

DIVIDEND PER SHARE



(*) Yield: return of annual dividend on the stock's closing quote.

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED BALANCE SHEETS

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

ASSETS	NOTES	2014	2013
Current assets			
Cash and cash equivalents	(5)	1,899,467	1,820,189
Accounts receivable – net	(7)	2,879,029	2,287,334
Inventories – net	(8)	108,046	111,129
Deferred charges and other assets	(10)	137,917	129,359
TOTAL CURRENT ASSETS		**5,024,459**	**4,348,011**
Non-current assets			
Long-term investments – net	(6)	1,297,674	956,785
Long-term accounts receivable	(7)	9,468,951	8,964,725
Inventories – net	(8)	59,046	59,503
Property, plant and equipment – net	(9)	3,362,888	3,208,813
Deferred charges and other assets	(10)	6,458,065	5,147,845
Reappraisals	(11)	3,323,117	2,881,680
TOTAL NON-CURRENT ASSETS		**23,969,741**	**21,219,351**
TOTAL ASSETS		**28,994,200**	**25,567,362**
Memorandum accounts	(19)		
Debit		3,735,821	3,602,977
Credit		11,384,200	8,878,987

See accompanying notes to consolidated financial statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED BALANCE SHEETS

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2014	2013
Current liabilities			
Outstanding bonds	(12)	415,679	300,097
Financial liabilities	(13)	392,880	284,054
Accounts payable	(14)	756,695	838,539
Labor liabilities	(15)	40,664	32,220
Accrued liabilities and estimated provisions	(16)	640,086	201,856
Other liabilities	(17)	453,513	380,538
TOTAL CURRENT LIABILITIES		**2,699,517**	**2,037,304**
Non-current liabilities			
Outstanding bonds	(12)	6,477,808	6,145,715
Financial liabilities	(13)	2,139,143	1,968,602
Accounts payable	(14)	1,381,629	1,120,718
Labor liabilities	(15)	1,661	1,483
Accrued liabilities and estimated provisions	(16)	479,095	791,543
Other liabilities	(17)	2,868,351	2,345,975
TOTAL NON-CURRENT LIABILITIES		**13,347,687**	**12,374,036**
TOTAL LIABILITIES		**16,047,204**	**14,411,340**

See accompanying notes to consolidated financial statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED BALANCE SHEETS

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2014	2013
Minority interest		**4,243,349**	**3,704,545**
Shareholders' equity	(18)		
Subscribed and paid share capital		36,916	36,916
Capital surplus		1,445,509	1,445,509
Reserves		1,195,191	999,186
Net income		593,065	433,048
Cumulative translation adjustment		74,577	3,935
Equity revaluation		415,645	415,645
Revaluation surplus		2,891,280	2,542,404
Surplus from equity method		2,051,464	1,574,834
TOTAL SHAREHOLDERS' EQUITY		**8,703,647**	**7,451,477**
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY		**28,994,200**	**25,567,362**
Memorandum accounts	(19)		
Credit		11,384,200	8,878,987
Debit		3,735,821	3,602,977

See accompanying notes to consolidated financial statements

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

	NOTAS	2014	2013
OPERATING REVENUE	(20)		
Electric energy transmission services		2,502,977	2,226,573
Connection Charges		176,245	176,499
Roads		842,999	918,131
Dispatch and CND-MEM coordination		58,817	46,146
MEM Services (STN, SIC, SDI)		38,546	34,109
Telecommunications		231,714	148,630
Other operating revenue		70,037	51,237
TOTAL OPERATING REVENUE		**3,921,335**	**3,601,325**
OPERATING COSTS AND EXPENSES			
Operating costs	(21)	1,422,308	1,382,870
Administration expenses	(22)	620,431	667,356
TOTAL OPERATING COSTS AND EXPENSES		**2,042,739**	**2,050,226**
OPERATING INCOME		**1,878,596**	**1,551,099**

See accompanying notes to consolidated financial statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

	NOTAS	2014	2013
NON-OPERATING REVENUE (EXPENSES)	**(23)**		
Non-operating revenue		839,342	889,634
Non-operating expenses		(1,409,138)	(1,779,142)
NON-OPERATING LOSS		**(569,796)**	**(889,508)**
INCOME BEFORE TAXES		**1,308,800**	**661,591**
Income tax provision	(16.2)	(379,889)	(91,648)
INCOME BEFORE MINORITY INTEREST		**928,911**	**569,943**
Minority interest		335,846	136,895
NET INCOME		**593,065**	**433,048**
NET INCOME PER SHARE	**(18)**	**535.41**	**390.095**

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos

		CAPITAL SURPLUS			RESERVES									
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	For repurcha-se of shares	For reinforcement of equity	For rehabilitation and replacement of STN assets	Total	Income for the year and cumulative translation adjustment	Equity revaluation	Surplus from revaluation and equity method	Total
Balances at December 31, 2012	**36,916**	**1,428,128**	**17,381**	**1,445,509**	**18,458**	**476,392**	**38,100**	**364,108**	**37,434**	**934,492**	**263,847**	**415,645**	**3,014,206**	**6,110,615**
Transfers approved by the Shareholders' Meeting	-	-	-	-	-	47,487	-	17,207	-	64,694	(64,694)	-	-	-
Dividends declared at COP 188 per share on 1,107,677,894 outstanding shares, payable in one installment in May 2013	-	-	-	-	-	-	-	-	-	-	(208,244)	-	-	(208,244)
Cumulative translation adjustment	-	-	-	-	-	-	-	-	-	-	13,026	-	-	13,026
Variation in equity revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in re-appraisals of the year	-	-	-	-	-	-	-	-	-	-	-	-	1,123,915	1,123,915
Decrease in surplus from equity method	-	-	-	-	-	-	-	-	-	-	-	-	(20,883)	(20,883)
Net income at December of 2013	-	-	-	-	-	-	-	-	-	-	433,048	-	-	433,048
Balances at December 31, 2013	**36,916**	**1,428,128**	**17,381**	**1,445,509**	**18,458**	**523,879**	**38,100**	**381,315**	**37,434**	**999,186**	**436,983**	**415,645**	**4,117,238**	**7,451,477**

See accompanying notes to consolidated financial statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos

		CAPITAL SURPLUS			RESERVES									
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	For repurcha-se of shares	For reinforcement of equity	For rehabilitation and replacement of STN assets	Total	Income for the year and cumulative translation adjustment	Equity revaluation	Surplus from revaluation and equity method	Total
Transfers approved by the Shareholders' Meeting	-	-	-	-	-	95,331	-	100,674	-	196,005	(196,005)	-	-	-
Dividends declared at COP 196 per share on 1,107,677,894 outstanding shares, payable in one installment in July 2014 and extra dividend at COP 18 per share payable in September 2014.	-	-	-	-	-	-	-	-	-	-	(237,043)	-	-	(237,043)
Cumulative translation adjustment	-	-	-	-	-	-	-	-	-	-	70,642	-	-	70,642
Increase in re-appraisals of the year	-	-	-	-	-	-	-	-	-	-	-	-	348,876	348,876
Increase in surplus from equity method	-	-	-	-	-	-	-	-	-	-	-	-	476,630	476,630
Net income at December of 2013	-	-	-	-	-	-	-	-	-	-	593,065	-	-	593,065
Balances at December 31, 2014	**36,916**	**1,428,128**	**17,381**	**1,445,509**	**18,458**	**619,210**	**38,100**	**481,989**	**37,434**	**1,195,191**	**667,642**	**415,645**	**4,942,744**	**8,703,647**

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER **2014** | DECEMBER **2013**
In millions of Colombian Pesos

	2014	2013
CASH FLOW FROM OPERATION ACTIVITIES		
Net income	**593,065**	**433,048**
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	335,846	136,895
Depreciation of property, plant and equipment	166,065	156,827
Amortization of deferred charges and other assets	159,886	205,340
Amortization of retirement pensions and fringe benefits	28,338	35,014
Allowance for doubtful accounts	679	451,987
Investment provision	7	349
Income tax provision	379,889	91,648
Loss on sale and retirement of property, plant and equipment	22,237	4,058
Exchange difference expense	611,230	316,401
Joint control equity method	(72,336)	(152,118)
Interest and commissions accrued	362,060	451,753
Provision for inventory protection	-	300
	2,586,966	**2,131,502**

See accompanying notes to consolidated financial statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER **2014** | DECEMBER **2013**
In millions of Colombian Pesos

	2014	2013
Changes in operating assets and liabilities		
Accounts receivable	(503,886)	(413,334)
Collection (accrual) of compensation for early renewal of contract 059/2001	384,727	1,896,606
Inventories	17,557	449
Deferred charges and other assets	1,118	(8,840)
Accounts payable and other liabilities	(238,150)	37,980
Labor liabilities	8,622	11,351
Accrued liabilities and estimated provisions	(33,384)	30,870
Collections for third parties	52,158	27,854
Minority interest	(281,760)	(534,347)
Cash flows in other operations		
Payment of retirement pensions	(24,227)	(26,873)
Payment of taxes	(374,194)	(459,242)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,595,547**	**2,693,976**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Variation in long-term investments	(184,389)	(63,178)
Sale of property, plant and equipment	2,454	970
Acquisition of intangible assets	(178,893)	(533,313)
Acquisition of property, plant and equipment	(293,707)	(337,862)
NET CASH USED IN INVESTMENT ACTIVITIES	**(654,535)**	**(933,383)**

See accompanying notes to consolidated financial statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos

	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received in cash	70,685	124,646
Interest and commissions paid in cash	(368,787)	(616,617)
Cash dividends paid	(237,043)	(208,244)
Increase in financial liabilities	546,327	370,894
Bond issues	44,865	1,567,686
Payment of financial liabilities	(535,911)	(1,666,112)
Bond payment/decrease	(381,870)	(1,189,563)
NET CASH USED IN FINANCING ACTIVITIES	**(861,734)**	**(1,617,310)**
INCREASE IN CASH AND CASH EQUIVALENTS – NET	**79,278**	**143,283**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1,820,189**	**1,676,906**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1,899,467**	**1,820,189**

See accompanying notes to consolidated financial statements

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I. GENERAL NOTES

NOTE 1: CORPORATE PURPOSE OF PARENT COMPANY AND SUBSIDIARIES AND AFFILIATES

Interconexión Eléctrica S.A. E.S.P. –ISA–, the parent company, was incorporated by public deed No. 3057 of the Notary Public Office No. 8 of Bogotá on September 14, 1967.

On November 22, 1996, by Public Deed No. 746 of the Single Notary Public Office of Sabaneta, ISA changed its legal nature to a mixed-ownership public utility corporation of the national order, with indefinite term, ascribed to the Ministry of Mines and Energy, and subject to the legal regime established by Law 142 of 1994. This process was completed on January 15, 1997, with the arrival of private investment.

As provided by the Constitutional Court in decision C-736 of September 19, 2007, ISA has a special legal nature and is defined as a decentralized mixed-ownership public utility company that is part of the executive branch under a special legal regime of private law.

ISA's corporate purpose is[1]:

- The delivery of the public service of electric energy transmission as established in Laws 142 and 143 of 1994 and any regulations amending or replacing them, as well as delivery of ancillary, supplementary and related services under the legal and regulatory framework in force.
- The development of telecommunications systems, activities and services.
- The direct and indirect participation in activities and services related to the transport of other energy sources.
- The delivery of technical and non-technical services in activities related to its corporate purpose.
- The development of infrastructure projects and their commercial exploitation, as well as the execution of activities related to the exercise of engineering under the terms of Law 842 of 2003 and the rules supplementing, amending or substituting them.
- The investment in national or foreign companies whose purpose is the

1 The Shareholders' Meeting held on March 28, 2014 approved modification to the corporate purpose through amendment to the bylaws so as to adjust the corporate bylaws to the company's new reality in relation to the corporate head office's roles and responsibilities and the parent company's basic functions.

exploitation of any licit economic activity; the investment in real estate and personal property; and the investment in shares, participation rights, bonds, commercial papers or fixed-income or variable-income documents listed in the securities market or any other modality foreseen in the law that permits investment of funds.

- The management of the Economic Group's companies through definition of strategic, organizational, technical, and financial guidelines, among others.

DIRECTION AND MANAGEMENT

As to direction and management, the company has directive and administrative bodies that legally and statutorily set the guidelines for its corporate endeavors and execute and carry out every act in pursue of its corporate purpose.

The Shareholders' Meeting is the company's upper directive body, consisting of every natural and legal person that holds subscribed shares, either present or represented, gathered in regular or special meetings.

The companies' administration consists of the Board of Directors, the Chief Executive Officer, the Vice Presidents and the Directors.

The Board of Directors occupies second position after the Shareholders' Meeting and before the Legal Representative. It is an administrative body for cooperation with the legal representative that circumscribes its activities to achieving compliance with the goals for which the company was established.

The Chief Executive Officer is in charge of carrying out the decisions and orders of the Shareholders' Meeting and the Board of Directors, conducts and administers the company, and holds its legal representation. The Chief Executive Officer has three alternates appointed by the Board of Directors that replace him(her) in his(her) absolute, temporary or accidental absences.

In the company's hierarchical structure and depending from the Chief Executive Officer, the area vice presidencies, corporate directions, secretary general and corporate audit have as their mission ensuring the permanence, profitability and integrated growth of the organization by means of the strategic direction. These areas are responsible for creating conditions for human talent development and integral satisfaction, assuring efficient use of the organization's resources through application of cost-benefit criteria, and guaranteeing creation of economic value for the company.

BRANCHES

Perú ISA Branch (Liquidated)

ISA established a branch in Peru on September 4, 2002. The Board of Directors of ISA, in meeting No. 737 of August 30, 2013, approved dissolution of the Peru Branch. After filing with the Superintendencia Nacional de los Registros Públicos (National Superintendency of Public Registry, SUNARP, for its Spanish initials) and the Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal Administration, SUNAT, for its Spanish initials) the name of the branch office was changed to "In Liquidation".

After conducting required proceedings, extinction of the branch office was filed with SUNARP on April 15, 2014, and on August 19, 2014, SUNAT removed its registration as tax payer.

Argentina ISA Branch

ISA established a branch in Argentina on January 24, 2007. Creation of this branch originated in the fact that corporations incorporated outside of Argentina willing to have a business presence in that country must have a registered office there. This branch was not in commercial operation, reason why, its registry with the General Justice Inspection was canceled on November 3, 2014.

ISA AND ITS COMPANIES

The company was filed as an economic group in the mercantile register of Medellin City Chamber of Commerce in October of 2001. For these purposes the parent company is Interconexión Eléctrica S.A. E.S.P. –ISA–, and the subordinate companies are:

INTERCOLOMBIA, TRANSELCA S.A. E.S.P., XM Compañía de Expertos en Mercados S.A. E.S.P., and its affiliate Sistemas Inteligentes en Red S.A.S.; ISA Capital do Brasil S.A., and its subsidiary Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– and its affiliates Interligação Elétrica de Minas Gerais S.A., Interligação Elétrica Pinheiros S.A., Interligação Elétrica Serra do Japi S.A. and Evrecy Participações Ltda.; Interconexión Eléctrica ISA Perú S.A., Red de Energía del Perú S.A. –REP–, Consorcio Transmantaro S.A., Proyectos de Infraestructura del Perú –PDI–, Interconexión Eléctrica ISA Bolivia S.A., INTERNEXA S.A., and its subsidiaries INTERNEXA en Perú and INTERNEXA en Chile, Transamerican Telecommunication S.A. in Argentina, INTERNEXA Participações S.A. and its affiliates INTERNEXA Brasil Operadora de Telecomunicações S.A., INTERNEXA Capital Participações Ltda, Nelson Quintas Investimentos Globais Ltda –NQIG– (today ITX Investimentos), Nelson Quintas Telecomunicações do Brasil Ltda –NQT– (today ITX RJ Operadora), and IPNET (today ITX RJ SVA); ISA Inversiones Chile Ltda., ISA Inversiones Maule Ltda. and its subsidiary INTERVIAL CHILES.A., that in turn owns the following concessionaires: Ruta de la Araucanía Sociedad Concesionaria S.A., Ruta del Maule Sociedad Concesionaria S.A., Ruta del Bosque Sociedad Concesionaria S.A., Ruta del Maipo Sociedad Concesionaria S.A. and Ruta de los Ríos Sociedad Concesionaria S.A.; and LYNEAR SYSTEMS RE LTD.

In addition to the aforementioned, the following are subordinate companies of ISA that are at pre-operating stage: INTERVIAL COLOMBIA S.A.S and INTERCHILE S.A.

Following is a detail for each subordinate company of its date of incorporation, corporate purpose, and main domicile, as well as the participation of ISA's companies.

INVESTMENTS IN THE ELECTRIC POWER TRANSPORT BUSINESS UNIT

INTERCOLOMBIA S.A. E.S.P.

INTERCOLOMBIA was incorporated on September 30, 2013 as a mixed-ownership public utility; it carries out activities ruled by private law and has its main domicile in the city of Medellín. The term of the corporation is

indefinite and its purpose is delivery of the public service of electric energy transmission as well as ancillary, supplementary and related services; development of engineering-related activities; delivery of technical and non-technical services related to the above activities; and representation, administration, operation and maintenance of assets for usage and connection of the National Transmission System owned by other energy transmission companies. ISA owns, directly, 99.996% of INTERCOLOMBIA's capital stock, and 0.004% indirectly, through INTERNEXA, INTERVIAL COLOMBIA, ISA Perú and PDI. INTERCOLOMBIA started operations in January 2014[2].

TRANSELCA S.A. E.S.P.

It is a mixed-ownership utility company, incorporated on July 6, 1998, whose activities include the provision of energy transmission services, coordination and control of the Regional Dispatch Center, connection to the National Transmission System (STN) and provision of telecommunication services. Its main offices are located in Barranquilla, Colombia, and its term is indefinite. ISA participates with 99.99% ownership.

ISA Capital Do Brasil S.A.

ISA Capital Do Brasil Ltda. was established on April 28, 2006 as an investment vehicle with registered office located in São Paulo, Brazil. Its corporate purpose includes participation in the capital of other corporations and in other undertakings either as partner or as shareholder, as party in a joint venture, as member of a consortium, or under any other type of business cooperation. It was made into a stock company on September 19, 2006, and on January 4, 2007, it obtained from Comissão de Valores Mobiliários (CVM) (Securities and Exchange Commission of Brazil) registration as a public corporation, status that it kept until May 27, 2010, when its shareholders decided to cancel its registration. The corporation's term is indefinite. ISA owns 66.86% of capital stock and 100% (2013 99.99%) of common shares of ISA Capital do Brasil.

- **Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–**

CTEEP is a Brazilian corporation with main offices in the city of São Paulo, Brazil. It entered commercial operation on April 1, 1999 and it is authorized to operate as an electric energy utility concessionaire. The term of the corporation is indefinite; its main activities include planning, construction and operation of electric energy transmission systems, execution of research and development programs related to energy transport and other activities in connection with currently available technology. ISA Capital do Brasil S.A. currently owns 37.96% of this corporation's capital stock, 89.50% of its common shares and 3.61% of its preferred stock.

- **Interligação Elétrica de Minas Gerais S.A. –IEMG–**

IEMG was established on December 13, 2006, as a company engaged in exploitation of concessions of the electric power transmission service, delivered through implementation, construction, operation and maintenance of electric energy transmission facilities, including support

2 INTERCOLOMBIA started commercial operations in January 2014, for which purpose it subscribed with ISA the following contracts: Partnership in commendam contract, management contract, service delivery contract and inter-company agreement.

and administrative services, equipment and reserve materials supply, programming, metering, and all other supplementary services called for by electric energy transmission, in accordance with the parameters set in the concession contract, legislation, and applicable regulation. CTEEP owns 100%; concession term is 30 years.

- **Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–**

Corporation established on July 22, 2008; it is engaged in the exploitation of concessions of the electric energy transmission service, delivered through implementation, construction, operation and maintenance of electric energy transmission facilities. CTEEP owns 100% of this company's capital stock; concession term is 30 years.

- **Interligação Elétrica Serra do Japi**

Corporation domiciled in São Paulo, Brazil, established on July 1, 2009 for exploitation of concessions of the electric energy transmission utility, through the erection, construction, operation and maintenance of electricity grids. CTEEP controls 100% of capital stock, and concession term is 30 years.

- **Evrecy Participações Ltda.**

Corporation established on November 21, 2006, for exploitation of electric power transmission concessions for 154 km of transmission lines and one substation in the states of Espírito Santo and Minas Gerais. CTEEP controls 100% of capital stock and concession expires on July 17, 2025.

Interconexión Eléctrica ISA Perú S.A.

ISA Perú is a Peruvian corporation with main offices in the city of Lima. It was incorporated on February 16, 2001 and its main activities are the transmission of electric energy and the operation and maintenance of transmission grids. The corporation's term is indefinite.

In May 2013, ISA purchased 11,304,604 shares, or 17.07% of ISA Perú that were owned by Fondo de Inversión en Infraestructura, Servicios Públicos and Recursos Naturales and administered by AC Capitales SAFI. This transaction makes ISA the owner of 45.15% stake, while TRANSELCA keeps 54.85%.

Red de Energía del Perú S.A. –REP–

Incorporated on July 03, 2002. Its main corporate purpose is the transmission of electric power from generating companies and the provision of maintenance services for the electric infrastructure of the Peruvian transmission systems. Its legal domicile is in Lima, Peru. ISA owns 30%, and through TRANSELCA, 30%. The corporation's term is indefinite.

Consorcio Transmantaro S.A. –CTM–

Established in January 1998. Its main activities are electric energy transport as well as delivery of operation and maintenance services. Its main domicile is located in the city of Lima, Peru. ISA participates with 60% ownership. The corporation's term is indefinite.

Proyectos de Infraestructura del Perú S.A.C. –PDI–

PDI is a Peruvian corporation with main offices in the city of Lima. It was established on November 15, 2007 with indefinite term. It has as its purpose the conduction of all kinds of activities related to construction of transmission lines and electricity projects, and in general, any activity in the construction sector. Commercial operation started in February of 2008. ISA has control of and owns directly 99.97%, plus 0.03% through TRANSELCA.

Interconexión Eléctrica ISA Bolivia S.A.

Bolivian company with main offices in the city of Santa Cruz. Incorporated on July 14, 2003. The corporation's term is indefinite and its main activities are the transmission of electric energy and the construction, operation and maintenance of transmission grids. ISA owns directly 51% of capital stock, and indirectly, through TRANSELCA and INTERNEXA, 48.99% and 0.01%, respectively.

INVESTMENTS IN THE BUSINESS UNIT OF REAL-TIME SYSTEMS SMART MANAGEMENT

XM, Compañía de Expertos en Mercados S.A. E.S.P.

Colombian mixed-ownership utility with main offices in Medellín, Colombia. It was established on September 1, 2005 and its term is indefinite. Its main purpose are activities related to the operation, planning, and coordination of the resources of the National Interconnected System and the Administration of the Commercial Settlement System in the wholesale energy market; ISA owns directly 99.73% of capital stock.

Sistemas Inteligentes en Red S.A.S.

Established on August 10, 2011 and domiciled in Medellín, Colombia. It is engaged in the planning, design, optimization, commissioning, operation, administration and management of goods and services markets requiring the development of information systems and technological platforms that involve value added information exchange, as well as in the operation of road toll collection centers, under concession or not, including activities related to design, procurement, installation and commissioning of technological equipment required, and the planning, operation and administration of the service of calculation, invoicing, collection and distribution of tolls, both national and international. XM and ISA respectively own 85% and 15% of capital stock in this company.

INVESTMENTS IN THE TELECOMMUNICATIONS TRANSPORT BUSINESS UNIT

INTERNEXA S.A.

INTERNEXA is a Colombian mixed-ownership utility with main offices in Medellín. It was incorporated on January 04, 2000, with indefinite term. Its corporate purpose is the organization, administration, commercialization and delivery of telecommunications services. ISA owns 99.42% of the capital stock (2013: 99.3%), which was expanded by subscription and payment in kind of 8,637,953 shares in December of 2014. (See Note 10 (3)).

- **INTERNEXA en Perú S.A.**

It is a Peruvian company with main offices in the city of Lima. It was incorporated on October 12, 2006 and was later acquired by INTERNEXA S.A. on November 27, 2009. Its term is indefinite. Its main corporate purpose is the organization, administration and commercialization of telecommunications services such as carrier, IP-based and value added services. INTERNEXA S.A. owns 99.99% stake at this corporation.

- **INTERNEXA en Chile S.A.**

Company with main offices in the city of Santiago de Chile. Incorporated on July 28, 2009. Its term is indefinite. Its corporate purpose is the installation, operation, exploitation, organization, administration, commercialization and delivery of every type of telecommunications services. INTERNEXA S.A. owns 99% stake at this corporation.

- **Transamerican Telecommunication S.A.**

Incorporated on September 16, 2002 and domiciled in Buenos Aires, Argentina, this corporation has as corporate purpose carrying out on its own name or for third parties or associated with third parties, import, export, production and trading of all kinds of parts, devices and instruments dedicated to telecommunications as well as to servicing them. The corporation has one single telecommunications services license. INTERNEXA S.A. owns 98.96% of this company and INTERNEXA en Perú owns 1.04%. Its term is 99 years.

- **INTERNEXA Participações S.A.**

Corporation domiciled in the State of São Paulo, Brazil. Established on July 23, 2008, and acquired by INTERNEXA on August 8, 2013, its corporate purpose includes: i) management of telecommunications assets in different forms and modalities; ii) study, development, implementation and administration of telecommunications initiatives in different forms and modalities; (iii) assistance and consulting services for telecommunications initiatives; and (iv) participation, as partner or shareholder, in other corporations, consortia and commercial initiatives of any kind. INTERNEXA S.A. owns 67.24% of this company; its term is indefinite.

As part of their expansion strategy in Brazil, between March and April of 2014, International Finance Corporation (IFC) and IFC GIF BRASIL became shareholders of the company upon subscription of 10,508,569 shares each, which represents 32.76% of share control of INTERNEXA Participações S.A.

- **INTERNEXA en Brasil Operadora de Telecomunicações S.A.**

Corporation established on January 04, 2010 with main offices in São Paulo, Brazil. Its main activities are exploration, delivery, organization, administration and trading of general telecommunications and communications services, according to the definition of legislation in force, development of telecommunications services ancillary activities, such as operation, maintenance, planning, construction, development and administration of telecommunications networks, as well as delivery of assistance and consulting services in the telecommunications sector business; participation, as either a partner or shareholder, in other

corporations and consortia and commercial partnerships related to its corporate purpose. INTERNEXA Participações S.A. owns 100% of its capital stock.

- **INTERNEXA Capital Participações Ltda.**

Corporation established as investment vehicle on November 1, 2013. Its corporate purpose includes participation in the capital of other corporations and in other undertakings either as partner or as shareholder. INTERNEXA Participações S.A. owns 100% of its capital stock.

- **ITX Investimentos (Formerly Nelson Quintas Investimentos Globais Ltda. –NQIG–)**

Corporation established on April 26, 1999 and acquired on October 30, 2013. Its corporate purpose includes participation in the capital stock of other corporations or enterprises, as either a partner or a shareholder, whose corporate purpose is holding of non-financial institutions. INTERNEXA Capital Participações Ltda. owns 100% of capital stock.

- **ITX RJ SVA (Formerly IPNET Serviços de Internet Ltda.)**

Corporate purpose is to offer Internet website services, content providers and other Internet information related services. It was established on January 27, 2009 and purchased on October 30, 2013. INTERNEXA Capital Participações Ltda. owns 100% of capital stock.

- **ITX RJ Operadora (Formerly Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–)**

Corporation established on October 19, 1998 and acquired on October 30, 2013. Its corporate purpose is to offer land line telephone exchange services (STFC, for its Spanish initials). ITX Investimentos has 87.56% participation in the company and INTERNEXA Capital Participações Ltda. 12.44%.

INVESTMENTS IN THE ROADS CONCESSIONS BUSINESS UNIT

ISA Inversiones Chile Ltda.

Corporation with main offices in the city of Santiago de Chile, Chile. It was established on February 22, 2010 and its purpose is the long-term investment for profit in any type of real and personal property, including participation in other legal entities and associations of any type, investment in options and participations and rights in every type of corporations, communities and/or associations, mutual funds, term deposits, bonds, agreements and other commercial interests and documents of credit. ISA has 99.99% stake in ISA Inversiones Chile, through which it purchased 99.99% stake in INTERVIAL CHILE; remaining 0.01% is owned through INTERNEXA.

Upon subsequent corporation split on February 1, 2013, ISA Inversiones Chile assigned 45% of its participation in INTERVIAL CHILE to the new corporation ISA Inversiones Maule and retained 54.99%.

ISA Inversiones Maule Ltda.

Corporation with main offices in the city of Santiago de Chile. It was established on February 1, 2013 and was born upon the split of ISA Inversiones Chile.

Its purpose is the long-term investment for profit in any type of real and personal property, including the establishment and participation in other legal entities and associations of any type, investment in options and participations and rights in every type of corporations, communities and/or associations, mutual funds, term deposits, bonds, agreements and other commercial interests and documents of credit. ISA has 99.99% stake in ISA Inversiones Maule; this corporation owns in turn 45% of INTERVIAL CHILE.

- **INTERVIAL CHILE S.A.**

The company, established by public deed of November 9, 1994, has as its purpose the conduction of for-profit activities such as investment in real estate and personal property, shares, bonds, joint ventures, rights in any type of corporation and the execution and construction of works corresponding to public infrastructure concessions. Its main offices are located in the city of Santiago de Chile. ISA Inversiones Chile S.A. owns 54.99% of shares, ISA Inversiones Maule Ltda. owns 45% participation and INTERNEXA 0.01%.

- **Ruta de la Araucanía Sociedad Concesionaria S.A.**

Corporation established on September 04, 1998 with main offices in the city of Santiago de Chile. Its main activity is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 4 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta del Maipo Sociedad Concesionaria S.A.**

Corporation established on October 30, 1998 with main offices in Santiago de Chile. Its main activity is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 4 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta del Maule Sociedad Concesionaria S.A.**

Corporation established on April 10, 1996 with main offices in the city of Santiago de Chile. The purpose of the corporation is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 5 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta del Bosque Sociedad Concesionaria S.A.**

Corporation established on November 26, 1998 with main offices in the city of Santiago de Chile. Its main activity is the design, construction,

maintenance, exploitation and operation under concession of fiscal public work. Upon subscription of supplementary agreement No. 3 (MDI) the concession term became variable until reaching the guaranteed total revenues established therein. INTERVIAL CHILE S.A. owns 99.99% shareholding in this corporation.

- **Ruta de los Ríos Sociedad Concesionaria S.A.**

Corporation established on December 17, 1997 with main offices in the city of Santiago de Chile. Concession ends in 2023. Its main activity is the design, construction, maintenance, exploitation and operation under concession of fiscal public work. INTERVIAL CHILE S.A. owns 74.99% shareholding in this corporation.

INTERVIAL COLOMBIA S.A.S.

Corporation established on January 18, 2011 with main offices in Medellín, and ISA as sole shareholder. At the time of its incorporation it was called Autopistas de la Montaña S.A.S, however, on January 17, 2013, it changed its name to INTERVIAL COLOMBIA S.A.S.

This corporation can carry out any activity both in Colombia and abroad, especially activities related to engineering, operation and maintenance of road transport infrastructure, deliver services to users of such infrastructure as well as promote and structure road infrastructure projects. This corporation is not yet in commercial operation.

OTHER INVESTMENTS

LINEAR SYSTEMS RE LTD.

Corporation established and domiciled in Bermuda under filing No. 49204 of June 18, 2014 of the Bermuda Registrar of Companies. The company acts as assets and risks captive insurer/reinsurer of the economic group. It was established as class 2 and has therefore no license to insure or reinsure third parties' assets. ISA directly owns 100% of capital stock.

RELEVANT INFORMATION

In compliance with external circular letter 002 of 1998 issued by the Securities Superintendency, the following table shows the senior level staff and other personnel together with their associated expenses, for the parent company and the controlled companies included in the consolidation of the financial statements:

2014						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	Nº PERSONS	VALUE	Nº PERSONS	VALUE	Nº PERSONS	VALUE
Interconexión Eléctrica S.A. E.S.P. –ISA–	168	26,906	10	741	178	27,647
INTERCOLOMBIA	352	45,634	208	21,570	560	67,204
ISA Capital Do Brasil S.A.	2	1,327	1	19	3	1,346
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	18	3,076	1,407	116,899	1,425	119,975
Interligação Elétrica de Minas Gerais S.A. –IEMG–	2	20	16	674	18	694
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	2	26	56	3,856	58	3,882
Interligação Elétrica Serra do Japi S.A.	2	214	37	2,280	39	2,494
Evrecy Participações Ltda.	2	26	15	658	17	684
Interconexión Eléctrica ISA Perú S.A.	1	49	-	-	1	49
Red de Energía del Perú S.A. –REP–	205	25,516	169	14,130	374	39,646
Consorcio Transmantaro S.A.	1	50	-	-	1	50
Proyectos de Infraestructura del Perú S.A.C. –PDI–	15	1,450	75	3,379	90	4,829
Interconexión Eléctrica ISA Bolivia S.A.	5	829	38	1,149	43	1,978
TRANSELCA S.A. E.S.P.	16	3,849	189	17,049	205	20,898
XM, Compañía de Expertos en Mercados S.A. E.S.P.	224	29,196	3	202	227	29,398

2014						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	Nº PERSONS	VALUE	Nº PERSONS	VALUE	Nº PERSONS	VALUE
Sistemas Inteligentes en Red S.A.S.	38	1,957	-	-	38	1,957
INTERNEXA S.A.	174	17,198	17	1,005	191	18,203
INTERNEXA en Perú S.A.	22	3,018	-	-	22	3,018
INTERNEXA en Chile S.A.	17	1,964	-	-	17	1,964
Transamerican Telecommunication S.A.	7	1,064	-	-	7	1,064
INTERNEXA Participações S.A.	-	-	-	-	-	-
INTERNEXA EN BRASIL OPERADORA DE TELECOMUNICAÇÕES S.A.	4	1,321	29	3,796	33	5,117
ITX Capital Participações Ltda.	-	-	-	-	-	-
ITX Investimentos (Formerly Nelson Quintas Investimentos Globais Ltda. –NQIG–)	-	-	-	-	-	-
ITX RJ SVA (Formerly IPNET Serviços de Internet Ltda.)	-	-	3	164	3	164
ITX RJ Operadora (Formerly Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–)	6	1,387	29	1,747	35	3,134
INTERVIAL CHILE S.A.	9	4,532	57	5,243	66	9,775
Ruta de la Araucanía Sociedad Concesionaria S.A. (*)	-	-	27	823	27	823
Ruta del Maipo Sociedad Concesionaria S.A. (*)	-	-	167	8,439	167	8,439
Ruta del Maule Sociedad Concesionaria S.A. (*)	-	-	42	2,093	42	2,093
Ruta del Bosque Sociedad Concesionaria S.A. (*)	-	-	30	1,014	30	1,014
Ruta de los Ríos Sociedad Concesionaria S.A.	-	-	29	956	29	956
TOTAL	**1,292**	**170,609**	**2,654**	**207,886**	**3,946**	**378,495**

2013						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	Nº PERSONS	VALUE	Nº PERSONS	VALUE	Nº PERSONS	VALUE
Interconexión Eléctrica S.A. E.S.P. –ISA–	517	61,593	223	19,627	740	81,220
ISA Capital Do Brasil S.A.	2	1,190	1	81	3	1,271
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	16	2,226	1,438	127,401	1,454	129,627
Interligação Elétrica de Minas Gerais S.A. –IEMG–	-	-	3	113	3	113
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	-	-	53	2,015	53	2,015
Interligação Elétrica Serra do Japi S.A.	2	472	26	1,073	28	1,545
Evrecy Participações Ltda.	-	-	10	90	10	90
Interconexión Eléctrica ISA Perú S.A.	1	50	-	-	1	50
Red de Energía del Perú S.A. –REP–	204	24,304	172	12,449	376	36,753
Consorcio Transmantaro S.A.	1	53	-	-	1	53
Proyectos de Infraestructura del Perú S.A.C. –PDI–	43	2,701	35	1,149	78	3,850
Interconexión Eléctrica ISA Bolivia S.A.	4	1,246	50	963	54	2,209
TRANSELCA S.A. E.S.P.	16	3,670	184	15,792	200	19,462
XM, Compañía de Expertos en Mercados S.A. E.S.P.	214	25,627	3	167	217	25,794
Sistemas Inteligentes en Red S.A.S.	39	1,565	-	-	39	1,565
INTERNEXA S.A.	159	15,339	17	909	176	16,248
Internexa en Perú S.A.	2	366	17	1,402	19	1,768

2013						
PARENT COMPANY / SUBORDINATE COMPANIES	SENIOR-LEVEL STAFF		OTHER		TOTAL	
	Nº PERSONS	VALUE	Nº PERSONS	VALUE	Nº PERSONS	VALUE
INTERNEXA en Chile S.A.	11	1,673	-	-	11	1,673
Transamerican Telecommunication S.A.	7	758	-	-	7	758
INTERNEXA Participações S.A.	-	-	-	-	-	-
INTERNEXA en Brasil Operadora De Telecomunicações S.A.	2	281	16	2,240	18	2,521
ITX Capital Participações Ltda.	-	-	-	-	-	-
ITX Investimentos (Formerly Nelson Quintas Investimentos Globais Ltda. –NQIG–)	-	-	-	-	-	-
ITX RJ SVA (Formerly IPNET Serviços de Internet Ltda.)	1	6	3	124	4	130
ITX RJ Operadora (Formerly Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–)	4	6,367	24	1,520	28	7,887
INTERVIAL CHILE S.A.	5	4,394	60	7,381	65	11,775
Ruta de la Araucanía Sociedad Concesionaria S.A. (*)	-	-	26	801	26	801
Ruta del Maipo Sociedad Concesionaria S.A. (*)	-	-	173	8,346	173	8,346
Ruta del Maule Sociedad Concesionaria S.A. (*)	-	-	43	2,167	43	2,167
Ruta del Bosque Sociedad Concesionaria S.A. (*)	-	-	29	1,006	29	1,006
Ruta de los Ríos Sociedad Concesionaria S.A.	-	-	27	907	27	907
TOTAL	**1,250**	**153,881**	**2,633**	**207,723**	**3,883**	**361,604**

Some figures of 2013 were reclassified for comparative purposes

(*) The concessionaire lacks senior level staff, since they are hired directly by INTERVIAL CHILE S.A. (formerly, Cintra Chile S.A.)

NOTE 2: BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 CONSOLIDATION OF FINANCIAL STATEMENTS

2.1.1 CURRENCY

Financial statements are presented in the currency of the main economic operations setting of the parent company. To the end of the financial statements, results and financial position are expressed in Colombian Pesos, which is the currency in which all of ISA's operations must be recorded.

2.1.2 CONSOLIDATION PRINCIPLES

Consolidated financial statements include the accounts of Interconexión Eléctrica S.A. E.S.P. (Parent Company), INTERCOLOMBIA, TRANSELCA S.A. E.S.P., XM Compañía de Expertos en Mercados S.A. E.S.P., and its affiliate Sistemas Inteligentes en Red S.A.S.; ISA Capital do Brasil S.A., and its subsidiary Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– and its affiliates Interligação Elétrica de Minas Gerais S.A., Interligação Elétrica Pinheiros S.A., Interligação Elétrica Serra do Japi S.A. and Evrecy Participações Ltda.; Interconexión Eléctrica ISA Perú S.A., Red de Energía del Perú S.A. –REP–, Consorcio Transmantaro S.A., Proyectos de Infraestructura del Perú –PDI–, Interconexión Eléctrica ISA Bolivia S.A., INTERNEXA S.A., and its subsidiaries INTERNEXA en Perú and in Chile, Transamerican Telecommunication S.A. in Argentina, INTERNEXA Participações S.A. and its affiliates INTERNEXA en Brasil Operadora de Telecomunicações S.A., INTERNEXA Capital Participações Ltda, Nelson Quintas Investimentos Globais Ltda –NQIG– (today ITX Investimentos), Nelson Quintas Telecomunicações do Brasil Ltda –NQT– (today ITX RJ Operadora), and IPNET (today ITX RJ SVA); INTERCHILE S.A., ISA Inversiones Chile Ltda., ISA Inversiones Maule Ltda. and its subsidiary INTERVIAL CHILES.A., that in turn owns the following concessionaires: Ruta de la Araucanía Sociedad Concesionaria S.A., Ruta del Maule Sociedad Concesionaria S.A., Ruta del Bosque Sociedad Concesionaria S.A., Ruta del Maipo Sociedad Concesionaria S.A. and Ruta de los Ríos Sociedad Concesionaria S.A.; and LYNEAR SYSTEMS RE LTD. Corporations in which the parent company has direct and indirect participation (hereinafter, "subordinates").

All significant balances and operations between ISA and the subordinate companies were deleted during consolidation. Consolidation is made through the global integration method for companies over which the parent company has control and which are in the operating stage. Minority interests corresponding to equity and the period's results, are recognized and presented in the consolidated financial statements.

Investments in foreign subordinate companies are recorded on the basis of their financial statements at December 31 of each year, homologated to the accounting standards applicable to ISA and translated into Colombian pesos, as provided by International Accounting Standard (IAS) 21, using the United States Dollar as functional currency previously defined.

Minority interest corresponds to participation of third parties not in the group. For ISA Capital do Brasil, it includes participation over preferred stock with repurchase agreement with HSBC, and BV Financiera S.A., and its participation is 33.14% (2013: 36.68%) of its capital stock. It also includes preferred dividends related to this participation.

The following figures were taken from the financial statements of ISA and its subordinate companies at December 31, reported in accordance with regulations in force in each country, and homologated to the Colombian standard, and in the currency of consolidation (Colombian Peso):

FINANCIAL INFORMATION 2014				
COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
Interconexión Eléctrica S.A. E.S.P. –ISA–	11,328,742	2,699,672	8,629,070	593,065
INTERCOLOMBIA S.A. E.S.P.	217,210	135,592	81,618	25,239
ISA Capital Do Brasil S.A.	2,042,935	1,280,032	762,903	11,631
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	6,132,542	1,432,100	4,700,442	321,745
Interligação Elétrica de Minas Gerais S.A. –IEMG–	151,448	53,885	97,563	210
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	476,644	171,614	305,030	11,135
Interligação Elétrica Serra do Japi S.A.	238,819	86,924	151,895	2,421
Evrecy Participações Ltda.	52,291	8,840	43,451	8,948
Interconexión Eléctrica ISA Perú S.A.	97,967	22,090	75,877	11,887
Red de Energía del Perú S.A. –REP–	1,243,051	780,834	462,217	62,835
Consorcio Transmantaro S.A.	2,293,314	1,540,134	753,180	46,201
Proyectos de Infraestructura del Perú S.A.C. –PDI–	90,213	77,400	12,813	3,814
Interconexión Eléctrica ISA Bolivia S.A.	133,871	75,798	58,073	8,661
TRANSELCA S.A. E.S.P.	1,413,548	641,882	771,666	92,245
XM, Compañía de Expertos en Mercados S.A. E.S.P.	308,312	280,147	28,165	10,859

FINANCIAL INFORMATION 2014				
COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
Sistemas Inteligentes en Red S.A.S.	14,205	8,201	6,004	2,512
INTERNEXA S.A.	404,301	248,007	156,294	8,808
INTERNEXA en Perú S.A.	162,180	148,634	13,546	5,482
INTERNEXA en Chile S.A.	54,674	53,742	932	(7,996)
Transamerican Telecommunication S.A.	19,779	12,815	6,964	(1,456)
INTERNEXA Participações S.A.	135,620	2	135,618	2,766
Internexa en Brasil Operadora de Telecomunicações	45,937	40,086	5,1	(7,332)
ITX Capital Participações Ltda.	228,909	99,766	129,143	11,624
ITX Investimentos (Formerly Nelson Quintas Investimentos Globais Ltda. –NQIG–)	17,263	-	17,263	(8)
ITX RJ SVA (Formerly IPNET Serviços de Internet Ltda.)	2,924	654	2,270	5,032
ITX RJ Operadora (Formerly Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–)	41,424	7,253	34,171	12,208
ISA Inversiones Chile Ltda.	1,321,682	90	1,321,592	107,699
ISA Inversiones Maule Ltda.	1,001,376	260,705	740,671	(3,927)
INTERVIAL CHILE S.A.	2,034,077	84,108	1,949,969	81,411
Ruta de la Araucanía Sociedad Concesionaria S.A.	1,408,030	1,129,851	278,179	13,566
Ruta del Maipo Sociedad Concesionaria S.A.	5,122,060	4,107,449	1,014,611	48,869
Ruta del Maule Sociedad Concesionaria S.A.	1,058,858	804,530	254,328	933
Ruta del Bosque Sociedad Concesionaria S.A.	947,899	813,781	134,118	36,119
Ruta de los Ríos Sociedad Concesionaria S.A.	642,487	497,150	145,337	8,169
LINEAR SYSTEMS RE LTD.	1,195	109	1,086	(92)

FINANCIAL INFORMATION 2013				
COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
Interconexión Eléctrica S.A. E.S.P. –ISA–	10,266,517	2,818,976	7,447,541	433,048
ISA Capital Do Brasil S.A.	1,992,155	1,233,799	758,356	(110,362)
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	5,480,613	1,419,539	4,061,074	27,228
Interligação Elétrica de Minas Gerais S.A. –IEMG–	140,252	52,349	87,903	2,989
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	446,659	190,357	256,302	16,637
Interligação Elétrica Serra do Japi S.A.	202,324	87,040	115,284	26,135
Evrecy Participações Ltda.	37,878	6,857	31,021	4,135
Interconexión Eléctrica ISA Perú S.A.	85,679	28,514	57,165	8,087
Red de Energía del Perú S.A. –REP–	960,040	615,960	344,080	35,660
Consorcio Transmantaro S.A.	1,683,942	1,121,845	562,097	38,018
Proyectos de Infraestructura del Perú S.A.C. –PDI–	80,137	70,264	9,873	3,070
Interconexión Eléctrica ISA Bolivia S.A.	113,637	72,012	41,625	4,109
TRANSELCA S.A. E.S.P.	1,236,348	562,610	673,738	76,074
XM, Compañía de Expertos en Mercados S.A. E.S.P.	254,118	228,451	25,667	2,466
Sistemas Inteligentes en Red S.A.S.	11,316	7,823	3,493	488
INTERNEXA S.A.	295,164	223,290	71,874	(28,012)

FINANCIAL INFORMATION 2013				
COMPANY	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
INTERNEXA en Perú S.A.	135,883	129,200	6,683	516
INTERNEXA en Chile S.A.	38,695	35,645	3,050	(8,246)
Transamerican Telecommunication S.A.	12,142	9,794	2,348	(6,977)
INTERNEXA Participações S.A.	185,854	156,350	29,504	(24,698)
Internexa en Brasil Operadora de Telecomunicações	29,696	23,420	6,276	(8,778)
INTERNEXA Capital Participações Ltda.	200,568	49,780	150,788	192
ITX Investimentos (Formerly Nelson Quintas Investimentos Globais Ltda. –NQIG–)	458	-	458	444
ITX RJ SVA (Formerly IPNET Serviços de Internet Ltda.)	641	111	530	557
ITX RJ Operadora (Formerly Nelson Quintas Telecomunicações do Brasil Ltda. –NQT–)	451	(72)	523	551
ISA Inversiones Chile Ltda.	1,166,572	134	1,166,438	107,699
ISA Inversiones Maule Ltda.	884,931	211,626	673,305	55,744
INTERVIAL CHILE S.A.	1,819,822	61,782	1,758,040	207,071
Ruta de la Araucanía Sociedad Concesionaria S.A.	1,267,784	1,023,931	243,853	13,559
Ruta del Maipo Sociedad Concesionaria S.A.	4,399,002	3,483,714	915,288	149,013
Ruta del Maule Sociedad Concesionaria S.A.	1,031,289	796,104	235,185	5,701
Ruta del Bosque Sociedad Concesionaria S.A.	825,386	741,451	83,935	25,612
Ruta de los Ríos Sociedad Concesionaria S.A.	606,681	464,230	142,451	29,490

2.1.3 CONSOLIDATION EFFECTS ON ASSETS, LIABILITIES, EQUITY AND RESULTS OF ISA

	2014		2013	
	FIGURES BEFORE CONSOLIDATION	FIGURES AFTER CONSOLIDATION	FIGURES BEFORE CONSOLIDATION	FIGURES AFTER CONSOLIDATION
Assets	11,328,742	28,994,200	10,266,517	25,567,362
Liabilities	2,699,672	16,047,204	2,818,976	14,411,340
Equity	8,629,070	8,703,647	7,447,541	7,451,477
Minority interest – Equity	-	4,243,349	-	3,704,545
Income before minority interest	593,065	928,911	433,048	569,943
Minority interest – Results	-	335,846	-	136,895
Total year results	593,065	593,065	433,048	433,048

2.2 CLASSIFICATION OF ASSETS AND LIABILITIES

Assets and liabilities are classified according to their destination or degree of realization, demand or liquidation, in terms of time and value. Accordingly, current assets and liabilities (short-term) are understood as such amounts that will be realizable or callable, respectively, within a term not longer than one year.

2.3 ADJUSTMENTS FOR INFLATION

Until December 31, 2000, non-monetary assets and liabilities and shareholders' equity, except for the surplus from revaluation of assets and income statement accounts, were monetarily updated on a prospective basis, using general consumer-price index (or Tax Year's Adjustment Percentages, PAAG, for its Spanish initials). The respective adjustments were recorded in the income statement's monetary correction account. As of January 1, 2001 the Colombian General Accounting Office (CGN), through Resolution No. 364 of November 29, 2001, suspended the system of integral inflation adjustments for accounting effects, without reverting the inflation adjustments accounted until December 31, 2000.

According to Resolution No. 041 of 2004 and to External Circular Letter No. 056 of 2004, issued by the CGN, inflation adjustment accounts were eliminated from the General Plan of Public Accounting (PGCP) as part of the cost, thereby obligating to incorporate accumulated amounts for adjustments until 2000. In order to comply with regulations in force, since 2001, integral

inflation adjustments continue to be applied for tax effects, giving rise to accounting differences that were recorded in the tax memorandum accounts. Law 1111 of 2006 derogated integral inflation adjustments for tax effects beginning in fiscal year 2007. (See Note 3.11.2)

2.4 MATERIALITY

Recognition and presentation of economic facts are made according to their relative importance.

An economic fact is material when due to its nature or amount, knowing or not knowing it, considering the circumstances, could significantly change the economic decisions of the users of that information.

In preparing the consolidated financial statements, it was determined for presentation purposes that an event would be material if it represented 5% of total assets, current assets, total liabilities, current liabilities, working capital, equity, or income.

NOTE 3: SUMMARY OF MAIN ACCOUNTING POLICIES AND PRACTICES

For the preparation and presentation of its financial statements, the company, as required by law, observes the Public Accounting General Plan defined by the Colombian General Accounting Office, the accounting regulations issued by the Superintendency of Domiciliary Public Utilities (SSPD) and other applicable regulation.

For keeping, preservation and custody of the accounting books and supporting documents, the regulation applicable to support documents, vouchers, and accounting books, established by the CGN, is observed.

The company's consolidated financial statements are identified, classified, registered, valued, prepared and disclosed in accordance with the accounting principles of the CGN contained in Resolutions No. 354, 355 and 356 of September 5 of 2007, as amended, through which the Public Accounting Regime (RCP, for its Spanish initials) was implemented in order to harmonize its provisions with the criteria established by International Public Sector Accounting Standards (IPSAS).

Following is a description of the main accounting policies and practices adopted by the company:

3.1 FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currency are recorded at the applicable exchange rates in force on the date of the transaction. At the close of each year, balances of assets and liabilities accounts are adjusted to current exchange rates (See Note 4). Exchange gains/losses resulting from asset balances (other than controlled investments abroad) are recorded in the income statement. With regard to liability accounts, only exchange gains/losses that are not imputable to costs of acquisition of assets are recorded in the income statement. Exchange differences imputable to the acquisition cost of assets include exchange differences while such assets are under construction or installation, and until they become operational.

3.2 CASH AND CASH EQUIVALENTS

For purposes of preparing the statement of cash flows, marketable investments are considered to be cash equivalents since they can easily be converted into cash.

3.3 INVESTMENTS

Investments are recorded at their historic cost and are updated in accordance with the intention of realization, the availability of market information, and the degree of control held over the issuing entity by applying methodologies that approximate their value to economic reality. Methodologies to update their value include Stock Exchange quotes, net present value to determine market price or the security's internal rate of return, the equity method, and the cost method.

The Public Accounting Regime establishes that for matters of their valuation, the company's investments are classified in three categories: i) investments for liquidity management, ii) investments for policy purposes and iii) equity investments.

In the consolidated financial statements, investments are classified as marketable and long-term, and they are reported respectively within current and non-current assets. The former include investments for liquidity management, and the latter, investments with policy purposes and equity investments in controlled and non-controlled companies.

Investments for liquidity management

Liquidity management investments in debt titles and securities, as well as derivatives with the purpose of obtaining earnings from short-term price fluctuations, are initially recorded at cost and are updated monthly through methodology issued by the Colombian Financial Superintendency. Changes arising from each valuation made in investments for liquidity management are recognized in the income statement.

Investments with policy purpose

Investments with policy purpose include debt securities issued by local or foreign entities acquired in compliance with macroeconomic policies or the entity's internal policies.

Investments for compliance with macroeconomic policies correspond to debt titles acquired under agreed or mandatory subscription.

Investments to comply with the entity's internal policies include investments held to maturity and investments for sale, the latter understood as investments held for at least one year. In both cases, the intention to hold the securities during the stated term, as well as the legal, contractual, financial and operative capacity, are required.

Investments held to maturity are updated on the basis of the internal rate of return (IRR) foreseen in the methodologies adopted by the Colombian Financial Superintendency.

Equity investments

Equity investments correspond to funds placed in equity securities of national and international entities, represented by shares or participation

rights that may permit the company to control, share control or exercise significant influence on the decisions of the issuer.

a. Equity investment in controlled companies

Equity investments in controlled companies include investments made with the intention of exercising or sharing control, as well as those in which the company exercises significant influence. These investments are updated by the equity method, according to CGN Resolution No. 356 of 2007 and its amendments. Under the equity method investments in subordinate companies are recognized at cost and subsequently adjusted as follows:

- Credit or charge to the investment's cost equal to the participation of the company in net profits and losses of the subordinate company, with a matching entry in the income statement.

- Credit or charge to the investment equal to the participation of the company in the subordinate company's equity variation with a matching entry in the surplus from equity method account in the event of an increase; in the event of a decrease, as surplus from equity method, until its exhaustion, and the excess charged to the income statement, except when originated in equity variations from translation effect and the effective portion of earnings and losses obtained from valuation of foreign entities derivatives, resulting from accounting of the hedging.

- Credit or charge to the investment equal to the amount of dividends received from the subordinate company that correspond to periods during which the company applied the equity method.

If the difference between intrinsic value and book value of the investment recorded on equity basis is:

- Positive, re-appraisal of assets is increased, and the revaluation surplus included in the equity accounts is credited.

- Negative, re-appraisal of assets is decreased with a charge to revaluation surplus until its exhaustion. Any additional deficit is recognized in the income statement as a loss.

Investments in subordinate companies abroad are recorded on the basis of their financial statements at December 31 of each year, translated into Colombian Pesos, using the United States Dollar as functional currency. Accordingly, when translating financial statements, the following principles are observed: balance sheet items are calculated using the closing exchange rate; income statement items are calculated using the accumulated average exchange rate for each month's closing; net effect with respect to closing rate is recognized as translation adjustment in equity.

b. Equity investments in non-controlled companies

The other variable-income equity investments in non-controlled companies that are not listed in stock exchanges or have low or minimal market capitalization are recorded at cost plus the dividends received in shares. If at year's end, the intrinsic value of investments is greater than the book value, a charge is recorded in the re-appraisals account with a contra entry in re-appraisal surplus in equity; otherwise, the re-appraisal established is decreased until its exhaustion, and beyond that value, a provision is charged to the income statement.

3.4 DERIVATIVE INSTRUMENTS FOR HEDGING PURPOSES

In order to reduce exposure to exchange rate and interest rate fluctuations of financial liabilities with local and international commercial banks and multilateral agencies and of bond issues, among others, the company uses derivative instruments such as swaps, forwards and options.

According to the rules issued by the Colombian General Accounting Office, derivative instruments for hedging purposes are recognized for the amount of the right or of the liability on the date of commencement of the contract, are monthly updated using methodologies of recognized technical value, and the difference is recorded as derivative valuation revenue or expense, as the case may be.

3.5 ACCOUNTS RECEIVABLE – CONCESSION AGREEMENTS

The Colombian General Accounting Office, aiming to adequately reflect the concessions' economic reality, issued a technical opinion[3] establishing that prior to homologation of financial information and to application of the equity method, the business model and the rights and guarantees arising from the conditions agreed upon in the concession contract must be analyzed in order to determine if the asset of a concession operator corresponds to an account receivable (financial asset) or to an intangible. (See Note 3.22).

3 Technical opinion No. 2013200017991 of 28-05-2013 issued by the Colombian General Accounting Office.

3.6 ALLOWANCE FOR DOUBTFUL ACCOUNTS

On each quarter's closing date, the associated credit risk of the accounts receivable from customers and other debtors is examined in order to determine the respective provisions, which range between 10% and 100%, according to aging analysis and evaluations of the collection probabilities of individual accounts.

For the debts of companies subject to reorganization or under liquidation, the provision for accounts receivable must be adjusted to 100% of nonperforming accounts receivable, regardless of debt age.

3.7 INVENTORIES

Inventories are recorded at cost, and at end of the year, through a provision charged to the income statement, are reduced to their sale value, if it is lower than their book value. Spare parts, materials and other consumables are valued by the weighted average method.

On the basis of the technical analysis of obsolescence and deterioration, a provision is registered for inventory protection.

3.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, which, where relevant, may include:

a. Indebtedness costs directly related to purchase or construction of assets that are not in use conditions and may take a substantial time to be available for use or sale, and,

b. Until year 2000, they include inflation adjustments on costs, excluding capitalized exchange gains/losses and the portion of capitalized interest corresponding to inflation.

Sales and retirements of such assets are discharged at their respective net adjusted cost, and differences between sale price and net adjusted cost are recorded in the income statement.

Definition of fixed assets components

A fixed asset component is an element that can be regarded as a part of another asset, but due to its own features, because of the function it serves, and the type of strategies or activities developed along its technical service life, can be treated as an independent asset.

Materials with high inventory turnover shall not be classified as fixed assets.

During 2012, a new methodology was developed for calculation of remaining useful life of assets based on the deterioration index of each asset associated with an instantaneous failure rate, in turn associated with its effective age. The aging rate is calculated with the actual age; then, life expectation and remaining life are calculated on the basis of international survival curves.

This methodology has permitted obtaining more reliable values for estimates of remaining life of assets that are very useful for assets renewal plan and basis of their valuation.

Depreciation is calculated over the asset's cost by the straight-line method, based on the estimated useful life of assets. Below is the estimated useful life of assets for 2013 and 2014:

Asset / Component	Useful Life
Transmission lines	63
Buildings	100
Fiber optics	25
Machinery and equipment	15
Telecommunications equipment	15
Furniture, office equipment, laboratory equipment	10
Communications equipment	10
Transport, traction and lifting equipment	10
Supervision and Switching Center's equipment	6
Computer equipment and accessories	5
Substation components	
Battery bank	15
Charger	15
SAS components	15
Condensers	25
SVC condensers	25
Series compensation control	15
SVC control	15
Converter	15
Current Transformer	39
Breaker	40

Asset / Component	Useful Life
Inverter	15
Lines (Substations' grounding nets)	63
Lightning arrester	30
Diesel plant	30
Telephone exchange	15
Power Line Carrier	15
Power Transformer	39
Reactor	32
SVC reactors	30
Events sequence recorder	15
Protection relays	15
Remote Terminal Unit	15
Fire system	20
Main breaker	40
Sensors (Atmospheric Discharge Information System)	15
SubMovil	25
Teleprotection	15
Power Transformer	40
SVC thyristor valve	18
Voltage Quality	15

Maintenance expenditures of these assets are charged to the income statement, while improvements and additions are added to their costs, since they increase useful life, expand productive capacity and operational efficiency, improve service quality, and permit significant cost reduction.

Repairs required because of attacks to the electric infrastructure are recorded as expenses of the period when the attacks occur and do not increase the useful life originally assigned to the assets. Due to the difficulties to insure this type or risk, these damages are accrued in the financial statements as they occur and are not recorded on estimate basis. Management, in accordance with their historical experience of losses by attacks and the country's political and security circumstances, includes in the annual budget the resources considered enough to cover such losses.

Real property intended for generation of revenues from rent is recorded as investment property.

Assets not being used in operations are classified as non-exploited assets, and their depreciation is suspended.

3.9 DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets include prepaid expenses, deferred charges and other assets. Prepaid expenses include, mainly, monetary items such as insurance premiums, among others, which are amortized according to the validity period of respective policies or the time in which benefits are expected to be received.

Deferred charges and other assets include, among others, bond underwriting commissions, which are amortized on a straight-line basis or through a methodology of acknowledged technical value that reflects the amortization conditions during the periods over which their benefits are expected to be received, such as in the case of loans extension costs in the Chilean concessionaires that are amortized according to an effective interest rate.

The policy related to deferred charges and other assets is summarized below:

	USEFUL LIFE	AMORTIZATION METHOD	INTERNALLY GENERATED OR ACQUIRED
Easements	Indefinite	Not amortized	Acquired
Rights	Term of the contract	Straight line	Acquired
Software/ Licenses	Finite	Straight line	Acquired
Goodwill	Indefinite	Not amortized	Acquired
	Finite	Straight line	Acquired
Research / development	Finite	Straight line	Acquired

3.10 RE-APPRAISALS

Re-appraisals that are part of assets and equity include:

- The excess of the valuation (appraisals) of the main components of property, plant and equipment over per-books net cost. Such appraisals were performed by independent appraisers for real-estate property and transport equipment; for other assets it is based on technical studies developed by employees of the company. These valuations shall be made at least every three years, or when market conditions indicate that such amounts have materially changed. (See Note 11).

- The excess of intrinsic value (equity value) of long-term investments over their net cost.

3.11 CURRENT INCOME TAX AND DEFERRED TAX

Income tax expense for the period includes current and deferred income tax. Income tax expense is recognized in results, except in the case it is related to entries directly recognized in equity, in which case it would be recorded under equity.

3.11.1 CURRENT TAX

Income tax provision is calculated according to regulation in force for calculation of income tax and income tax for equity purposes (CREE), applying the tax rate in force at fiscal period end. (See Note 16.2).

3.11.2 DEFERRED TAXES

Deferred income tax is recognized on the temporary differences between the book value of assets and liabilities included in the financial statements and the corresponding fiscal bases used to determine fiscal income. Assets and liabilities for deferred taxes are offset when an enforceable legal right exists to offset assets and liabilities for current taxes, and they are related to

taxes on earnings applied by the same fiscal authority on the same taxable entity.

Deferred tax assets are recognized as long as it is probable that future earnings will be available when the temporary difference or fiscal loss can be used. Deferred tax assets are reviewed on the balance sheet date and are reduced as long as it is not probable for benefits from related taxes to be realized.

Opinion No. 20061-57086 of CGN of January 31, 2006, determined that the companies have autonomy in defining the accounting policies regarding deferred tax. The companies in Colombia have considered as temporary differences that give rise to the accrual of deferred tax, among others, those generated by inflation adjustments that were recognized only for tax effects of depreciable fixed assets, since these generated a greater monetary correction fiscal income during the adjustment's fiscal period, increasing the income tax payable, recoverable during the following years through depreciation of the fixed assets that were subject to inflation adjustments.

3.12 LABOR LIABILITIES

Labor liabilities are adjusted at the end of each period on the basis of legal provisions and labor agreements in force. An actuarial study is conducted every year to determine pension liability, future health and education benefits and retirement payments to pensioners. Retirement pension payments are charged to the actuarial estimate account.

With respect to amortization of retirement pension liabilities for Colombian subsidiaries, it must correspond to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set by regulation in force, applicable to each particular entity, and counted from the actuarial estimate closing date. For the companies in Colombia, maximum time provided for by regulation is 30 years starting on December 31, 1994.

With respect to the amortization methodology for the actuarial estimate of aids and benefits, for 2012, the company decided to use the same term provided in Resolution No. 356 of 2007, issued by the CGN; until 2011 they were 100% amortized. (See Note 16.1).

3.13 DEFERRED REVENUES AND OTHER LIABILITIES

Revenues received in advance and deferred revenues are recognized when rights or benefits have been received that are susceptible of becoming revenues in the periods when the consideration for the services by the company effectively takes place. Among others, amounts received to remunerate recovery of investments executed along bids of the Mining and Energy Planning Unit (UPME), as well as regulatory requests and usage rights not accrued because their respective costs have not been incurred or because the commitments that make the company a revenue creditor have not been fulfilled, are recognized as deferred revenues. These deferred revenues are amortized over the periods along which they accrue.

3.14 RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain amounts included in the consolidated financial statements at December 31, 2013 were reclassified to conform to the presentation of the consolidated financial statements for 2014.

3.15 MEMORANDUM ACCOUNTS

Memorandum accounts include loans contracted but not disbursed, contingencies resulting from claims and lawsuits, and guarantees established under loan agreements. They also include temporary and permanent differences between accounting and fiscal amounts, which will be reasonably reverted in time, and allow preparation of specific-purpose reports, respectively.

Non-monetary memorandum accounts were adjusted for inflation until December 31 of 2000, with charge to a contra memorandum account.

3.16 RECOGNITION OF REVENUES, COSTS AND EXPENSES

Revenues, costs and expenses are recorded on an accrual basis. Revenue` from service provision is recognized during the contractual period or when services are rendered.

Revenues from construction services in projects are recognized in the income statement according to the method of advancement percentage or project costs incurred on the date of the financial position statement.

Revenues from energy transmission and road transport services are recognized in the accounting period in which they are delivered, according to the provisions of regulation in force and the concession contracts. Service delivered and not invoiced is recorded according to estimates of effective energy transmission which does not significantly differ from actual future invoicing.

Recognition of revenues in service concession agreements:

Operating revenue includes financial yields associated with the account receivable (financial asset), construction services, and revenue of operation, administration and maintenance services.

Financial returns derived from financial assets are calculated using the implicit rate that equals the value of the financial asset at the end of construction and future flows estimated from collections and revenue from construction and operation.

Revenue related to construction services under a service concession agreement is recognized on the basis of the degree of progress of the work that has been carried out. Operating revenues are recognized during the period in which the services were rendered.

3.17 JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements according to generally accepted accounting principles requires use by management of judgments, estimates and assumptions to determine the values of assets, liabilities, revenues, costs and expenses reported. The actual result of certain items may differ from such estimates.

Relevant estimates and assumptions are based on management's experience and expectations. They are revised regularly and actual results may differ from such estimates, reason why, adjustments are recognized in the period when the estimate is revised and in any future period affected.

3.18 OPERATING AND ADMINISTRATIVE LIMITATIONS AND DEFICIENCIES

During 2014 and 2013, no operating or administrative limitations or deficiencies were found that would significantly affect the normal accounting processes, or the consistency and reliability of the accounting figures.

3.19 CONTINGENCIES

Contingent conditions may exist on the date of issue of the financial statements that can result in a loss for the company; they will only be solved in the future upon the occurrence of one or several facts and they are estimated by the management and its legal counsels.

The estimation of loss contingencies is necessarily a matter of judgment and opinion. When estimating contingent losses in legal processes, legal counsels assess the merit of claims, related decisions, and the current state of processes, among other issues.

If evaluation indicates that a material loss will probably occur and the amount of the liability can be estimated, it is then recorded in the financial statements. If evaluation indicates that loss is improbable but the result is uncertain, or if it is probable but its amount is impossible to estimate, then the nature of the contingency is disclosed in a note to the financial statements together with an estimate of the probable loss. Generally, loss contingencies estimated as remote are not recorded or disclosed.

3.20 CONSOLIDATED STATEMENTS OF CASH FLOWS

In addition to cash represented in cash and banks, the statement of cash flows includes the cash equivalent of short-term highly liquid investments that are easily convertible into known amounts of cash with insignificant risk of change and maturing not later than within 90 days.

The cash flows statement shows the movements of cash or cash equivalents made during the year and determined by the indirect method.

3.21 CONVERGENCE TO INTERNATIONAL STANDARDS

Pursuant to the provisions of Law 1314 of 2009 and Regulatory Decree 2784 of December, 2012, and decrees 3023 and 3024 of 2013, the company initiated convergence between the accounting principles generally accepted in Colombia and the International Financial Reporting Standards (IFRS), as they are issued by the International Accounting Standards Board (IASB), published until December 31, 2012. Also, taking into account the regulatory framework implemented in Colombia, exceptions may exist to full application of IFRS, something which would have impact on the explicit and unreserved statement about its applicability.

ISA, as a company classified in Group 1, (securities issuers and others) had January 1 to December 31 of 2014, as the period for mandatory transition period. First comparative financial statements under IFRS will be issued on January 1, 2015.

On February 28, 2013, ISA and its companies in Colombia presented to the Colombian Financial Superintendency an IFRS implementation plan, in

compliance with Circular Letter 10 of January 24, 2013 with a copy to the CGN, in compliance with Resolution 051 of February 2013.

3.22. RECOGNITION OF ROAD CONCESSIONS IN CHILE AND ELECTRIC POWER CONCESSIONS IN BRAZIL AS A FINANCIAL ASSET

The Colombian General Accounting Office, aiming to adequately reflect the concessions' economic reality, issued a technical opinion[4] establishing that prior to homologation of financial information and to application of the equity method, the business model and the rights and guarantees arising from the conditions agreed upon in the concession contract must be analyzed in order to determine if the asset of a concession operator corresponds to an account receivable (financial asset) or to an intangible.[5]

The road concessions in Chile and the electric energy transmission concessions in Brazil were classified as financial assets, based in the remuneration mechanisms established in their contracts, in which the grantor guarantees the operator the recovery of the investment.

Starting 2013, upon issuing of the technical opinion by the National General Accounting Office, recognition of concessions as a financial asset is done as follows:

- An account receivable is recognized for the value of the investment and its associated margin.
- Operating revenue includes financial yields associated with the account receivable (financial asset), construction services, and revenue of operation, administration and maintenance services.
- Operating expenses include construction costs.
- Tolls collected in the road concessions in Chile and regulatory remuneration for energy services in the Brazil concessions are considered as cash holdings.
- The amortization of the financial asset is made in the balance sheet for the difference between the financial yield of the account receivable and the toll collection in Chile or the regulatory remuneration in the Brazil concessions.
- Pre-existing road infrastructure is part of the financial asset and a financial liability is recognized for payments of such infrastructure.

4 Technical opinion No. 2013200017991 of 28-05-2013 issued by the Colombian General Accounting Office.

5 "In light of the above, the operator shall recognize an account receivable as long as it has an unconditional contractual right to receive from the grantor cash or other financial asset for the services agreed upon in the concession contract, given that the grantor is legally and contractually bound to recognize the payments. On the other hand, an intangible asset shall be recognized as long as the operator receives a right to make charges to the users of the public utility, in which case, no unconditional right to receive cash exists, but rather the amounts to be received are conditioned to the exploitation of the service."

II. SPECIFIC NOTES

NOTE 4: VALUATION OF INFORMATION

FOREIGN CURRENCY OPERATIONS

Current regulations permit free negotiation of foreign currencies through banks and other financial intermediaries, at exchange rates that fluctuate in accordance with supply and demand. Debts for companies in Colombia, except telecommunication companies, indebtedness transactions and debt management operations in foreign and local currency require the approval of the Ministry of Finance and Public Credit.

Operations and balances in foreign currency are translated at the exchange rates in force, as certified by Banco de la Republica de Colombia (Colombian Central Bank) or by the central banks in the countries where the company carries out transactions. The exchange rates used for the preparation of the financial statements at December 31, 2014 and 2013, expressed in Colombian Pesos, were:

CURRENCY	CODE	2014	2013
US Dollar	USD	2,392.46	1,926.83
Euro	EUR	2,897.80	2,655.36
Nuevo Sol	PEN	795.51	688.35
Boliviano	BOB	343.74	276.84
Brazilian Real	BRL	900.71	822.52
Chilean Peso	CLP	3.94	3.67
Argentine Peso	ARS	279.75	295.62

The application of accounting standards regarding exchange gains / losses gave rise to the following exchange rate differences in Colombian Pesos, which were accounted as shown below:

	2014	2013
Revenues	430,446	312,808
Expenses	(726,106)	(421,346)
TOTAL NET EXCHANGE GAIN / LOSS GENERATED	**(295,660)**	**(108,538)**

Along 2014, financial liabilities generated revenue from exchange gain / loss for COP 25,850 (2013: COP 61,749), and expense for COP 578,515 (2013: COP 52,541) for net expense of COP 552,665 (2013: net revenue of COP 9,208); accounts payable generated COP 116,551 net expense from exchange rate gain / loss (2013: COP 122,944); accounts receivable generated revenue from exchange gain / loss for COP 61,133 (2013: COP 27,9619; cash revenue from exchange gain / loss in 2014 was COP 324,095 (2013: COP 216,994); investments generated net expense for COP 8,525 (2013: COP 9,131); other assets presented net expense from exchange gain / loss for COP 3,147 (2013: COP 230,626). (See Note 23).

NOTE 5: CASH AND CASH EQUIVALENTS

Cash and cash equivalents on December 31 included:

		2014	2013
CASH			
Cash and deposits in banks, other financial institutions and trusts		613,674	479,739
CASH EQUIVALENTS			
Fixed-income investments	(1)	1,269,865	1,322,991
Other variable-income investments		15,928	17,459
TOTAL CASH EQUIVALENTS		**1,285,793**	**1,340,450**
TOTAL CASH AND CASH EQUIVALENTS		**1,899,467**	**1,820,189**

Cash and temporary investments include restricted funds, such as: in XM for COP 215,578 (2013: COP 180.816) of sums from the agents for administration of operations of the wholesale energy market pool, restricted according to regulation in force, and in the companies in Chile COP 354,719 (2013: COP 319,306), as provided in the financing contracts.

Banking reconciliations are presented monthly and there are no significant reconciliation amounts pending.

(1) It includes fixed-term deposits of ISA for COP 217,164 (2013: COP 170,944) and for USD 32 million with BBVA New York; fixed-term deposits of CTEEP for COP 359,739 (2013: COP 476,450); of ISA Capital do Brasil for COP 18,080 (2013: COP 119,029); of the Chilean companies for COP 483,713 (2013: COP 401,909); of the companies in Peru COP 83,017 (2013: COP 125,631); and of other investments and the companies in Colombia COP 91,932 (2013: COP 13,203).

NOTE 6: LONG-TERM INVESTMENTS – NET

INVESTMENTS IN CONTROLLED COMPANIES OR WITH JOINT CONTROL

Next is the information corresponding to the companies in which ISA and its companies have either direct or indirect participation, and constitute no part of the consolidation process by global integration, given that they are at pre-operating stage, or correspond to investments considered joint control:

INTERCHILE S.A.

Corporation established on December 13, 2012 with main offices in the city of Santiago de Chile. The corporate purpose of this indefinite-term corporation is transmission of electric power by means of trunk transmission, sub-transmission, and/or additional systems or any other transmission facility classification that the rules may include in the future, trading of electricity transport and transformation capacity in the Central Interconnected System, as well as other activities related to the industry of electric transmission and transport. ISA owns 99.99998% of the corporation's capital, and ISA Inversiones Chile S.A. owns 0.00002%. This corporation is not yet in commercial operation.

INTERVIAL COLOMBIA S.A.S.

Corporation established on January 18, 2011 with main offices in Medellín, and ISA as sole shareholder. At the time of its incorporation it was called Autopistas de la Montaña S.A.S, however, on January 17, 2013, it changed its name to INTERVIAL COLOMBIA S.A.S.

This corporation can carry out any activity both in Colombia and abroad, especially activities related to engineering, operation and maintenance of road transport infrastructure, deliver services to users of such infrastructure as well as promote and structure road infrastructure projects. This corporation is not yet in commercial operation.

Interligação Elétrica Norte e Nordeste S.A. –IENNE–

With domicile in the city of São Paulo, IENNE is a Brazilian corporation established on December 3, 2007 to exploit concessions of the electric energy transmission services. Concession term is 30 years and commercial operations started in 2011. CTEEP has shared control of this corporation with 25% shareholding.

Interligação Elétrica Sul S.A. –IESUL–

With domicile in the city of São Paulo, IENNE is a Brazilian corporation established on July 23, 2008 to exploit concessions of the electric energy transmission services. Concession term is 30 years and CTEEP exercises shared control of this corporation, with 50.1% shareholding.

Interligação Elétrica do Madeira S.A. –IEMADEIRA–

IEMADEIRA is a Brazilian corporation with main offices in the city of Rio de Janeiro that was established on December 18, 2008 to exploit concessions of electric power transmission services. Concession term is 30 years; it is

in commercial operation. CTEEP has shared control of this corporation with 51% shareholding.

Interligação Eléctrica Garanhuns S.A. –IE GARANHUNS–

Brazilian corporation with main offices in the city of Recife and established on October 7, 2011 to exploit concessions of electric power transmission services. Concession term is 30 years; it has not entered in operation. CTEEP has shared control of this corporation with 51% shareholding.

Interconexión Eléctrica Colombia-Panamá S.A. –ICP–

ICP S.A. is a corporation with main offices in Panama City. It was established on May 14, 2007 and its term is indefinite. Its main activities are electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting services in such areas and in general engineering matters. ISA owns 50% while Empresa de Transmisión Eléctrica S.A. –ETESA– owns the remaining 50%. This corporation is not yet in commercial operation.

Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P. –ICP S.A.S.–

ICP S.A.S. is a corporation with main offices in the city of Medellín. It was incorporated on February 04, 2010. Its main activities are electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting services in such areas and in general engineering matters.

In December of 2014, Interconexión Eléctrica Colombia-Panamá S.A. acquired 97.66% shareholding in Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P. Interconexión Eléctrica S.A. E.S.P. and Panamanian Empresa de Transmisión Eléctrica, S.A. –ETESA– hold 2.34% participation each in Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.

Transnexa S.A. E.M.A

Transnexa is an Ecuadorian corporation with main offices in Quito. It was established on November 29, 2002 and has as corporate purpose the organization, administration, commercialization and delivery of telecommunications services and activities, such as carrier, IP-based and value added services, as well as ancillary activities, and in general, any service or activity in the telecommunications sector. INTERNEXA S.A. has 5% participation, and through INTERNEXA Perú S.A, it owns 45% participation, thus having shared control. Its term is 99 years.

Derivex S.A.

It was established on June 02, 2010. Its purpose is administration of a system for negotiation and registration of operations with financial derivatives that meet the definition of security included in paragraphs 3 and 4 of Article 2 of Law 964 of 2005 and have electric energy, fuel gas, and other energy commodities as underlying assets, all as authorized by the Colombian Financial Superintendency in Resolutions Nos. 2001 of December 23, 2009 and 1069 of May 27, 2010. XM owns 49.95% participation and has joint control over it. Its term is 50 years.

OTHER INVESTMENTS

Financiera de Desarrollo Nacional S.A.

It is a financial institution of national order established by Law 11 of 1982 as a State-owned corporation ascribed to the Ministry of Mines and Energy with the purpose of acting as financial and credit organism for the Colombian power sector. Decree 4174 of 2011 changed the denomination of Financiera Energética Nacional S.A. (FEN) to Financiera de Desarrollo Nacional S.A. (FDN). It also widened its corporate purpose, so that references to the power sector will be extensive to every sector of the economy. Investment is represented by 0.0004475% participation.

Empresa Propietaria de la Red –EPR–

EPR is a Panamanian corporation with main offices in San Jose de Costa Rica. Established in 1998, it is a company ruled by private law that has the endorsement of the "Parent Treaty of Central America's Power Market" and its protocol, through which, each government grants the corresponding permission, authorization or concession, as fits construction and exploitation of the first regional electric interconnection system that will link Honduras, Guatemala, El Salvador, Nicaragua, Costa Rica and Panama. ISA has 11.11% participation in this corporation. This company has already begun operation in some of the line segments.

Electrificadora del Caribe S.A. E.S.P. –ELECTRICARIBE–

ELECTRICARIBE is a company that delivers electric energy distribution and trading services in the Colombian Caribbean region. ISA has 0.48072666% participation.

Cámara de Riesgo Central de Contraparte de Colombia S.A. –CRCC–

CRCC is a Colombian corporation with main offices in Bogotá. Established on October 03, 2007, its main purpose is to administer the Operations Settling and Clearing System, that is the organized array of activities, agreements, counterparties, agents, third parties, accounts, rules, procedures, mechanisms and technological components for accepting, settling and clearing operations with assets, either as a counterparty or not. XM owns 7.18% participation (2013: 7.18%) of total subscribed and paid-in capital.

Below is the detail of long-term investments, net, at December 31:

		2014	2013
Investments in controlled companies and with shared control *** In pre-operational stage**			
Interligação Elétrica Madeira S.A. –IEMADEIRA–	(1)	835,187	651,354
Interligação Elétrica Norte Nordeste S. A. –IENNE–	(1)	80,937	70,690
Interligação Elétrica Sul S. A. –IESUL–		96,949	77,093
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS– *	(1)	171,964	85,077
INTERCHILE S.A. *	(2)	74,062	40,569
Interconexión Eléctrica Colombia-Panamá S.A. –ICP– *		8,318	5,602
INTERVIAL COLOMBIA S.A.S. (Formerly, Autopistas de la Montaña S.A.S.) *		415	411
Transnexa S.A. E.M.A		830	529
Derivex S.A.		680	818
Other		-	34
TOTAL INVESTMENTS IN CONTROLLED COMPANIES OR WITH SHARED CONTROL		**1,269,342**	**932,177**
Investments at cost			
Empresa Propietaria de la Red –EPR–		15,551	12,524
Electrificadora del Caribe S.A. E.S.P. –ELECTRICARIBE–		12,130	12,130
Cámara de Riesgos Central de Contraparte de Colombia		3,311	3,311
Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.		399	115
Financiera Energética Nacional S.A. –FEN–		4	4
TOTAL INVESTMENTS AT COST		**31,395**	**28,084**
Investment provision		(3,063)	(3,476)
TOTAL LONG-TERM INVESTMENTS		**1,297,674**	**956,785**

(1) The increase in 2014 of non-controlled companies of CTEEP corresponds mainly to start of operations of the IE Madeira, in IE Garanhuns to financial assets yields, and in IENNE to increased revenue.

(2) The increase is due to capital contributions made by ISA to INTERCHILE for COP 27,006 and by the translation effect resulting from devaluation in Colombia and Chile.

The following table includes financial information of the subsidiaries and affiliates with which the equity method is applied:

2014						
COMPANY	PARTICIPATION		FINANCIAL INFORMATION			
	SHARES	%	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
In controlled companies						
INTERVIAL COLOMBIA S.A.S. (Formerly Autopistas de la Montaña)	3,667,199	100.00	415	1	414	(604)
INTERCHILE S.A.	6,591,230	100.00	175,773	102,147	73,626	(2,222)
With shared control						
Interligação Elétrica do Madeira –IE MADEIRA–	632,910,000	51.00	4,507,782	2,870,153	1,637,629	118,587
Interligação Elétrica Norte Nordeste S. A. –IENNE–	81,821,000	25.00	611,648	287,901	323,747	14,107
Interligação Elétrica Sul S. A. –IESUL–	88,228,499	50.00	268,089	74,191	193,898	2,176
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–	99,450,000	51.00	802,494	465,311	337,183	32,911
Transnexa S.A. E.M.A	2,534	49.71	28,884	27,224	1,660	5
Derivex S.A.	668,155	49.84	840	279	561	(870)
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–	6,787	50.00	11,361	250	11,111	1,406

2013						
COMPANY	PARTICIPATION		FINANCIAL INFORMATION			
	SHARES	%	ASSETS	LIABILITIES	EQUITY	INCOME (LOSS)
In controlled companies						
INTERVIAL COLOMBIA S.A.S. (Formerly Autopistas de la Montaña)	1,500,000	100.00	415	4	411	(11)
INTERCOLOMBIA S.A. E.S.P.	48,000	96.00	50	14	36	(14)
INTERCHILE S.A.	3,840,999	99.90	124,514	84,341	40,173	(2,277)
With shared control						
Interligação Elétrica do Madeira –IE MADEIRA–	632,910,000	51.00	3,790,576	2,513,406	1,277,170	111,482
Interligação Elétrica Norte Nordeste S. A. –IENNE–	81,821,000	25.00	538,781	256,021	282,760	(34,152)
Interligação Elétrica Sul S. A. –IESUL–	88,228,499	50.00	219,166	64,980	154,186	2,312
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–	99,450,000	51.00	413,033	246,216	166,817	5,981
Transnexa S.A. E.M.A	259,300	50.00	22,530	21,467	1,063	151
Derivex S.A.	979,020	49.95	1,312	109	1,203	(1,001)
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–	6,787	50.00	11,361	250	11,111	1,406

The effect of the application of the equity method generated variations in the investments, which are shown in the results of the period and in equity, as loss or income. (See Note 23).

NOTE 7: ACCOUNTS RECEIVABLE – NET

Following is the balance of accounts receivable, net, as of December 31:

		2014			2013		
		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Customer							
Road transport services		1,149,562	5,479,070	6,628,632	960,515	5,278,776	6,239,291
Energy services	(1)	561,863	4,258,683	4,820,546	30,613	3,987,300	4,017,913
Telecommunications		58,192	3	58,195	57,544	3	57,547
Market administration	(2)	10,106	-	10,106	7,797	-	7,797
Constructions	(3)	22,615	-	22,615	3,378	-	3,378
Other technical services		1,987	-	1,987	2,171	-	2,171
TOTAL CUSTOMERS		**1,804,325**	**9,737,756**	**11,542,081**	**1,062,018**	**9,266,079**	**10,328,097**
Interest receivable							
Other interest receivable		398	-	398	276	-	276
TOTAL INTEREST RECEIVABLE		**398**	**-**	**398**	**276**	**-**	**276**
Loans extended		109	135	244	-	1,009	1,009
Prepayments and advances							
Taxes and contributions		274,028	678	274,706	183,026	120,757	303,783

		2014			2013		
		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
To contractors		11,401	14	11,415	1,567	11	1,578
For purchase of goods and services		96,198	-	96,198	82,588	-	82,588
Advance and prepayment of per-diem and travel expenses		581	-	581	566	-	566
Other		26,092	-	26,092	4,660	-	4,660
TOTAL PREPAYMENTS AND ADVANCES		**408,300**	**692**	**408,992**	**272,407**	**120,768**	**393,175**
Other accounts receivable							
Related parties		-	103,672	103,672	-	77,163	77,163
Loans to employees		7,362	27,531	34,893	7,007	22,895	29,902
Deposits made		32,935	56,185	89,120	106,465	62,742	169,207
Accounts receivable from Brazilian Gov. – Law 4819	(4)	-	1,189,451	1,189,451	-	955,355	955,355
Accounts receivable VAT (MOP)	(5)	56,876	-	56,876	13,673	-	13,673
CTEEP compensation for early renewal of concession	(6)	438,511	-	438,511	743,361	-	743,361
Miscellaneous accounts receivable		142,929	203,396	346,325	95,428	147,995	243,423
TOTAL OTHER ACCOUNTS RECEIVABLE		**678,613**	**1,580,235**	**2,258,848**	**965,934**	**1,266,150**	**2,232,084**
TOTAL ACCOUNTS RECEIVABLE		**2,891,745**	**11,318,818**	**14,210,563**	**2,300,635**	**10,654,006**	**12,954,641**
Less – Allowance for doubtful accounts	(7)	(12,716)	(1,849,867)	(1,862,583)	(13,301)	(1,689,281)	(1,702,582)
TOTAL ACCOUNTS RECEIVABLE NET		**2,879,029**	**9,468,951**	**12,347,980**	**2,287,334**	**8,964,725**	**11,252,059**

(1) Part of the balance of the receivable includes COP 2,727,830 corresponding to the estimated value of CTEEP's assets known as "Existing System" (SE). These assets were valued at As-New Depreciated Value (VRN) according to an independent appraisal made on November 14, 2012. CTEEP considers it is entitled to receive such value as compensation for these assets. However, in 2013 a provision was established to reduce the value of these assets to their historic cost, considering the opinion issued by ANEEL on January 23, 2013 (See number 7 of this note).

On August 13, 2014, CTEEP presented to ANEEL the report of the technical appraisal for BRL 5,186,018 thousand (COP 4,671,087) with December 31, 2012 as basis date.

On January 08, 2015, CTEEP received from Superintendencia de Fiscalización Económica y Financiera (Economic and Financial Fiscalization Superintendency SFF), an internal body of Agência Nacional de Energia Elétrica (National Agency of Electric Energy Agency (ANEEL)), the Fiscalization Report No. 077/2014 on Unamortized and/or Depreciated Assets of the Company existing at May 31, 2000. In the report, SFF estimated the compensation provided for in Article 15, paragraph 2 of Law No. 12783/13 (Law of Conversion of Provissory Measure 579) that CTEEP is entitled to, at BRL 3,604,982 thousand (COP 3,247,035) with December 31, 2012 as basis date.

On February 06, 2015, based on technical appraisal prepared by Delos Consultoría Ltda., an independent firm recognized by ANEEL, CTEEP asked SFF for reconsideration of the amount of the compensation presented in the Fiscalization Report. (See Note 25.2).

(2) 100% of the COP 2,309 increase in the market administration accounts corresponds to XM, consistent with the increase in revenues from this item in 2014. (See Note 23).

(3) From the total balance of the construction account receivables, COP 18,842 is in Proyectos de Infraestructura del Perú for the design of the MAMO project, which started in December 2013, and for the Expansion 15 project, which started in June 2013.

(4) Corresponds to accounts receivable by CTEEP from the Brazilian State, for labor benefits ruled by Law 4819 of 1958. The increase over the previous year is due to the compliance with the decision of the 49th Labor Court, according to which CTEEP requests each month the necessary funds from the Finance Secretary of São Paulo State, to make the transfer to Fundación CESP, the entity in charge of processing respective payment to the beneficiaries. (See Note 19.1).

(5) Account receivable from the Ministry of Public Works of Chile (MOP), corresponding to the VAT associated with the costs of the construction, maintenance and repairs made by the Chilean road concessionaires. This VAT is charged every four (4) months, and it was higher during the last months of 2014.

(6) In CTEEP this item corresponds to the value to be received under Law 12783 for compensation for the assets entered into operation but unamortized from concession contract 059/2001, corresponding to New Investments (NI). This value is currently being paid in monthly installments up to July of 2015, updated by IPCA, and including remuneration of the actual 5.59% yearly weighted average cost of capital (WACC) according to Ministerial Decree No. 580. The last four (4) installments are pending reception.

(7) In CTEEP this includes the allowance for COP 466,993 made in 2013 for the account receivable corresponding to Law 4819/58. (See Note 19.1). Likewise,

it includes the allowance for the account receivable associated with the assets known as Existing System in CTEEP for COP 1,384,875 to reduce the value of these assets to their historic value. (See Note 25.2).

The composition of receivables (capital only) on December 31 is as follows:

	2014	2013
Shareholder		
Empresas Públicas de Medellín –EPM–	-	156
Empresa de Energía de Bogotá –EEB–	-	37
Empresa Colombiana de Petróleos –ECOPETROL–	80	-
TOTAL SHAREHOLDERS	**80**	**193**
Other customers	11,542,001	10,327,904
TOTAL ACCOUNTS RECEIVABLE FROM CUSTOMERS	**11,542,081**	**10,328,097**

Classification of accounts receivable from customers according to maturity date:

	2014	2013
Not overdue	11,483,436	10,262,238
Overdue		
Between 1 and 90 days	19,183	24,415
Between 91 and 180 days	2,264	10,672
Between 181 and 360 days	5,878	901
More than 360 days	31,320	29,871
TOTAL OVERDUE	**58,645**	**65,859**
TOTAL	**11,542,081**	**10,328,097**

Most accounts receivable are from the road transport concessionaires in Chile and the energy transmission concessionaires in Brazil.

Interest is invoiced on past due accounts at the highest rate allowed by law.

NOTE 8: INVENTORIES – NET

Inventories at December 31 included:

		2014			2013		
		SHORT-TERM	LONG TERM	TOTAL	SHORT-TERM	LONG TERM	TOTAL
Inventories							
Materials to render services	(1)	106,764	59,348	166,112	112,073	59,810	171,883
Inventories in transit		1,282	-	1,282	1,355	-	1,355
TOTAL INVENTORIES		**108,046**	**59,348**	**167,394**	**113,428**	**59,810**	**173,238**
Provision	(2)	-	(302)	(302)	(2,299)	(307)	(2,606)
TOTAL INVENTORIES		**108,046**	**59,046**	**167,092**	**111,129**	**59,503**	**170,632**

(1) Corresponding to energy-service providers and project-construction companies, to guarantee service continuity and allow compliance with the system's availability indicators.

(2) The decrease in the provision for short-term inventories is mainly due to the reduction of spare part and supply inventories in REP for COP 2,126.

ISA and its companies conduct actions to guarantee adequate preservation and safeguarding of inventories, and take periodic stock count with no significant differences found; additionally, inventories are insured under a combined material damage policy. Inventories have no restrictions or liens limiting their use or realization.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT – NET

The net balance of property, plant and equipment at December 31, included:

		2014	2013
Property, plant and equipment in operation	(1)		
Networks, lines and cables		2,712,015	2,633,229
Plants and ducts		2,438,739	2,282,211
Buildings		163,358	126,261
Land		35,214	32,783
Machinery and equipment		113,137	104,487
Computer and communications equipment		106,662	92,359
Transport, traction and lifting equipment		25,987	21,458
Furniture, fixtures and office equipment		48,688	38,946
SUBTOTAL PROPERTY, PLANT AND EQUIPMENT		**5,643,800**	**5,331,734**
Less – accumulated depreciation		(2,498,031)	(2,383,761)
Less – provisions		(13,350)	(13,599)
TOTAL PROPERTY, PLANT AND EQUIPMENT IN OPERATION		**3,132,419**	**2,934,374**
Constructions in progress	(2)	142,167	214,419
Machinery, plant and equipment in assembly		59,772	47,811
Machinery and equipment in transit		28,530	12,209
TOTAL PROPERTY, PLANT AND EQUIPMENT – NET		**3,362,888**	**3,208,813**

(1) 2014 saw the activation of the following projects: Sogamoso Substation STN Connection for COP 158,095; Jamondino for COP 16,155; ISA Medellín Headquarters Building 1 Remodeling for COP 38,920; Medium-voltage Cells Renewal for COP 3,885; AVUS Reinforcement for COP 3,990; Chinú Substation Transformation Expansion for COP 2,517; San Carlos Substation's 34.5kV Cell Renewal for COP 1,036; High-voltage Equipment Renewal for COP 3,546; ISA's CSM Control Center Implementation for COP 4,602; and Construction of Alternate Transmission Lines for COP 4,035. Ongoing construction works were transferred to operational projects for COP 6,209. Substations equipment additions for COP 1,123 were carried out (2013: COP 19,341). Also, withdrawals worth COP 4,665 were carried out (2013: COP 471). Retirement and sales of property, plant and equipment during the year generated loss for COP 3,794 (2013: gain COP 336).

At INTERNEXA en Perú there was an increase of COP 32,432 in networks, lines, cables, plants and ducts corresponding mainly to the acquisition of linking equipment and others related to the South Project and the North Project. During 2014, construction was completed on the Tarapoto-Moyobamba tranche of the Third Usufruct contract signed with Telefónica del Perú.

(2) The balance of constructions in progress includes mainly the following ISA projects:

- Inductive Equipment Renewal project for COP 24,652, including design, procurement, disassembly, adaptation and/or construction of civil works, assembly, testing, and commissioning as well as adequate disposal of disassembled equipment, assembly leftovers and residue generated along the project development for change and/or uprating. Commissioning date was December of 2014. This project is currently in the closing and liquidation stage.

- Chivor Transformation (Second stage) project for COP 8,928, for implementation of a 230/115 kV-3x50 MVA + 1x50 MVA transformer bank at Chivor Substation. Current progress is 79.66%; commissioning expected for March 2015.

- STATCOM Bacatá 500 KV project for COP 9,182 including design, procurement, construction, assembly, testing and commissioning of a FACTS device STATCOM type at Bacatá 500 KV Substation. Current progress is 41.69%; commissioning expected for November 30, 2015.

- Cerromatoso 500-110 kV Substation Transformation Expansion project for COP 18,116.
  According to analyses conducted by UPME in the Generation – Transmission Reference Expansion Plan 2010-2014, the two 500/110 kV transformers of Cerromatoso Substation have load capacity above 100%, risking collapse in the event of contingency in one of them. For this reason, the expansion plan recommends installing a third 500/110 kV-150 MVA transformer at the Cerromatoso Substation. The commissioning date was October 2014. This project is currently in the closing and liquidation stage.

Its decline from the previous year is due to the commissioning of the projects indicated in number (1) of this note.

Assets have no restrictions, or pledges or guarantees for obligations.

NOTE 10: DEFERRED CHARGES AND OTHER ASSETS

The balance of deferred charges and other assets, at December 31 included:

		2014			2013		
		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Deferred charges							
Prepaid expenses		62,755	-	62,755	51,042	-	51,042
Deferred tax	(1)	73,086	1,905,225	1,978,311	75,083	1,335,217	1,410,300
Actuarial financial reserve		1,758	9,139	10,897	1,704	9,477	11,181
TOTAL DEFERRED CHARGES		**137,599**	**1,914,364**	**2,051,963**	**127,829**	**1,344,694**	**1,472,523**
Deferred charges							
Trust rights		318	-	318	1,106	-	1,106
Debt issuance and restructuring costs	(2)	-	536,032	536,032	-	440,213	440,213
Other deferred charges	(3)	-	14,115	14,115	424	35,745	36,169
TOTAL DEFERRED CHARGES		**318**	**550,147**	**550,465**	**1,530**	**475,958**	**477,488**
Intangibles							
Software		-	46,355	46,355	-	43,908	43,908
Licenses		-	135,810	135,810	-	101,863	101,863
Easements		-	99,561	99,561	-	83,881	83,881
Rights	(4)	-	4,066,697	4,066,697	-	3,083,324	3,083,324

		2014			2013		
		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Goodwill and trademarks		-	1,854,615	1,854,615	-	1,821,501	1,821,501
Less – Amortization of intangible assets	(5)	-	(2,226,322)	(2,226,322)	-	(1,844,291)	(1,844,291)
TOTAL INTANGIBLE ASSETS		**-**	**3,976,716**	**3,976,716**	**-**	**3,290,186**	**3,290,186**
Miscellaneous		-	16,838	16,838	-	37,007	37,007
TOTAL MISCELLANEOUS		**-**	**16,838**	**16,838**	**-**	**37,007**	**37,007**
TOTAL DEFERRED CHARGES AND OTHER ASSETS		**137,917**	**6,458,065**	**6,595,982**	**129,359**	**5,147,845**	**5,277,204**

(1) In this item, a variation of COP 483,785 corresponds mainly to the increase in the deferred tax of the Chilean concessionaires of Araucanía, Bosque and Maipo associated with the fiscal losses of 2014 as a result of the monetary correction update and the recognition of the deferred tax at a rate of 27% (2013: 20%) as response to the application of Tax Amendment Law 20780 of 2014.

(2) It includes the commissions and debt interest of the Chilean concessionaires. Its increase is due mainly to the rise of the UF, which went from 23,310 in 2013 to 24,627 in 2014, and the exchange rate of the CLP against the dollar, which went from CLP 524.61 in 2013 to CLP 606.75 in 2014. Additionally, at ISA Capital do Brasil there was an amortization of the debt restructuring expenses, but due to the devaluation of the Colombian Peso and the Brazilian Real, there was an increase of COP 23,782 compared to 2013.

(3) The main variation in other deferred charges is due to the fact that in 2013 INTERNEXA prepaid ISA for the lease of fiber optics. This item disappeared because the fiber optics were delivered as capital contribution by ISA to INTERNEXA for a value of COP 29,616.

(4) Rights include COP 2,082,276 from Transmantaro, which correspond to the concession of the Mantaro-Socabaya Transmission System, Zapallal-Trujillo line, Talara-Piura line and Pomacocha-Carhuamayo. They also include COP 1,448,141 from REP for the concession of the ETECEN-ETESUR Electric Transmission Systems and the cost of the concession expansions which are operative to date.

(5) The amortization of intangible assets increased by COP 227,843 corresponding to the REP and Transmantaro concessions, and COP 144,738 from the amortization of goodwill at ISA Capital do Brasil and CTEEP.

NOTE 11: RE-APPRAISALS

The balance of re-appraisals at December 31 included:

		2014	2013
Investments		13,646	10,990
Property, plant and equipment	(1)	3,309,471	2,870,690
TOTAL RE-APPRAISALS		**3,323,117**	**2,881,680**

(1) Economic appraisal was conducted in 2013 and 2012 for main components of property, plant and equipment of the companies in Colombia, in compliance with the requirements of the Public Accounting Regime issued by Resolution 354 of September 5 of 2007. The variation in 2014 occurred mainly in the Colombian companies ISA and TRANSELCA, and it is basically explained by the IPP increase for 2014: 6.33% (2013: -0.49%). ISA's telecommunication assets show a decrease of 53% due to the capitalization of INTERNEXA, in which fiber optics were given as a capital contribution in the amount of COP 29, 616. (See Note 10 (3)).

The economic appraisal of operational assets use the Linear Depreciated Replacement Cost methodology, a methodology of recognized technical value for ascertaining the value of State assets approved by CGN as indicated in number 18 of accounting procedure for recognition and disclosure of facts related to plant and equipment issued by Resolution No. 356 of September 5, 2007. Such methodology consists of determining the current value of the equipment in operation on the basis of the cost of similar equipment that can provide the same service, the as-new-replacement value (VRN[6]), proportionally affected by the service time remaining (remaining life) in proportion to its total useful life established. This criterion is applied to every specialized asset[7] that ISA has in operation for energy transmission (use and connection). Market value is used for non-specialized[8] assets such as vehicles.

NOTE 12: OUTSTANDING BONDS

At 2014 closing, debt represented in bonds totaled COP 6,893,487 (2013: COP 6,445,812).

At year's end, consolidated financial liabilities amounted to COP 9,400,000 million with 8.4% increase with respect to previous year (COP 8,700,000 million). While the net effect shows an increase of COP 727,042 million, 2014 was year in which most of the companies in the group decreased their net debt by COP 341,163 million. The conversion effect generated by the devaluation of the Colombian Peso against the currencies of the countries where ISA operates is the component that caused the debt to increase at December 31, 2014 compared to the 2013 closing.

Characteristics and balances of outstanding bonds at December 31 for each of the corporations are detailed below:

6 Values determined according to regulation applicable for their remuneration.
7 Assets not often offered or demanded on the market.
8 Assets often offered and demanded on the market.

ISA

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Program Tranche 2	COP	COP 150,000	2/20/2004	2/20/2016	12	CPI + 7.300%	150,000	150,000
Program Tranche 4 Batch 1	COP	COP 118,500	4/7/2006	4/7/2026	20	CPI + 4.580%	118,500	118,500
Program Tranche 4 Batch 2	COP	COP 104,500	4/7/2006	4/7/2026	20	CPI + 4.580%	104,500	104,500
Program Tranche 6 Series A	COP	COP 150,000	4/2/2009	4/2/2015	6	CPI + 4.990%	150,000	150,000
Program Tranche 6 Series B	COP	COP 59,500	4/2/2009	4/2/2018	9	CPI + 5.900%	-	59,500
Program Tranche 7 Series A	COP	COP 180,000	12/1/2011	12/1/2023	12	CPI + 4.470%	180,000	180,000
Program Tranche 7 Series B	COP	COP 120,000	12/1/2011	12/1/2041	30	CPI + 4.840%	120,000	120,000
Program Tranche 8 Series C9	COP	COP 120,000	5/22/2013	5/22/2022	9	CPI + 2.840%	120,000	120,000
Program Tranche 8 Series C15	COP	COP 100,000	5/22/2013	5/22/2028	15	CPI + 3.250%	100,000	100,000
TOTAL							**1,043,000**	**1,102,500**

A Securities Program has been approved with total quota of COP 2,700,000 million, of which COP 1,100,000 million are outstanding.

In 2013 the company issued Tranche 8 of the Securities Program for COP 220,000, of which, COP 120,000 was underwritten for Series C9 maturing in May of 2022, and COP 100,000 for Series C15 maturing in May of 2028. Resources from the issue went to finance cash flow.

The pre-payment option for the Third Tranche of the Domestic Debt Securities Issue and Underwriting Program of ISA was exercised on June 07, 2013, for COP 108,865, paying a premium agreed in the issue of 4% of the amortized capital balance, that is, COP 4,355.

In September, 2013, Tranche 5 of ISA's Domestic Debt Securities Issue and Underwriting Program for COP 110,000 was paid upon maturity.

In April, 2014, the pre-payment option of Series B of Tranche 6 of ISA's Domestic Debt Securities Issue and Underwriting Program for COP 59,500 was exercised, paying a COP 595 premium equivalent to 1% of amortized capital balance, as agreed upon in the issue.

TRANSELCA

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Second issue	COP	COP 50,000	10/19/2004	10/19/2016	12	CPI + 6.950%	50,000	50,000
Third issue Series A10	COP	COP 80,000	10/11/2011	10/11/2021	10	CPI + 4.200%	80,000	80,000
Third issue Series A15	COP	COP 100,000	10/11/2011	10/11/2026	15	CPI + 4.480%	100,000	100,000
TOTAL							**230,000**	**230,000**

RED DE ENERGÍA DEL PERÚ –REP–

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
2P 4th Issue (Series A)	USD	USD 21.5	2/14/2007	2/14/2019	12	Libor (3M) + 0.750%	19,874	19,772
2P 15th Issue (Series A)	USD	USD 20	5/14/2009	5/14/2016	7	Fixed rate 6.500%	47,849	38,537
2P 17th Issue (Series A)	USD	USD 20	1/19/2011	1/19/2018	7	Fixed rate 5.750%	47,849	38,537
2P 20th Issue (Series A)	USD	USD 38	1/19/2011	1/19/2026	15	Fixed rate 6.500%	90,913	73,220
3P 4th Issue (Series A)	USD	USD 40	10/18/2012	4/19/2031	19	Fixed rate 5.875%	95,698	77,073
3P 1st Issue (Series A)*	PEN	PEN 104.1	11/7/2012	11/7/2022	10	Fixed rate 5.375%	83,580	71,818
3P 3rd issue (Series A)	USD	USD 10	2/6/2013	2/6/2018	5	Fixed rate 4.625%	23,925	19,268
3P 1st issue (Series B)*	PEN	PEN 77.3	2/6/2013	2/6/2023	10	Fixed rate 5.125%	62,043	53,312
3P 7th issue (Series A)	USD	USD 20	7/11/2014	7/11/2021	7	Fixed rate 3.750%	47,849	-
Fair Value Swap	USD						32,375	17,314
Fair Value Swap	USD						27,714	15,885
TOTAL							**579,669**	**424,736**

* Bonds issued in PEN and Swap in USD.

Third issuance (Series A) of the Third Corporate Bonds Program for USD 10 million was made in February of 2013, with 5-year term and 4.625% interest rate, and first issuance (Series B) of the Third Corporate Bonds Program for PEN 77.3 million, with 10-year term and 5.12% fixed interest rate. Proceeds from both placements went to exercise the redemption option of the first, third and fifth issues of the First Corporate Bonds Program, and also of the third issue of the Second Corporate Bonds Program.

Amortization for USD 1.9 million of the Fourth Issue (Series A) of the Second Corporate Bonds Program was made by the company in February, May, August and November, 2013.

At December 31, 2013, the company holds a Cross-Currency-Swap contract to reduce risk from exchange rate volatility of the Nuevo Sol, for the bonds of the first issue of the third corporate bond program.

On July 14, 2014, the seventh issue (Series A) of the Third Corporate Bonds Program was carried out in the amount of USD 20 million, with a 7 year term and a rate of 3.750%. The main amortization will occur in 12 equal semi-annual installments after the culmination of a one (1) year grace period counted from the issue date. Resources from the issue went to finance the expansion of the transmission lines.

Amortization for USD 1.9 million of the Fourth Issue (Series A) of the Second Corporate Bonds Program was made by the company in February, May, August and November, 2014.

CONSORCIO TRANSMANTARO

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE		2014	2013
CTM International bonds	USD	USD 450	5/7/2013	5/7/2023	10	Fixed rate	4.375%	1,076,607	867,074
TOTAL								**1,076,607**	**867,074**

On April 30, 2013 the company carried out underwriting of international securities under Rule 144 and Regulation S of the U.S. Securities Act of 1933. Issuance of the bonds denominated Senior Notes took place on May 7, 2013. Issue totaled USD 450 million at 99.002% issue price. It provides for 10-year bullet amortization, and biannual coupons accruing interest at 4.375% effective annual rate. These funds were earmarked to prepayment of accounts payable.

CTEEP

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Debentures 1st Series	BRL	BRL 491	12/15/2009	12/15/2014	5	CDI + 1,300%	-	134,619
Debentures 2nd Series	BRL	BRL 57.6	12/15/2009	12/15/2017	8	IPCA + 8,100%	52,137	59,576
Debentures Single Series	BRL	BRL 500	12/26/2013	12/26/2018	5	116% CDI	450,354	411,259
TOTAL							**502,491**	**605,454**

In December 2013, CTEEP issued 50,000 debentures in one single series for a total value of BRL 500 million with 5-year term and 116% CDI interest rate. Capital amortizations will take place on December 26 of 2016, 2017 and 2018; and interest will be paid semi-annually in the months of June and December of each year. The first payment will occur on June 26, 2016 and the last one on December 26, 2018.

The First Debentures Series was redeemed in December 2014 for BRL 163.6 million.

In 2014 the company made amortizations for the Second Debentures Series for BRL 14.5 million.

ISA CAPITAL DO BRASIL

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE		2014	2013
Tranche 1	USD	USD 354	1/29/2007	1/30/2017	10	Fixed rate	8.800%	75,724	60,986
TOTAL								**75,724**	**60,986**

RUTA DEL MAIPO

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE		2014	2013
Bond 144A **	USD	USD 421	12/15/2005	6/15/2022	17	Fixed rate	7.373%	772,500	674,427
Bond Series A1 and A2	UF	UF 5.8	9/27/2004	6/15/2025	21	Fixed rate	4.850%	563,266	496,600
Bond Series B1 and B2	UF	UF 6.0	11/28/2006	12/15/2030	24	Fixed rate	3.200%	749,675	640,451
Fair value swap	USD							307,278	378,257
TOTAL								**2,392,719**	**2,189,735**

** Bonds issued in USD and UF and Swap in UF.

In August, 2011, the corporation issued bonds for USD 421 million insured in the USA. In May of 2005, the corporation signed a cross currency swap contract with Instituto de Credito Oficial de España (ICO), in order to exchange dollar flows from the bonds for safe flows in Unidades de Fomento (UF) as protection against dollar exchange risks. This hedging instrument is recorded at its reasonable value.

In 2013, Ruta del Maipo made payments to holders of 144A Bonds for USD 22 million and USD 10.5 million to ICO.

In 2014, Ruta del Maipo made payments to holders of 144A Bonds for USD 27 million and USD 10.4 million to ICO.

RUTA DEL MAULE

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE		2014	2013
Bonds Series B1 and B2	UF	UF 5.7	6/13/2005	12/17/2018	14	Fixed rate	2.750%	265,642	275,607
Bonds Series C1 and C2	UF	UF 1.1	9/6/2006	12/17/2018	12	Fixed rate	3.500%	109,196	96,272
TOTAL								**374,838**	**371,879**

On June 15 and December 15 of 2013, Ruta del Maule made payments to Series B1 and Series B2 bonds for UF 301,449 and UF 305,566, respectively.

On June 15 and December 15 of 2013, Ruta del Maule made payments to Series B1 and Series B2 bonds for UF 240,182 and UF 243,463, respectively.

RUTA DEL BOSQUE

FINANCING SOURCE	ORIGINAL CURRENCY	AMOUNT (MILLIONS OF ORIGINAL CURRENCY)	ISSUE DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE		2014	2013
Bond Series A	UF	UF 7.8	2/26/2001	9/15/2020	20	Fixed rate	6.300%	472,763	469,237
Bond Series B	UF	UF 1.5	10/11/2006	9/15/2020	14	Fixed rate	3.400%	145,676	124,211
TOTAL								**618,439**	**593,449**

Together with payment of coupon corresponding to Bond A, the concessionaire made on March 15 and September 15, 2013, partial mandatory prepayments (advanced redemption) for UF 178,066 and UF 264,271, respectively, as established in the financing contracts in force.

In March and September of 2014 Ruta del Bosque made partial payments to the Series A bonds in the amount of UF 214,929 and UF 397,467 respectively.

Bonds accrued interest during 2014 for COP 336,049 (2013: COP 410,513), which were recorded as financial expenses.

Below is the detail of maturities for outstanding bonds:

MATURITIES 2014	
Short-term	**415,679**
Long-term	**6,477,808**
2016	673,346
2017	533,191
2018	688,605
2019 onwards	4,582,666
TOTAL BONDS	**6,893,487**

MATURITIES 2013	
Short-term	**300,097**
Long-term	**6,145,715**
2015	348,104
2016	578,249
2017	414,648
2018 onwards	4,804,714
TOTAL BONDS	**6,445,812**

NOTE 13: FINANCIAL LIABILITIES

At 2014 closing, debt represented in financial liabilities totaled COP 2,532,023 (2013: COP 2,252,656).

Characteristics and balances of financial liabilities at December 31 for each of the corporations are detailed below:

ISA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Banco de Bogotá	USD	7/4/2012	4/4/2017	5	Libor (6M) + 2.600%	95,698	77,073
BBVA	COP	8/26/2011	8/26/2021	10	DTF + 3.800%	222,432	222,432
BNP PARIBAS	USD	5/17/2006	5/15/2017	11	Libor (6M) + 0.345%	22,676	25,568
TOTAL						**340,806**	**325,073**

In 2012, funds for USD 40 million were obtained from Banco de Bogotá to finance 2012 cash flow. An amendment to the contract was signed in June of 2013 reducing the current interest rate agreed on from Libor (6M) + 3.5% SV to Libor (6M) + 2.6% SV.

In 2013, partial payments for USD 3.8 million were made to loan with BNP Paribas.

In 2014 an amendment to the internal loan agreement between ISA and Banco BBVA was signed, which reduced the agreed upon interest rate from DTF + 3.80% SV to DTF + 3.19% SV, as well as the number of days to report prepayments.

In 2014, partial payments for USD 3.8 million were made to loan with BNP Paribas.

INTERNEXA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Banco ITAÚ BBA Colombia S.A.	COP	2/11/2014	2/11/2019	5	DTF + 3.300%	32,000	-
Helm Bank	COP	4/11/2014	4/11/2021	7	DTF + 3.500%	8,000	-
TOTAL						**40,000**	**-**

In November of 2013, INTERNEXA repaid the Banco Occidente loan for COP 2,000.

In February of 2014, Banco ITAÚ extended a loan for COP 32,000 with a 5-year term and a DTF (T.A) + 3.30% rate. In April of that same year, Helm Bank extended a loan for COP 8,000 with a 7-year term and a DTF (T.A.) + 3.50% rate. These two loans completed the funding scheme for the purchase of the companies in Rio de Janeiro, Brazil.

TRANSELCA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Banco de Bogotá	COP	7/6/2012	7/6/2018	6	DTF + 2.300%	112,500	120,000
BBVA	COP	12/26/2013	12/26/2016	3	DTF + 1.350%	11,000	11,000
Banco Colpatria	USD	9/29/2014	9/29/2015	1	Libor (6M) + 0.850%	7,656	-
TOTAL						**131,156**	**131,000**

In July of 2012, Banco de Bogotá extended a COP 120,000 loan with 6-year term and DTF (T.A) + 2.3% rate. In October 2014, a partial payment of COP 7,500 was made.

In December of 2013, Banco Bilbao Vizcaya Argentaria extended the company a loan with 3-year term and DTF (T.A.) + 1.35% rate to finance its cash flow.

In September of 2014, the company obtained a loan from Banco Colpatria for USD 3.2 million with a 1-year term and a rate of Libor (6M) + 0.85% in order to finance its cash flow.

RED DE ENERGÍA DEL PERÚ –REP–

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Banco de Crédito del Perú	USD	12/1/2006	12/1/2016	10	Libor (3M) + 2.125%	16,269	19,654
TOTAL						**16,269**	**19,654**

On February 15, 2006, the company subscribed a USD 34 million loan agreement with Banco de Crédito del Perú. This loan was earmarked to pay off syndicated loan hired in previous years. Loan term is 129 months, including 9 months of grace for payment of principal. Such loan accrues interest at an annual rate of Libor + 2.275%. The elimination of financial guarantees and liabilities was approved in February 2014.

In July of 2012, REP hired a financial leasing for construction of the new headquarters, at 4.95% effective interest rate. In October of 2013, the company prepaid the financial leasing.

In September 2012, the company issued commercial papers for USD 15 million at 2.17% effective annual rate and 360-day term. They were fully amortized in December of 2013.

CONSORCIO TRANSMANTARO

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Banco de Crédito del Perú	USD	12/7/2012	12/6/2020	8	Libor (3M) 5.700%	-	117,537
Banco de Crédito del Perú	USD	6/23/2014	6/23/2018	4	Libor (6M) + 3.600%	239,246	-
TOTAL						**239,246**	**117,537**

Loans from Banco de Crédito del Perú, BBVA, Banco Continental and the syndicated loan from Banco de Crédito del Perú and Bancolombia Puerto Rico, were pre-paid during 2013, with funds from bond issues (Rule 144A and Regulation S) made by the company for USD 450 million.

On December 7, 2012, the trust estate established by virtue of the Trujillo-Chiclayo Administration Trust, with the participation of the company, subscribed a syndicated medium-term loan agreement with Banco de Crédito del Perú for USD 100 million to meet the financial needs of the Trujillo-Chiclayo transmission line. The loan matures on December 06, 2020; it has a USD 63 million balloon payment (on the USD 100 million) and accrues interest calculated with stepped interest rate, according to the following: (i) for the years between year one (1) and year three (3) of loan term, the equivalent of Libor + 5.70%; (ii) for the years between year four (4) and year eight (8) of loan term, the equivalent of Libor +5.90%.

On June 20, 2014, the company subscribed a USD 100 million loan agreement with Banco de Crédito del Perú S.A.A. This loan was used to prepay the loan for the Trujillo-Chiclayo trust. The term of the loan is 4 years as of the date of disbursement. This loan accrues interest at a compensatory interest rate of Libor + 3.6%.

ISA PERÚ

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
BBVA Banco Continental	USD	2/15/2006	11/15/2015	10	Libor (3M) + 1.450%	-	10,472
Bancolombia	USD	12/19/2013	12/19/2018	5	Libor (3M) + 3.900%	12,801	12,887
TOTAL						**12,801**	**23,359**

On June 24 of 2002 the company subscribed a loan contract with the International Finance Corporation (IFC) for USD 26 million (Tranche A and Tranche B for USD 18 million and USD 8 million, respectively). This loan was earmarked to fund design, construction, commissioning, operation, maintenance and eventual transfer of the transmission lines, control center and SCADA system, located in Lima. Tranche B was fully paid back with financing from BBVA Banco Continental.

On February 15, 2006, the company subscribed a USD 14 million loan agreement with Banco de Crédito del Perú. This loan was earmarked for prepayment of accounts payable to Nederlandse Financierings-Maatshappij Loor Ontwikkelingslanden N. V. (FMO), Banco de Crédito del Perú (BCP) and Tranche B of the IFC loan. The debt has been paid off as of December 31, 2014.

In June of 2013, the company prepaid Tranche A of the IFC loan with a loan extended by Scotiabank (bridging loan), which was paid with loan from Bancolombia Puerto Rico.

On December 19, 2013, the company subscribed a USD 6.7 million loan agreement with Bancolombia Puerto Rico Internacional Inc. This loan was used for payment of existing account payable. Loan term is 60 months. This loan accrues interest at an annual rate of Libor (3 months) + 3.9%. Partial payments were made in 2014 in the amount of USD 1.3 million.

INTERNEXA EN PERÚ

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Helm Bank Panama	USD	11/17/2010	11/17/2015	5	Libor (6M) + 3.360%	1,195	1,927
Helm Bank Panama	USD	12/30/2010	12/30/2015	5	Libor (6M) + 3.360%	1,595	2,569
Helm Bank Panama	USD	8/8/2011	8/8/2016	5	Libor (6M) + 3.280%	1,914	2,312
Helm Bank Panama	USD	3/27/2012	3/27/2016	4	Libor (6M) + 3.510%	4,984	4,817
Banco Continental	USD	11/7/2013	11/7/2014	1	Fixed rate 3.700%	-	963
TOTAL						**9,688**	**12,588**

In March and November 2012, the company obtained a loan for USD 3.3 million from Helm Bank Panama. Helm Bank loan disbursed in November 2012 for USD 800,000 was fully amortized in December 2013.

In November of 2013, the company obtained a loan from Banco Continental with 1-year term and 3.7% rate, which was amortized in November of 2014.

In 2014 partial payments were made to the loans with Helm Bank Panama in the amount of USD 1.9 million.

CTEEP

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE			2014	2013
ELETROBRÁS	BRL	1/8/1990	11/15/2021	32	Fixed rate		8.000%	214	236
BNDES	BRL	9/17/2007	6/15/2015	8	TJLP	+	2.300%	41,875	114,720
BNDES II	BRL	11/18/2008	6/15/2015	7	TJLP	+	1.800%	25,205	69,050
BNDES III (FINEM)	BRL	1/29/2014	3/15/2029	15	TJLP	+	1.800%	158,254	-
BNDES III (PSI)	BRL	1/29/2014	1/15/2024	10	Fixed rate		3.500%	57,937	-
BNDES PSI Santander	BRL	1/13/2014	8/15/2018	5	Fixed rate		4.000%	252	-
BNDES PSI Santander II	BRL	12/30/2014	11/18/2019	5	Fixed rate		6.000%	9,328	2,461
Financial Leasing	BRL	10/31/2012	9/30/2015	3	DI			1,123	134
Financial Leasing	BRL	5/31/2010	4/30/2015	5	CDI		2.200%	26	28
Financial Leasing	BRL	6/30/2010	5/31/2015	5	CDI		2.650%	-	-
Financial Leasing	BRL	11/30/2014	10/31/2017	3	CDI		2.120%	253	-
Financial Leasing	BRL	11/30/2014	10/31/2017	3	CDI		2.120%	108	-
Financial Leasing	BRL	11/30/2014	10/31/2018	4	CDI		2.530%	101	-
TOTAL								**294,676**	**186,629**

In April 2011, CTEEP signed a “cédula de crédito bancário” (promissory note) with Banco Itaú BBA Nassau for USD 63.7 million with exchange rate variation (CV) + 4% annual remuneration that was fully amortized in April 2013.

In October 2011, a foreign long-term loan agreement was signed with JP Morgan Chase Bank for USD 85.8 million with maturity in October of 2013 and with exchange rate variation (CV) + 2% annual remuneration that was fully amortized in October 2013.

In 2012, CTEEP conducted the sixth issuance of promissory notes for BRL 400 million that was amortized in January 2013.

On December 23, 2013 CTEEP signed a loan agreement with BNDES for BRL 391.3 million, with BRL 284.2 million at a cost of TJLP + 1.80% per year, USD 1.9 million at the cost of the TJLP, and BRL 105.2 million at an annual cost of 3.50%. The loan was earmarked for the implementation of the Multi-Year Investment Plan for the 2012-2015 period, including works related to the modernization of the electric energy transmission systems, systemic improvements, reinforcement and implementation of new projects, as well as the execution of social investments in the community. Disbursements were made on January 29, June 26 and December 26, 2014 in the amount of BRL 124.1 million, BRL 26.9 million and BRL 89.0 million, respectively. The next disbursement is scheduled for the second quarter of 2015.

On November 4, 2014 CTEEP signed 18 loan agreements with Banco Santander for a total amount of BRL 10.3 million at a cost of 6.0% a.a. for the BNDES Finame PSI (BNDES Investment Support Program) loan facility. The loan is intended to finance machinery and equipment. The first release from Banco Santander for the suppliers, in the amount of BRL 10,346,000, took place on December 30, 2014. The next disbursement is scheduled for the first quarter of 2015.

IE MINAS DE GERAIS –IEMG–

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
BNDES (FINEM)	BRL	3/27/2009	4/15/2023	14	TJLP + 2.390%	38,032	38,898
TOTAL						**38,032**	**38,898**

On 14 January 2009, a financing agreement was signed between the company and Banco Nacional de Desarrollo Económico y Social (BNDES). Financing approved for BRL 70.56 million maturing in 168 months was disbursed on March 27, 2009. The first amortization took place on May 15, 2009. The resources were allocated to finance approximately 50% of the transmission line between the Neves 1 and Mesquita substations, with amortizations starting May 15, 2009 in168 monthly installments.

During 2014, partial payments were made to the BNDES loan in the amount of BRL 5 million.

IE PINHEIROS –IE PINHEIROS–

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
BNDES (PSI)	BRL	1/28/2011	1/15/2021	10	Fixed rate 5.500%	49,360	52,569
BNDES (FINEM)	BRL	1/28/2011	5/15/2026	15	TJLP + 2.620%	33,453	33,309
BNDES (PSI)	BRL	9/12/2013	4/17/2023	10	Fixed rate 3.500%	13,384	13,444
BNDES (FINEM)	BRL	9/12/2013	2/15/2028	14	TJLP + 2.060%	6,059	5,883
TOTAL						**102,256**	**105,205**

On December 30, 2010, the company subscribed a loan agreement with BNDES for BRL 119.9 million; BRL 91.3 million and BRL 28.6 million were disbursed on January 28 and April 27, 2011, respectively. Funds are earmarked to finance transmission lines and substations contained in the concession contracts. Amortization for FINEM financing line will be in 168 monthly installments starting September 15, 2011, and for the Investment Program in 96 installments. –PSI–.

On August 13, 2013, the company subscribed a new loan agreement with BNDES for BRL 23.5 million; BRL 21.6 million and BRL 1.9 million were disbursed on September 12, 2013 and December 11, respectively. Funds are earmarked to finance construction of one of the concessions' substations. Amortization shall take place in 168 monthly installments starting March 15, 2014, in the case of FINEM financing line funds, and 110 installments, starting March 15, 2014, for funds of the Investment Program –PSI–.

During 2014, partial payments were made to the BNDES loan in the amount of BRL 14.3 million.

SERRA DO JAPI

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
BNDES (FINEM)	BRL	10/28/2013	5/15/2026	13	TJLP + 1.950%	36,649	36,408
BNDES (FINEM)	BRL	10/28/2013	5/15/2026	13	TJLP + 1.550%	31,725	31,516
TOTAL						**68,374**	**67,924**

On October 28, 2011, the company subscribed a loan agreement with BNDES for BRL 93.37 million; BRL 75 million, BRL 15 million and BRL 3.3 million were disbursed on November 18, December 12 and February 27, 2012, respectively. The funds are earmarked to finance the construction of transmission lines and substations contained in the concession contracts. Amortization shall be made in 168 monthly installments starting June 15, 2012.

During 2014, partial payments were made to the BNDES loan in the amount of BRL 6.6 million.

INTERNEXA PARTICIPAÇÕES

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
HSBC	BRL	11/1/2013	4/23/2014	0	CDI + 1.600%	-	74,230
TOTAL						**-**	**74,230**

In October 2013, the company was extended a BRL 90.1 million loan by HSBC for new investments along 2013, which was paid off in April 2014.

INTERNEXA CAPITAL

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
ITAÚ	BRL	10/28/2013	4/28/2014	0	CDI + 1.900%	-	10,869
ITAÚ	BRL	4/16/2014	4/16/2019	5	CDI + 2.600%	59,182	-
TOTAL						**59,182**	**10,869**

In December 2013, the Company obtained BRL 13.2 million loan from Banco ITAU to purchase two information transport network companies currently operating in the State of Rio de Janeiro, Brazil, as part of its expansion strategy.

In April 2014 the company obtained a loan from Banco ITAÚ for BRL 66.7 million with a 5-year term and a rate of CDI + 2.6%, including the bridging loan and finalizing the funding strategy for the acquisition of the companies in Rio de Janeiro, Brazil.

INTERNEXA EN BRASIL

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
Helm Bank	USD	12/13/2013	12/13/2020	7	Libor (6M) + 3.500%	23,925	19,268
TOTAL						**23,925**	**19,268**

In December 2013, the company obtained USD 10 million loan from Helm Bank, in order to cover cash flow and new investments of 2013.

ISA BOLIVIA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE	2014	2013
IDB	USD	8/15/2005	2/15/2019	14	Fixed rate 9.713%	25,673	25,271
CAF	USD	8/15/2005	2/15/2019	14	Libor (6M) + 5.000%	19,048	18,750
IDB	USD	5/7/2009	2/15/2019	10	Fixed rate 8.155%	4,083	4,019
CAF	USD	5/7/2009	1/15/2019	10	Libor (6M) + 5.000%	3,144	3,094
TOTAL						**51,948**	**51,134**

Along 2013, the company made payments to IDB for USD 2.7 million, and to Banco de Desarrollo de América Latina or Corporación Andina de Fomento (CAF) for USD 2 million.

During 2014 the company made partial payments to the IDB in the amount of USD 2.7 million and to the CAF for USD 2 million.

INTERNEXA EN CHILE

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE			2014	2013
BBVA	UF	2/2/2010	2/2/2015	5	Fixed rate		5.200%	107	271
BBVA	UF	8/2/2010	2/2/2015	5	Fixed rate		5.300%	130	328
BBVA	UF	6/4/2010	2/4/2015	5	Fixed rate		5.300%	129	325
BBVA	UF	8/9/2010	2/9/2015	5	Fixed rate		5.400%	41	104
BBVA	CLP	12/15/2014	11/10/2015	1	TAB (180)	+	1.700%	5,081	-
BCI	CLP	10/29/2010	11/5/2015	5	TAB	+	2.000%	413	733
BCI	CLP	11/24/2010	11/5/2015	5	TAB	+	2.000%	310	550
BCI	CLP	12/23/2010	11/9/2015	5	TAB	+	2.000%	317	562
BCI	CLP	1/13/2011	11/9/2016	6	TAB	+	2.000%	172	306
BCI	CLP	2/11/2011	2/5/2016	5	TAB	+	2.000%	344	550
BCI	CLP	3/23/2011	5/5/2016	5	TAB	+	2.000%	457	677
BCI	CLP	4/6/2011	2/5/2016	5	TAB	+	3.000%	594	949
BCI	CLP	4/27/2011	2/5/2016	5	TAB	+	3.000%	379	605
BCI	CLP	5/25/2011	5/5/2016	5	TAB	+	3.000%	330	489
BCI	CLP	7/7/2011	5/5/2016	5	TAB	+	3.000%	1,363	2,016
BCI	CLP	8/25/2011	5/5/2016	5	TAB	+	3.000%	843	1,176
BCI	CLP	10/11/2011	8/5/2016	5	TAB	+	3.000%	723	1,008
BCI	CLP	11/28/2011	11/7/2016	5	TAB	+	3.000%	963	1,283
BCI	CLP	1/26/2012	11/7/2016	5	TAB	+	3.000%	743	1,320
BCI	CLP	4/26/2012	11/7/2016	5	TAB	+	3.000%	688	1,100
Helm Bank Panama	USD	9/14/2012	9/14/2019	7	Libor (6M)	+	3.500%	4,785	3,854
Helm Bank Panama	USD	11/6/2012	11/6/2019	7	Libor (6M)	+	3.500%	2,392	1,927
Helm Bank Panama	USD	1/15/2013	1/15/2020	7	Libor (6M)	+	3.500%	7,177	5,780
Helm Bank Panama	USD	5/2/2013	5/2/2020	7	Libor (6M)	+	3.500%	2,392	1,927
Helm Bank Panama	USD	6/24/2013	6/24/2020	7	Libor (6M)	+	3.500%	1,197	963
TOTAL								**32,070**	**28,803**

In 2013, the company obtained loans from Helm Bank for USD 4.5 million at 7 years and Libor (6 months) + 3.5%, earmarked to cover cash flow and new investments along 2013.

In the month of December 2014, the company got a short-term loan from Banco BBVA for CLP 1,234 million at a rate of TAB (180) + 1.7% to finance the cash flow and leverage part of the investment plan. This loan is an integral part of a long-term loan the subsidiary is working on.

RUTA DE LA ARAUCANÍA

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE			2014	2013
Banco de Chile	UF	8/5/2010	9/15/2022	12	Fixed rate		4.040%	58,878	59,007
Banco de Chile	UF	8/5/2010	9/15/2022	12	Fixed rate		4.530%	87,483	88,382
Banco de Chile	UF	8/5/2010	9/15/2022	12	TAB (360)	+	0.950%	63,276	57,475
Banco de Chile	UF	7/31/2013	9/15/2022	9	TAB (360)	+	0.950%	104,926	94,195
Banco de Chile	UF	8/1/2013	9/15/2022	9	TAB (360)	+	0.950%	49,539	43,676
Corpbanca	UF	8/5/2010	9/15/2022	12	Fixed rate		4.040%	28,285	28,347
Corpbanca	UF	8/5/2010	9/15/2022	12	Fixed rate		4.530%	14,041	14,186
Corpbanca	UF	8/5/2010	9/15/2022	12	TAB (360)	+	0.950%	30,397	27,611
Corpbanca	UF	7/31/2013	9/15/2022	9	TAB (360)	+	0.950%	53,406	48,795
Corpbanca	UF	8/1/2013	9/15/2022	9	TAB (360)	+	0.950%	24,093	22,141
Banco del Estado	UF	8/5/2010	9/15/2022	12	Fixed rate		4.040%	28,285	28,347
Banco del Estado	UF	8/5/2010	9/15/2022	12	Fixed rate		4.530%	42,026	42,458
Banco del Estado	UF	8/5/2010	9/15/2022	12	TAB (360)	+	0.950%	30,397	27,611
Banco del Estado	UF	7/31/2013	9/15/2022	9	TAB (360)	+	0.950%	64,104	58,228
Banco del Estado	UF	8/1/2013	9/15/2022	9	TAB (360)	+	0.950%	34,791	31,573
Banco de Chile (Overdraft)	CLP							-	1,448
TOTAL								**713,927**	**673,480**

On July 31, 2013, the total syndicated loan was refinanced, and an amendment to the financing contract between Ruta de la Araucanía Sociedad Concesionaria S.A. and the bank syndicate led by Banco de Chile (made up of Banco de Chile, Banco Estado and Corpbanca) was agreed on in order to refinance existing obligations. This contract considers a new loan for UF 8,038,088 that includes reclassification from fixed to variable rate of part of the account payable while additionally leaving the option to incur in further indebtedness for up to a total UF 600,000 to carry out additional work demanded by the MOP.

CLP 394.3 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

During 2014, the company made partial payments to the syndicated loan in the amount of UF 497,612.

RUTA DE LOS RÍOS

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE			2014	2013
Banco Security	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	574	574
Banco Security	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	574	574
Banco Security	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	5,382	5,380
Banco Security	UF	9/13/2012	9/15/2021	9	Fixed rate		4.560%	6,671	6,668
Banco Security	UF	9/13/2012	9/15/2021	9	TAB (360)	+	1.000%	12,052	12,047
BICE	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	3,102	3,100
BICE	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	3,102	3,100
BICE	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	29,096	29,084
BICE	UF	9/13/2012	9/15/2021	9	Fixed rate		4.560%	36,061	36,046
BICE	UF	9/13/2012	9/15/2021	9	TAB (360)	+	1.000%	65,157	65,131
BCI	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	4,292	4,290
BCI	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	4,292	4,290
BCI	UF	9/13/2012	9/15/2021	9	Fixed rate		4.550%	40,261	40,245
BCI	UF	9/13/2012	9/15/2021	9	Fixed rate		4.560%	49,898	49,878
BCI	UF	9/13/2012	9/15/2021	9	TAB (360)	+	1.000%	90,160	90,123
BICE (Overdraft)	CLP							-	1,476
TOTAL								**350,673**	**352,006**

In September 2012, a financing contract was subscribed between Ruta de los Ríos Sociedad Concesionaria and a bank syndicate led by Banco BICE (made up of Banco BICE, Banco de Crédito e Inversiones and Banco Security) to finance existing obligations. This contract refers to a long-term loan for UF 4.6 million (Tranches A and B), and additionally to financing of bank guarantees for a maximum amount of UF 249.9 million to secure future obligations with the Ministry of Public Works (MOP) (Tranche C).

CLP 401.9 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

During 2014, the company made partial payments to the syndicated loan in the amount of UF 483,122.

RUTA DEL MAIPO

CLP 897.3 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

RUTA DEL MAULE

CLP 781.3 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

RUTA DEL BOSQUE

CLP 480 million accounting overdraft in December 2013 is the result of checks drawn but uncollected by year closing.

TRANSAMERICAN TELECOMMUNICATION

FINANCING SOURCE	LOAN'S CURRENCY	INITIAL DATE	MATURITY DATE	TERM (YEARS)	INTEREST RATE		2014	2013
BBVA Francés	ARS	6/7/2013	6/7/2014	1	Fixed rate	22.000%	-	7,071
BBVA Francés	ARS	12/5/2014	2/8/2015	0	Fixed rate	28.500%	6,994	-
TOTAL							**6,994**	**7,071**

At December 31, financial liabilities included balances denominated in the following currencies:

CURRENCY		IN ORIGINAL CURRENCY (1)		IN LOCAL CURRENCY	
		2014	2013	2014	2013
US Dollar	USD	208,092	187,164	497,851	360,633
Brazilian Real	BRL	624,529	588,025	562,519	483,755
Chilean Peso	CLP	3,322,444	6,582,231	13,719	24,176
Colombian Peso	COP	385,932,435	353,432,430	385,932	353,432
Unidades de Fomento Chile	UF	10,967	11,956	1,065,008	1,023,589
Argentine Peso	ARS	25,001	23,918	6,994	7,071
TOTAL FINANCIAL LIABILITIES				**2,532,023**	**2,252,656**

(1) Amounts in original currency other than the Colombian Peso are expressed in thousands.

Maturity of financial liabilities at December 31:

MATURITIES 2014	
Short-term	**392,880**
Long-term	**2,139,143**
2016	275,985
2017	343,263
2018	257,189
2019 onwards	1,262,706
TOTAL LIABILITIES	**2,532,023**

MATURITIES 2013	
Short-term	**284,054**
Long-term	**1,968,602**
2015	346,342
2016	241,910
2017	303,117
2018 onwards	1,077,233
TOTAL LIABILITIES	**2,252,656**

NOTE 14: ACCOUNTS PAYABLE

The balance of accounts payable at December 31 included:

		2014			2013		
ACCOUNTS PAYABLE		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Suppliers		246,833	-	246,833	200,581	-	200,581
Financial expenses	(1)	164,065	4	164,069	99,986	4	99,990
Creditors	(2)	53,852	60,707	114,559	28,021	20,310	48,331
Dividends	(3)	2,425	-	2,425	105,679	-	105,679
Contract withholding		3,429	-	3,429	5,152	-	5,152
Other accounts payable	(4)	195,025	1,046,767	1,241,792	245,185	987,862	1,233,047
Equity tax payable	(5)	-	-	-	44,555	-	44,555
Other taxes	(6)	91,066	274,151	365,217	109,380	112,542	221,922
TOTAL ACCOUNTS PAYABLE		**756,695**	**1,381,629**	**2,138,324**	**838,539**	**1,120,718**	**1,959,257**

(1) The most important items correspond to bond and financing interest of the Chilean concessionaires for COP 45,855 and of ISA for COP 20,258. The increase from 2013 is explained mainly at CTEEP by COP 55,441, because during 2014 the interest from bonds amounted to COP 59,266 (2013: COP 2,992) and other financial interest to COP 1,289 (2013: 2,122).

(2) The main increase in the creditor balance is the result of the recognition of the long-term liability at INTERNEXA Capital, corresponding to the additional conditioned purchase price of the acquisition of the Nelson Quintas Investimentos Globais Ltda –NQIG– business group (today ITX Investimentos), Nelson Quintas Telecomunicações do Brasil Ltda –NQT– (today ITX RJ Operadora), and IPNET (today ITX RJ SVA) for COP 38,846 (USD 16,000). In 2013 this liability was recognized for COP 38,701 (USD 20,000) as a provision for contingencies (See Note 16). It also includes COP 46,136 from CTEEP with an increase of COP 9,934 from 2013 due to the conversion effect generated by devaluation in Colombia and Brazil.

(3) There is an decrease in this item due to the fact that on December 31, 2013 there were CTEEP dividends pending payment according to the approval of the Administrative Council, which were paid on January 30, 2014.

(4) The other accounts payable, both short and long-term, increased. There was an increase of COP 104,430 in the Chilean companies associated with the use of the preexisting structure of the Ruta del Maipo and Ruta de la Araucanía companies whose measurement is based on the current net value of the payments to be made to the MOP. There was a decrease of COP 94,169 at ISA due to the higher execution of delegated administration projects, among them: FAZNI – Interconnection Cauca-Nariño Provinces Pacific Coast COP 9,384 (2013: COP 98,021); Relocation of the Colombia-Ecuador-Ipiales Airport Detour energy transmission network COP 1,338 (2013: COP 5,858); and to reimbursement of funds of IPSE Agreement Colombia-Venezuela Interconnection at the request of IPSE COP 0 (2013: COP 2,705).

(5) The equity tax was recorded in 2011 by the Colombian companies ISA, TRANSELCA and INTERNEXA, paid in 8 installments, 2 for each year. The last two installments were paid in 2014.

(6) This increase is due mainly to the fact that at CTEEP tax payable was generated during 2014, while in 2013 there was a deferred tax in favor arising from the allowance of the account receivable associated with Law 4819/58 at CTEEP.

NOTE 15: LABOR LIABILITIES

Labor liabilities at December 31 included:

		2014			2013		
LABOR LIABILITIES		**SHORT-TERM**	**LONG-TERM**	**TOTAL**	**SHORT-TERM**	**LONG-TERM**	**TOTAL**
Severance payments and interest		4,686	1,661	6,347	4,731	1,483	6,214
Vacations		11,182	-	11,182	9,762	-	9,762
Agreed fringe benefits		3,895	-	3,895	3,872	-	3,872
Other	(1)	20,901	-	20,901	13,855	-	13,855
TOTAL LABOR LIABILITIES		**40,664**	**1,661**	**42,325**	**32,220**	**1,483**	**33,703**

(1) The most significant variation corresponds to an increase of COP 3,996 originating in REP due to participations and bonds payable, pursuant to Peruvian legislation, according to which the company keeps a workers' participation plan of 5% of yearly earnings subject to taxes, plus the impact from the increase in the exchange rate. There was another important increase at INTERCOLOMBIA of COP 3,200 corresponding mainly to bonuses to be paid.

NOTE 16: ACCRUED LIABILITIES AND ESTIMATED PROVISIONS

Accrued liabilities and estimated provisions at December 31 included:

		2014			2013		
ACCRUED LIABILITIES AND ESTIMATED PROVISIONS		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Retirement pensions		11,240	156,853	168,093	11,114	155,730	166,844
Provision for income tax and surtax, and other fiscal liabilities	(1)	122,549	-	122,549	40,384	-	40,384
Provision for contingencies	(2)	403,684	204,730	608,414	66,803	521,252	588,055
Actuarial estimate of fringe benefits for pensioners	(3)	-	117,049	117,049	-	114,187	114,187
Other accrued liabilities and estimated provisions	(4)	102,613	463	103,076	83,555	374	83,929
TOTAL ACCRUED LIABILITIES AND ESTIMATED PROVISIONS		**640,086**	**479,095**	**1,119,181**	**201,856**	**791,543**	**993,399**

(1) The increase in tax liabilities corresponds mainly to the provision for income tax at ISA for COP 70,980 for reclassification, due to the fact that in 2013 it was recorded as an account payable. There is also an increase in the provision for the income tax and the income tax for equity purposes (CREE) at XM for COP 3,683 as a result of the increase of the taxable income.

(2) This item includes the provision recorded at ISA Capital do Brasil associated with Law 4819/58. This provision is part of the liabilities assumed during the acquisition of CTEEP and, according to the stock purchase agreement, ISA Capital do Brasil agrees to supplement the purchase price of the shares in the event that CTEEP is exonerated from paying the benefits of the supplementary retirement plan governed by Law 4819/58. The values of these provisions are:

	MILLIONS OF REAIS	MILLIONS OF COLOMBIAN PESOS
Amounts payable Law 4819/58 – Secretaria da Fazenda	252.73	227,633
Amounts payable Law 4819/58 – OPA	158.62	142,872
	411.35	**370,504**

Another significant variation appears in INTERNEXA Capital and is the result of the reclassification as creditors of the liability corresponding to the additional conditioned purchase price of the acquisition of the Nelson Quintas Investimentos Globais Ltda (NQIG) economic group (today ITX Investimentos), Nelson Quintas Telecomunicações do Brasil Ltda (NQT) (today ITX RJ Operadora), and IPNET (today ITX RJ SVA) for COP 38,846 (USD 16,000) (See Note 14). This item also includes the provisions for the labor, civil and administrative processes.

(3) Estimated liabilities of ISA and TRANSELCA for liabilities for COP 37,687 (2013: COP 49,083), TRANSELCA for COP 63,821 (2013: COP 61,585), XM for COP 3,519 (2013: COP 3,519) and INTERCOLOMBIA to show present value of future health, education and aging benefits recognized to pensioners and to active personnel with retirement expectations.

(4) Includes liabilities estimated for acquisition of services and goods in transit, un-invoiced expenses provision, and bonuses, fringe benefits, and variable compensation provision.

16.1 RETIREMENT PENSIONS AND AGREED LABOR BENEFITS

Retirement pensions

Under collective bargaining agreements and labor contracts, ISA, TRANSELCA and XM, Compañía de Expertos en Mercados are required to pay pensions to employees who satisfy certain conditions of age and length of service. However, the Social Security Institute –ISS– and the pension management funds have assumed the greater part of this obligation upon compliance with certain legal requirements.

The present value for pension liability as of December 31, 2014 and 2013 was determined using actuarial calculations that comply with the law and specifically with labor contracts and collective bargaining agreements. To determine pension liability for 2014 and 2013, provisions of Resolution No. 1555 of July 30 of 2010 of Colombia's Financial Superintendency were included, to update mortality rates for male and female pensioners.

The main estimates used in the actuarial calculation were as follows:

	2014	2013
	%	%
Actual interest rate	4.80	4.80
Inflation	2.41	2.99
Future increase of pensions and salaries	2.41	2.99

In ISA,on December 31, 2014, the Company had 178 (2013: 740) active employees, of whom 3 (2013: 3) are covered by the pension plan provided in the collective and individual agreements, while the remaining 175 (2013: 737) are covered by Law 100 of 1993. The actuarial estimate covers active personnel (3), retired personnel (338), surviving spouse pension benefit substitutions (51), pension portion for which ISA is accountable (12) and contingent personnel – retired personnel with more than 20 years of service (4).

In ISA, as of December 31, 2014, 88.33% has been amortized (2013: 76.02%) of the pension liability projected to cover monthly pension payments; amortization is calculated with methodology set forth in Resolution No. 356 of September 5 of 2007 issued by CGN.

Variations in the number of people covered for both education and health plans is due to employer substitution resulting from the incorporation of INTERCOLOMBIA.

In the years 2000 and 2001, TRANSELCA offered early retirement plans to those workers received as a result of the company's capitalization process

As a result of this process, this ISA subsidiary had a liability pending amortization at December 31, 2012 in the amount of COP 1,142, which was amortized during 2013 and is now at 100%.

At December 31, 2014, XM had 19 associates, covered by the pension plan provided in the collective and individual agreements. Retirement pension liabilities and agreed fringe benefits of 18 of them (2014: COP 10,646 and 2013: COP 10,807) are guaranteed by funding the trust in charge of their pension payments; the pension and agreed fringe benefits of one remaining retiree (2014: COP 251 and 2013: COP 286) are funded by investments and cash. The health and education benefits for active employees amounted to COP 1,551 in 2014 (2013: COP 923).

With respect to amortization, it corresponds to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set, counted from the actuarial estimate closing date.

The movements in the actuarial estimate and the deferred liability at December 31, 2014 and 2013 are as follows:

ACTUARIAL ESTIMATE MOVEMENT	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
Balance at December 31, 2012	201,026	(36,503)	164,523
Plus increase in actuarial estimate	(5,538)	7,859	2,321
Balance at December 31, 2013	195,488	(28,644)	166,844
Plus increase in actuarial estimate	(7,436)	8,685	1,249
Balance at December 31, 2014	188,052	(19,959)	168,093

YEAR 2014			
BALANCE BY COMPANY	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
ISA	112,959	(19,959)	93,000
TRANSELCA	67,237	-	67,237
XM	7,856	-	7,856
TOTAL	**188,052**	**(19,959)**	**168,093**

YEAR 2013			
BALANCE BY COMPANY	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
ISA	119,427	(28,644)	90,783
TRANSELCA	67,564	-	67,564
XM	8,497	-	8,497
TOTAL	**195,488**	**(28,644)**	**166,844**

Agreed fringe benefits

The calculation of pension liabilities for ISA, XM and TRANSELCA included agreed fringe benefits received by pensioners in addition to those required by legal regulations.

The calculation included fringe benefits agreed in individual and collective labor agreements to which present and future pensioners are entitled, such as education and health (supplementary plans and aid for health expenses) and pension contributions.

In 2012, as a result of negotiation of the labor contract, ISA and XM extended health and education benefits to every employee affiliated to the contract, with expectations of retiring at the service of these companies and who had started work at the company before the contract was signed. As of 2012, the companies decided to amortize fringe aids and benefits on the basis of the methodology stated in Resolution No. 356 of September 5, 2007 issued by the CGN.

These benefits are 67.64% amortized in ISA, 94% in TRANSELCA, and 44.80% in XM.

16.2 INCOME TAX

Liabilities for taxes, liens and duties are made up mainly of income tax, calculated according to regulations applicable in the domicile of the parent company and its subsidiaries.

COMPANIES IN COLOMBIA

Income tax and surtaxes

Tax regulations applicable to the companies provide:

a. Nominal income tax rate is 25% and income tax for equity purposes (CREE) rate is 9%.

b. In both cases, the basis to determine income tax for the year shall not be lower than 3% of net fiscal equity on the last day of the preceding taxable year, refined with the entries duly authorized by tax regulations in force.

Income tax and surtax on windfall profit

a. As of fiscal 2011, no taxpayer can benefit from the special 30% deduction for investment in real fixed productive assets. ISA benefits from special 40% deduction, by virtue of the legal stability agreement signed with the Nation (Ministry of Mines and Energy), for the activity of energy transmission. Avail of this benefit does not result in income taxable for shareholders.

b. As a result of application of CGN Resolution No. 356 of September 05, 2007, exchange rate fluctuations, in update through equity method of equity investments in controlled entities, are considered as equity variations until disposal of the investment, and, therefore, they affect equity. However, when surplus from equity method cannot absorb equity decreases accumulated in equity entries different from results, the excess must be recognized as expense in the form of provision until the book value of the investment is equal to zero.

   Pursuant to the provisions of fiscal regulation on investment in foreign currency, and upon application of the accounting rule mentioned above, a reconciliation entry between per-books and fiscal results is produced arising from the exchange gain/loss of investments in foreign currency in controlled entities until 2014. As a result of the issuance of tax law amendment 1739 of 2014, the exchange gain/loss of investments will not be part of the taxable basis of income tax and CREE.

c. In 2005, Decision 578 of the Andean Community of Nations (CAN) entered into force. This decision seeks to avoid double taxation on income earned in any of the member countries (Ecuador, Peru, Bolivia and Colombia) using an exoneration mechanism.

   In determining taxable income for income tax and income tax for equity purposes (CREE), the company requests as exempt income the sums obtained in the member countries of the Andean Community of Nations (Peru, Ecuador and Bolivia) corresponding to the net value resulting from subtracting from the revenues generated the corresponding costs and deductions.

d. Income tax payers performing transactions with foreign related or associated parties and/or with residents of countries considered as

tax haven, are required, for income tax purposes, to determine their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, taking into consideration for these transactions the prices and profit margins of the market. At this time, the company's management and its counsels have not concluded the update study for 2014; however, based on the satisfactory results of the study conducted for 2013, their opinion is that no significant additional income tax provisions shall be required as a result of the study.

e. As of 2003, and for effects of fiscal depreciation, ISA has used not only useful fiscal lives lower than accounting useful lives, but also accelerated depreciation, an optimization that has diminished taxable income, generating lower income tax payable, as well as credit deferred tax payable for the same value each year. For the fiscal deduction of the increased depreciation expense to be accepted, the company established a non-distributable reserve from its earnings from 2003 until 2013, amounting to seventy percent (70%) of the amount requested, coming up to COP 619,210. This reserve can be released when requested depreciation is lower than per-books depreciation. (See Note 18 Reserves (2)).

f. Windfall profits are refined separately from ordinary income. Windfall profits are considered to be those obtained in the transfer of fixed assets held for two or more years, income coming from liquidation of corporations, inheritance, wills, and donations. As of 2013, windfall profit is taxed at 10%.

Income Tax for Equity Purposes (CREE)

Tax regulations applicable to the Company provide:
As of January 1, 2013, Law 1607 of December of 2012 creates the Income Tax for Equity Purposes (CREE) as the contribution from corporations and legal entities and the like who pay income tax and surtax, in order to favor the workers, job generation and social investment.

a. The taxable base of the CREE tax is established by subtracting from the gross revenues susceptible of increasing equity obtained along the year, the returns, rebates and discounts, and from this result, subtracting what corresponds to revenues not constituting income established in the regulation. From the net revenues so obtained, total costs and deductions applicable to this tax will be subtracted, as established in articles 107 and 108 of the Tax Law. From this figure, all exempt income established by Article 22 of Law 1607 of year 2012, can be subtracted.

b. The basis to determine CREE tax cannot be lower than 3% of its net fiscal equity on the last day of the immediately previous taxable period.

c. CREE tax rate is 9%. Between 2015 and 2018, it will be subject to a surcharge established by Tax Law Amendment 1739 of 2014.

d. As of July 1, 2013, legal entities and the like who pay income tax and surtax are exempt from payment of quasi-fiscal contributions in favor of SENA and ICBF, corresponding to workers who earn, individually considered, up to ten (10) minimum monthly wages in force. This exemption is not applicable to those taxpayers not subject to CREE tax. As of January 2014, they are exempt from health care contributions.

Tax law amendment of 2014 Law 1739 of December 23, 2014

Tax on wealth

Tax on wealth for years 2015, 2016, 2017 and 2018 payable by individuals, unsettled successions, legal entities and unincorporated associations who pay Colombian income tax and surtax.

This tax is incurred by owners of wealth at January 1, 2015 equal to or greater than COP 1,000 million.

The taxable basis for the tax on wealth is the gross equity of legal persons and unincorporated associations owned on January 1 of 2015, 2016 and 2017 less debts payable by them on the same dates. For individuals and unsettled successions, the basis is the gross equity owned by them on January 1 of 2015, 2016 2017 and 2018 less debts payable by them on the same dates. They are allowed to exclude the book value of investments in domestic corporations and other items.

When the taxable basis for the tax on wealth determined for 2016, 2017 or 2018 is higher than the one determined for 2015, the taxable basis for any of such years shall be the lower between the taxable basis determined for 2015 increased by 25% of the inflation rate, certified by the National Statistics Department, for the year immediately preceding the year in question and the taxable basis determined in the year in question. When the taxable basis for the tax on wealth determined for 2016, 2017 or 2018 is lower than the one determined for 2015, the taxable basis for any of such years shall be the higher between the taxable basis determined for 2015 decreased by 25% of the inflation rate, certified by the National Statistics Department, for the year immediately preceding the year in question and the taxable basis determined in the year in question.

The rate of the tax on wealth for legal entities is determined taking into account different ranges of taxable basis for each year and tax amounts are calculated according to the tables set in Article 5 of Law 1739 of 2014, as follows:

TAXABLE BASIS RANGE	2015	2016	2017
>0 <2,000 million	0.20%	0.15%	0.05%
>=2,000 <3,000 million	0.35%	0.25%	0.10%
>=3,000 <5,000 million	0.75%	0.50%	0.20%
>=5,000 million	1.15%	1.00%	0.40%

CREE income tax and CREE surtax

CREE tax rate is going to remain at 9% and will not be lowered to 8% as provided in Law 1607 of 2012.

The surcharge of income tax for equity purposes (CREE) was established for fiscal years 2015, 2016, 2017 and 2018 and is applicable whenever CREE taxable basis is higher than COP 800 million.

The CREE surcharge will be calculated by applying the following rates for each year to the CREE taxable basis:

TAXABLE BASIS RANGE	2015	2016	2017	2018
>0 <800 million	0%	0%	0%	0%
>=800 million	5%	6%	8%	9%

Tax amounts are calculated according to the tables set in Article 22 of Law 1739 of 2014.

For tax years 2015, 2016, 2017 and 2018, the surcharge is subject to an advance payment of 100% of its amount, calculated on the taxable basis of the CREE tax of the immediately preceding taxable year.

VAT discount for basic industry

The amount of VAT paid on the purchase or import of heavy machinery for basic industry may be discounted from the income tax corresponding to the taxable period when the payment was made and in subsequent periods. For matters of this provision, basic industry includes mining, hydrocarbons, heavy chemical, siderurgy, extractive metallurgy, electric power generation and transmission, and obtention, purification and conduction of hydrogen oxide.

When the assets giving rise to the VAT discount are disposed of before their useful life has elapsed, the portion of VAT discounted, proportional to the years or fraction of year remaining of their respective useful life, shall be added to the net income tax of the taxable year when the disposal took place.

VAT discount for capital goods

Two points of VAT paid on the purchase or import of capital goods taxed at the general tax rate may be discounted from the income tax corresponding to the taxable period when the purchase or import took place.

For matters of this provision, capital goods are understood as the tangible depreciable goods that are not disposed of along the regular business course, that are used in the production of goods and services, and that different from raw materials and supplies, are neither incorporated into the final goods produced nor transformed along the productive process, except for the wear and tear characteristic of their utilization; e.g. machinery and equipment, and IT, communications, transportation, loading and unloading equipment acquired for the industrial and agricultural production and for delivering services.

When the assets giving rise to the two-point VAT discount are disposed of before their useful life has elapsed, the portion of VAT discounted, proportional to the years or fraction of year remaining of their respective useful life, shall be added to the net income tax of the taxable year when the disposal took place.

Other provisions

- No domicile shall be understood to exist for foreign corporations or entities that have issued bond or shares of any type in the Colombian Stock Exchange and/or in an international stock exchange of international renown, according to resolution to be issued by the Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority). This provision applies

as well to subordinate companies (subsidiaries and affiliates) of the corporation or entity that meets the requirements hereof; for this matter, the subsidiary or affiliate shall be consolidated in accounting terms into the consolidated financial statements of the corporation or entity issuing at the Stock Exchange.

Additionally, no domicile shall be understood to exist in the national territory for foreign corporations or entities whose revenue originated in the jurisdiction of their incorporation is equal to or greater than 80% of their total revenue.

- An ad-honorem commission of experts is created to study, among others, the Special Income Tax and Surtax Regime applicable to non-profit entities, the existing tax benefits and the reasons justifying them, as well as the sales tax regime and the regime applicable to taxes, duties and contributions of territorial nature with the purpose of proposing reforms aimed at fighting tax evasion and elusion and to make the Colombian tax system more equitable and efficient.

- The rate for the levy on financial transactions shall be four per thousand (4/1000) until 2018. A subsequent gradual reduction is established as follows:

TAX	2019	2020	2021
Gradual phase out	3 / 1,000	2 / 1,000	1 / 1,000

- The adjustment for exchange gain/loss of investments in foreign currency in shares or participations in foreign corporations that constitute fixed assets for the tax payer, will only be considered as revenue, cost or expense at the moment of disposal for any reason, or of liquidation of the investment.

Relevant tax issues for each company

ISA

On June 27, 2008, ISA and the State (Ministry of Mines and Energy) subscribed the legal stability agreement for the activity of electric energy transmission during 20 years. This agreement basically stabilized income tax regulations, among which the following stand out: income tax rate, deduction of inflation component of financial expenses, special 40% deduction for new investments in new productive real fixed assets, tax discount on VAT paid in imports of machinery for energy transport, presumptive income equal to 3% of net fiscal equity, and transitoriness of equity tax.

This agreement guarantees that, in the event of adverse modification to the regulations stabilized under the agreement, unmodified regulations shall continue to apply during the term of the agreement.

Although equity tax would not be applicable to taxpayers covered by the special legal stability regime determined by Law 963 of 2005, DIAN, through opinion 098797 of December 28 of 2010, indicated that this constitutes a new equity tax, and thus it is not under the umbrella of legal stability agreements under which equity tax had stabilized, as ruled by Law 1111 of 2006, in force until 2010.

According to the above, ISA calculated equity tax for fiscal 2011 on the total value of net fiscal equity. Tax amounted to COP 124,960 and surcharge to COP 31,240, for a total COP 156,200 equity tax, of which two installments were paid during 2014 for COP 19,525 each. Such tax was charged in its entirety against the equity revaluation account.

TRANSELCA

On September 2 of 2007, TRANSELCA filed a claim against DIAN with the Administrative Tribunal of Atlántico for official calculation of income tax form of fiscal year 2002, where the tax administration disavows tax deductions for COP 4,617 and calculates tax in excess of COP 1,616. The claim was accepted by the court on February 05, 2008. TRANSELCA presented final pleadings on September 15, 2008.

On April 18, 2012, the Administrative Court of Atlántico acting as trial court issued a judgment recognizing expenses for COP 4,216, indicating that TRANSELCA had proved the applicability of expenses and that DIAN had not justified the actions under claim. On July 03, 2012, TRANSELCA filed an appeal with the court, given that the court did not grant all the petitions claimed. On January 17, 2014, TRANSELCA was served notice to submit final pleadings in the appellate court.

Regarding this process results, the company's management and its fiscal counsels consider that the arguments set forth reasonably support deductibility of the expenses denied by DIAN.

INTERNEXA

At December 31, 2014, the company showed fiscal losses to be compensated in the amount of COP 18,531 originated by Flycom (absorbed) and INTERNEXA during the years 2004 to 2010, a value that, according to fiscal regulation, must be readjusted fiscally (2.89% – Decree 2921 of 2014).

Losses incurred as of 2007, may be fiscally readjusted and offset, without any restriction as to percentage and time, with ordinary net taxable income without affecting presumptive income of the fiscal year. The losses of the corporations cannot be transferred to their shareholders.

Fiscal losses are not susceptible of compensation to determine the taxable base of the income tax for equity purposes (CREE).

At December 31, 2014 the company showed fiscal surplus of presumptive income over ordinary income for COP 4,283 generated during the years of 2007 to 2010, a value that, according to fiscal regulation, must be readjusted fiscally (2.89% – Decree 2921 of 2014).

According to fiscal regulation in force, presumptive income excesses over ordinary income can be offset with ordinary net taxable income during the following five years.

XM

Remuneration for XM is regulated by the Energy and Gas Regulatory Commission (CREEG) through tariffs that incorporate, among other things, the recognition of an investment component according to the plan

the company submits to this Commission every five years and which represents future commitments for the company that consist of providing services related to the aforementioned investments. XM has recorded the investment component as deferred revenue that is amortized as the aforementioned services are rendered and, specifically, as the acquired assets are depreciated or amortized according to the commitments that have been undertaken.

Through Revised Official Assessment No. 112412013000103 of July 12, 2013 issued by the Head of the Assessment Management Division of the Regional Tax Department of Medellín of the National Tax and Customs Office the liability for deferred revenue is disavowed, treating it as taxable income, calculating a higher income tax for it in the amount of COP 5,430 and imposing the corresponding penalty on XM for COP 8,688.

On September 09, 2013 XM asked for reconsideration against the aforementioned resolution. On August 21, 2014 XM was served process of Resolution No. 900270 of August 05, 2014, which confirms each of the discrepancies of the revised official assessment of July 12, 2013 and orders the file to be sent to the Collections Management Division of the Regional Tax Department of Medellín.

On December 16, 2014 a nullity and redress lawsuit was filed with the Administrative Tribunal of Antioquia against the Revised Official Assessment and the Resolution that answers the petition for reconsideration.

In terms of the nullity and redress lawsuit, the probability of an unfavorable outcome for XM is considered remote (most likely it will not happen).

COMPANIES IN BRAZIL

Income tax and social contribution

The Income Tax for Legal Entities (RPJ) and Social Contributions on Taxable Income are federal taxes that affect the income of the legal entity, on their actual or presumptive profit.

Actual profit: The tax is determined on the basis of the actual results for each period, basing the taxable basis on the per-books income and refining it as determined by tax law. All income and capital gains are part of the calculation basis, regardless of their denomination and their nature or kind. The taxable income for the refining period is the sum of the operating profit, the operating results and the participations.

Presumptive profit: It is a form of simplified taxation to determine the basis for calculation. It applies to legal entities with gross revenues of up to BRL 48 million in the immediately preceding year. In this system, the profit of each taxpayer is determined by applying rates of 1.6%, 8%, 16% and 32% to the gross revenues. The application of the tariff depends on the activity carried out by the taxpayer.

ISA Capital and CTEEP determined their tax based on the actual profit and the subordinate companies adopted the presumptive profit.

Income tax and social contribution for current fiscal year and deferred are calculated on the basis of a 15% rate increased by an additional 10% of taxable income whenever this latter exceeds BRL 240,000 for income tax,

and 9% on taxable income for social contribution. Fiscal losses offsetting is allowed limited to 30% of fiscal period's taxable income.

Deferred tax (assets and liabilities) is determined on the rates applicable to the period when liabilities are expected to be paid or assets are realized, on the basis of the rates set by the fiscal regulation in force at closing of each fiscal term.

Given that for accounting purposes Brazil has already incorporated the IFRS, a Transition Fiscal Regime (RTT), was set for fiscal purposes, and all companies of Brazil determined their income taxes and social contribution refining their results according to the provisions of this regime.

Provisory Measure No. 627 of November 11, 2013, and the Regulatory Instruction of the Receita Federal de Brasil No. 1397 of September 16, 2013, set relevant changes for federal fiscal regulation, to become binding in 2015. The main changes entailed are new rules for the RTT and use of withholding at source for the payment of dividends in excess of the value reported by the corporation.

COMPANY IN BOLIVIA

Tax on companies' income:

According to legislation in force, the company is subject to the Tax on Corporate Income, (IUE) at 25% rate of each fiscal year's taxable income, calculated by adjusting accounting income according to the criteria defined in fiscal provisions. This tax, which is calculated and paid for yearly, is offset by the Tax on Transactions (IT) generated in the following fiscal period, until its exhaustion or until the next IUE due date.

Tax on companies' income (overseas payees):

Whoever pays, credits, or remits funds from revenues originating in Bolivia to payees abroad must withhold and pay the Tax on Corporate Income (overseas abroad), at 12.5% rate on total amount credited, paid, or remitted.

Distribution of corporate income or payment of interest in favor of its shareholders or related parties overseas is subject to this tax.

ISA Bolivia has a pending process for VAT tax credits for BOB 3,400,000 which originated in invoices that arrived after the submission of the tax forms. In 2006 ISA Bolivia submitted the VAT corrections. In 2010 the National Tax Service (SIN) issued administrative resolution No. 23-00279-10 through which it rejects the VAT rectification requests on the grounds that no VAT purchase books and no tax forms for the corrected periods were submitted. In light of this situation, an appeal was filed with the Regional Appellate Tax Authority of Santa Cruz against the aforementioned resolution; the decision for the appeal upheld Rectifying Administrative Resolution No. 23-000279-10. The corporation then submitted an appeal with the General Appellate Tax Authority, whose pronouncement of January 2011 provides for annulment of the proceedings of the Regional Tax Appeals Authority of Santa Cruz in order for the Tax Administration to issue a new administrative act to assess the evidence submitted by Interconexión Eléctrica ISA Bolivia S.A.

The National Tax Service filed the administrative claim with the Supreme Court of Justice against the General Appellate Tax Authority; once it was accepted, the General Appellate Tax Authority was summoned, and both sides have submitted their arguments. Since November 15, 2011, the process has been awaiting decision.

COMPANIES IN PERU

Income tax

According to Peru's fiscal regulation in force as of December 31, 2014 and 2013, income tax rate is 30% on taxable income.

Legal entities not domiciled in Peru, and individuals must pay an additional tax of 4.1% on whatever amount that can be deemed as indirect disposal of earnings, including amounts recorded as expenses and non-declared revenues, that is expenses susceptible of having brought benefit to shareholders and participants, among others, particular expenses unrelated to the business, and expenses payable by shareholders, participants, among others, that are assumed by the legal entity.

Tax Law Amendment 30296 of December, 2014

- Dividends and other forms of earnings distribution

  As of the fiscal period of 2015, all credits up to the limit of the earnings and unrestricted reserves granted in favor of the partners, associates or shareholders will qualify as dividends, regardless of the deadline set for their return.

  The Law also modified the rates applicable to dividends and other forms of earnings distribution, establishing a gradual increase as of the fiscal period of 2015, going from 4.1% to:

TAXABLE PERIOD	RATE
2015-2016	6.8%
2017-2018	8.0%
2019 onwards	9.3%

- Income Tax on Third-Category Income

  The Law modifies the rate of the income tax applicable to third-category net income, establishing a gradual reduction as of January 01, 2015 according to the following table:

TAXABLE PERIOD	RATE
2015-2016	28%
2017-2018	27%
2019 onwards	26%

REP

- On July 26, 2002, the company subscribed a legal stability agreement with the Peruvian Government under Decrees 662 and 757 and Law 27342. The agreement enters into force on the date of the concession contract and is effective during the concession term. This agreement is related to the investment the company's shareholders must make through capital contributions of USD 20,000,000, which had been completed at December 31, 2002. The agreement offers investors and the investment recipient stability in the tax regime related to income tax, and stability in

the contracting regime of the company's employees. Income tax rate is 27% on taxable income.

- Legal persons non-domiciled in Peru and individuals must pay an additional 4.1% tax on dividends received.

- Tax authorities have power to review and, if applicable, to correct the income tax and the general sales tax calculated by the company within 4 years of the submission of the tax forms. The income tax forms for the years 2010 and 2014 and of the general sales tax for the years 2010 to 2014 are pending review by fiscal authorities.

- In the year 2011 the National Superintendency of Fiscal Administration (SUNAT) started the audit of the income tax corresponding to the fiscal period of 2009; during 2012 the audit expanded to the fiscal periods of 2007 and 2008. The audit has not been completed yet, and the tax authorities have not issued any resolutions with objections to the taxes determined by the company. However, they have issued requirements with preliminary observations. The company filed a claim for the notice received that was pronounced groundless by SUNAT; the company then filed an appeal with the Fiscal Tribunal, whose decision is still pending to date.

- In the year 2014 SUNAT issued the first requirement for the definitive audit of the income tax for the year 2013. In the year 2013 SUNAT started the definitive audit of the income tax corresponding to the fiscal periods of 2011 and 2012. For the audit of the fiscal period of 2011, SUNAT has issued a resolution with objections to the tax determined by the company. The company filed an appeal against this notice, which is currently pending a decision. The audit of the fiscal period of 2012 has not been completed yet, therefore the fiscal authorities have not issued any resolution with objections to the tax determined by the company.

CONSORCIO TRANSMANTARO

- On February 24, 1998, the company subscribed a legal stability agreement with the Peruvian Government to be in force along the concession term. The agreement offers investors and the investment recipient stability in the tax regime related to income tax, and stability in the contracting regime of the company's employees. On October 27, 2006, the company subscribed an addendum to the tax stability agreement with the Peruvian Government, under which, clarification was made as to the actual amount of capital contributions being USD 43,005,250 as of that date. Income tax rate is 30% on taxable income.

  Legal persons non-domiciled in Peru and individuals must pay an additional 4.1% tax on dividends received.

- Tax authorities have power to review and, if applicable, to correct the income tax and the general sales tax calculated by the company within 4 years of the submission of the tax forms. Revisions by the fiscal authority of income tax forms corresponding to years 2011 to 2014 and of the general sales tax forms for the years 2010 to 2014 are pending.

- During the year 2011 the company received a notice from SUNAT in regards to the income tax of the fiscal periods 2008 and 2009 for PEN 5,048,912. The objection refers to the procedure for carrying and compensating fiscal losses in previous years. The company filed a claim

for the notice received that was pronounced groundless by SUNAT; the company then filed an appeal with the Fiscal Tribunal, whose decision is still pending to date.

- During 2012 the company received a notice from SUNAT about the income tax for the fiscal period of 2010 regarding the depreciation of the transmission lines. SUNAT objected to the reason for using a depreciation rate of 10% considering that the transmission lines qualify as buildings and constructions, which is why the depreciation rate that should apply to them is 3%. The company filed an appeal against this notice, which is currently pending a decision by SUNAT.

- During 2014 the company received the first information requirement for the audit of the income tax corresponding to the fiscal periods of 2012 and 2013, which are currently underway.

- The company's management decided on the option of ascribing fiscal losses year to year to the third category net income obtained in a period of 4 years calculated as of the fiscal period in which the fiscal loss was generated, which is why balances not offset cannot be carried to the following reporting periods. In this regard, the company's management decided to record an asset for deferred taxes at December 31, 2014 in the amount of USD 398,653 (USD 3,034,351 at December 31, 2013).

ISA PERÚ

On March 29, 2001, the company subscribed a legal stability agreement with the Peruvian Government under Decrees 662 and 757 and Law 27342. The agreement enters into force on the date of the concession contract and is effective during the concession term. While this agreement is in force, the Peruvian State is committed to guaranteeing legal stability for the company in matters of income tax regime, and the rules in force at the time of subscription of the agreement are preserved.

According to this agreement, income tax rate is 20% plus additional 2%.

Legal persons non-domiciled in Peru and individuals must pay an additional 4.1% tax on dividends received.

Tax authorities have power to review and, if applicable, to correct the income tax and the general sales tax calculated by the company within 4 years of the submission of the tax forms. Revisions by the fiscal authority of income tax forms corresponding to years 2010, 2011 and 2012 and of the general sales tax forms for the years 2009 to 2013 are pending. During 2014 the National Superintendency of Fiscal Administration (SUNAT) requested the information for the audit of the income tax corresponding to the fiscal period of 2013, which to date is under review.

INTERNEXA EN PERÚ

- On December 10, 2007, the company subscribed a legal stability agreement with the Peruvian Government to be in force during ten years. This agreement is related to the investment the company's shareholders must make through capital contributions of USD 5,000,000, which had been completed at 31 December, 2008. The agreement offers investors and the investment recipient stability in the tax regime related to income tax, and stability in the contracting regime of the company's employees.

- At December 31, 2014 and 2013 the income tax rate is 30% on taxable income after deducting the participation of workers, which is calculated with a rate of 10% on taxable income.

- Tax authorities have power to review and, if applicable, to correct the income tax and the general sales tax calculated by the company within 4 years of submission of the tax forms. Revisions by the fiscal authority of income tax and general sales tax forms for the years 2010 to 2014 are subject to audit by fiscal authorities.

- During 2014 the National Superintendency of Fiscal Administration (SUNAT) initiated a definitive audit process on the income tax corresponding to the year 2013, which is currently underway.

- At December 31, 2014 the company has offset the fiscal loss for USD 662,973. Management opted for the system of offsetting said loss pursuant to section a) of Article 50 of the Consolidated Text of the Income Tax Law, which allows offsetting the total net loss for a period of four immediately preceding fiscal periods calculated from the reporting period following its generation. Balances not offset at the end of such lapse cannot be computed in the following reporting periods.

COMPANIES IN CHILE

Tax Law Amendment 20,780 of September, 2014

Income tax

The Fund of Taxable Earnings (FUT) is a system that permitted business owners to pay taxes on withdrawn earnings. The FUT is replaced, starting January 01 of 2017, with two tax regimes: “Integrated” and “Partially Integrated” which taxpayers have the right to choose between, and whose rates on First Category Tax vary depending on one or the other.

The FUT will not be eliminated, the historic records will be kept but they only apply in cases of withdrawals that exceed the records established in the new legal text. This way, in both regimes a ranking order is established, to which the taxpayer must impute the effected withdrawals and, once exhausted, the withdrawals must be imputed to the historic FUT.

Integrated system or imputed income: Business owners must be taxed in the same fiscal period for the total income generated by the company (taxable earnings determined by the Taxable Income) and not just on the withdrawn earnings. To this end, both their own income and that attributed to third party companies must be considered. The imputation of income will be done in the manner that the partners or shareholders have agreed on for distribution, and in the event it is not on record, the distribution percentage agreed upon on the association agreement, bylaws or public deed reported to the Tax Service will apply.

Under this system, taxpayers will have the right to use 100% of the amount paid under the First Category Tax level as a credit against final taxes. The rate for said tax for this option will have a progressive increase from the current 20% to a rate of 25%.

Partially integrated system or received income: Final taxpayers will be taxed with the Supplementary Global or Additional tax as applicable, based on the items, remittances or distributions effectively carried out by the companies

or corporations in which they participate, and not on the imputable income. This means that if the company's earnings are not withdrawn, no tax is generated for final taxpayers. Under this system, the rate of the First Category Tax will increase gradually from 20% to 27%.

Unlike the imputed income regime, taxpayers who have imputed the amount of the First Category Tax against the final taxes will have to return an amount equivalent to 35% of the aforementioned credit, which means that in the end only 65% of the First Category Tax paid by the taxpayer will be credited. The obligation to return 35% shall not apply to taxpayers of the Additional Tax, residents of countries with which Chile has signed a double taxation treaty that is currently in force. These taxpayers shall be taxed for effectively distributed or withdrawn income from Chilean companies, and may use 100% of the credit granted by the payment of the First Category Tax, so that their effective burden remains at 35%, while for other foreign investors it will be 44.45%.

First Category Tax Rates:

YEAR	IMPUTED INCOME SYSTEM	PARTIALLY INTEGRATED SYSTEM
2014	21.0%	21.0%
2015	22.5%	22.5%
2016	24.0%	24.0%
2017	25.0%	25.5%
2018	25.0%	27.0%

Stamp tax

The stamp tax is increased from 0.4% to 0.8%, and it is paid for credit operations.

RUTA DE LOS RÍOS

- The corporation did not record income tax at December 31, 2014 because it posted accumulated fiscal loss of CLP 55,961 million (CLP 67,188 million at December 31, 2013), on which it determined deferred tax.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

RUTA DEL MAULE

- The corporation did not record income tax at December 31, 2014 because it posted accumulated fiscal loss of CLP 121,942 million (CLP 126,728 million at December 31, 2013), on which it determined deferred tax.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The

management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

RUTA DEL MAIPO

- The corporation did not record income tax at December 31, 2014 because it posted accumulated fiscal loss of CLP 607,564 million (CLP 542,617 million at December 31, 2012), on which it determined deferred tax.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

RUTA DEL BOSQUE

- The corporation did not record income tax at December 31, 2014 because it posted accumulated fiscal loss of CLP 186,604 million (CLP 168,836 million at December 31, 2013), on which it determined deferred tax.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

RUTA DE LA ARAUCANÍA

- The corporation did not record income tax at December 31, 2014 because it posted accumulated fiscal loss of CLP 239,443 million (CLP 229,953 million at December 31, 2013), on which it determined deferred tax.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

INTERVIAL

At December 31, 2014 an update was carried out of the assets and liabilities for deferred taxes as a consequence of the application of the legal modifications introduced by Law No. 20780 (Tax Reform), published in the Official Gazette of September 29, 2014, which gave rise to an increase of CLP 21,033,391 thousand in the deferred liabilities.

The corporation did not record income tax at December 31, 2014 because it posted accumulated fiscal loss of CLP 308,891 million, on which it determined deferred tax.

ISA INVERSIONES CHILE

- At December 31, 2014, no entries generate differences between the financial and fiscal balance sheet that can entail deferred tax.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

ISA INVERSIONES MAULE

- The corporation did not record income tax at December 31, 2014 because it posted accumulated fiscal loss of CLP 11,125 million and at December 31, 2013 it settled a tax of CLP 29 million considering a taxable base of CLP 147 million.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

INTERCHILE

- The corporation did not record First Category Income Tax at December 31, 2014 because it posted an accumulated fiscal loss of CLP 4.244 million.

- According to current legislation, fiscal periods that are eventually subject to review by fiscal authorities contemplate, for most of the taxes that affect the corporation's operations, the transactions generated between the year 2012 and today.

- In the normal development of its operations, the corporation is subject to regulation and auditing from the Internal Revenue Tax Service, where differences can arise in application of criteria in determining taxes. The management considers, based on information available to date, that no significant additional liabilities stand other than those already recorded by this concept in the financial statements.

NOTE 17: OTHER LIABILITIES

Balance of other liabilities at December 31:

		2014			2013		
OTHER LIABILITIES		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Deferred taxes	(1)	16,567	2,567,618	2,584,185	13,783	1,992,197	2,005,980
Deferred revenue	(2)	129,498	274,643	404,141	109,984	326,466	436,450
Collections for third parties	(3)	295,203	568	295,772	240,384	3,229	243,613
Advance revenues		12,245	-	12,245	16,387	-	16,387
Deferred credits		-	25,522	25,522	-	24,083	24,083
TOTAL OTHER LIABILITIES		**453,513**	**2,868,351**	**3,321,865**	**380,538**	**2,345,975**	**2,726,513**

For comparison matters, long-term revenues received in advance for COP 11,513 of 2013 were reclassified as long-term deferred revenues.

(1) In Colombia, the main variation results from the excess of fiscal depreciation and the 34% increase (formerly 33%) in the calculation rate for deferred taxes due to application of the Tax Law Amendment of 2014.
In Brazil, the main variation results from the change to presumptive profit taxation regime of subordinate companies Interligação Elétrica de Minas Gerais S.A. –IEMG– and Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–, and the effective payment of tax on capital gain in CTEEP.
In Chile the main variation is due to the rate increase from 20% to 27% as a result of application of the tax amendment of 2014 and to the monetary correction update of fiscal losses.

(2) Corresponds mainly to ISA's deferred revenues of the National Transmission System (STN) for COP 231,595 (2013: COP 247,079) for UPME bid assets, and infrastructure usage rights for COP 13,611 (2013: COP 46,556). It also includes the remunerated value for investments that is pending amortization in XM for COP 14,958. All revenue received corresponding to remuneration of investments and projects must be treated as deferred revenues at the time it is invoiced.

(3) It includes mainly at XM COP 215,578 (2013: COP 180,816) from collections in favor of the energy market agents. The increase for the end of 2014 is due to COP 35,701 decline in the International Electricity Transactions (TIE), COP 53,914 increase in time deposit accounts, and COP 16,418 increase in escrow accounts.

NOTE 18: SHAREHOLDERS' EQUITY

SUBSCRIBED AND PAID-IN CAPITAL

Subscribed and paid-in capital of ISA (parent company) at December 31 was distributed as follows:

2014			
SHAREHOLDER	NUMBER OF SHARES	VALUE (COP MILLION)	PARTICIPATION % (1)
STATE INVESTORS			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P. –EPM–	112,605,547	3,693	10.166
Subtotal	**682,078,108**	**22,372**	**61.577**
STATE AND PRIVATE CAPITAL INVESTORS			
Empresa Colombiana de Petróleos –ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
Subtotal	**77,373,530**	**2,538**	**6.985**
SUBTOTAL	**759,451,638**	**24,910**	**68.562**
PRIVATE CAPITAL INVESTORS			
Fondo de Pensiones Obligatorias Porvenir Moderado	79,322,882	2,602	7.161

2014			
SHAREHOLDER	NUMBER OF SHARES	VALUE (COP MILLION)	PARTICIPATION % (1)
Fondo de Pensiones Obligatorias Protección Moderado	54,051,718	1,773	4.880
Fondo de Pensiones Obligatorias Colfondos Moderado	22,440,152	736	2.026
Fondo Bursátil ISHARES COLCAP	10,864,920	356	0.981
Fondo de Pensiones Obligatorias Skandia S.A.	8,474,364	278	0.765
Vanguard Emerging Markets Stock Index Fund	6,258,121	205	0.565
Blackrock Institutional Trust Company N.A.	3,031,826	99	0.274
Abu Dhabi Investment Authority	2,952,132	97	0.267
Ishares MSCI Emerging Markets Index Fund	2,877,451	94	0.260
Fondo de Cesantías Porvenir	2,612,859	86	0.236
Other shareholders	155,339,831	5,095	14.023
Subtotal	**348,226,256**	**11,421**	**31.438**
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	**1,107,677,894**	**36,331**	**100.000**
Repurchased own shares (2)	17,820,122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	**1,125,498,016**	**36,916**	

2013			
SHAREHOLDER	**NUMBER OF SHARES**	**VALUE (COP MILLION)**	**PARTICIPATION % (1)**
STATE INVESTORS			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P. –EPM–	112,605,547	3,693	10.166
Subtotal	**682,078,108**	**22,372**	**61.577**
STATE AND PRIVATE CAPITAL INVESTORS			
Empresa Colombiana de Petróleos –ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
Empresa de Energía del Pacífico	1,213,000	40	0.110
Subtotal	**78,586,530**	**2,578**	**7.095**
SUBTOTAL	**760,664,638**	**24,950**	**68.672**
PRIVATE CAPITAL INVESTORS			
Fondo de Pensiones Obligatorias Protección Moderado	61,676,823	2,023	5.568
Fondo de Pensiones Obligatorias Porvenir Moderado	52,052,859	1,707	4.699
Fondo de Pensiones Horizonte	25,586,781	839	2.310
Fondo de Pensiones Obligatorias Colfondos Moderado	22,008,670	722	1.987
Fondo Bursátil ISHARES COLCAP	12,768,784	419	1.153

2013			
SHAREHOLDER	NUMBER OF SHARES	VALUE (COP MILLION)	PARTICIPATION % (1)
Fondo de Pensiones Obligatorias Skandia S.A.	8,389,764	275	0.757
Vanguard Emerging Markets Stock Index Fund	5,819,037	191	0.525
Abu Dhabi Investment Authority	3,450,519	113	0.312
Ishares MSCI Emerging Markets Index Fund	3,430,366	113	0.310
Blackrock Institutional Trust Company N.A.	2,987,170	98	0.270
Other shareholders	148,842,483	4,881	13.437
Subtotal	**347,013,256**	**11,381**	**31.328**
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	**1,107,677,894**	**36,331**	**100.00**
Repurchased own shares (2)	17,820,122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	**1,125,498,016**	**36,916**	

(1) Participation percentage on outstanding shares.

(2) Shares initially held by CORELCA, repurchased in August of 1998. To date, all rights inherent to these shares have been suspended; consequently, they do not participate in dividend distributions nor are they taken into account for establishing quorum to deliberate and decide.

As of December 31, 2014 and 2013, authorized capital stock included 1,371,951,219 common shares with a par value of COP 32.800000005352. All shares issued have been fully paid. Unissued shares as of December 31, 2014 and 2013 are detailed below:

	STOCK	VALUE
Authorized	1,371,951,219.00	45,000
Subscribed and paid-in	1,125,498,016.00	36,916
To be subscribed	246,453,203.00	8,084

ISA can issue common and preferred shares, and shares with preferred dividend but without voting rights. All shares are registered and circulate either in a materialized or dematerialized manner, as decided by the Board of Directors in the corresponding ruling.

Outstanding shares are common, registered and dematerialized.

Depósito Centralizado de Valores de Colombia (DECEVAL), is the entity where securities are deposited for their administration and custody, to facilitate and expedite the market agents' work.

CAPITAL SURPLUS

- **Additional paid-in capital**
  The additional paid-in capital is the excess of the sales price over the par value of the subscribed shares.

- **Received for works**
  This account represents amounts delivered by the National Government for the construction of the first circuit of the 500 kV line to the Caribbean Coast.

RESERVES

		2014	2013
Legal	(1)	18,458	18,458
Mandatory for tax purposes	(2)	619,210	523,879
Repurchase of own shares	(3)	38,100	38,100
Equity reinforcement	(4)	481,989	381,315
Rehabilitation and repairs of STN assets	(5)	37,434	37,434
TOTAL		**1,195,191**	**999,186**

(1) The law requires the company to appropriate 10% of annual net income as a legal reserve until the balance of the reserve is equal to 50% of subscribed capital. This mandatory reserve may not be distributed prior to the liquidation of the company, but may be used to absorb or reduce net losses of the year. Any balance of the reserve in excess of 50% of subscribed capital is at the disposal of the shareholders.

(2) The Shareholders' Meeting approved appropriation of this reserve from net income, in compliance with Article 130 of the Tax Law, in order to obtain tax deductions for depreciation in excess of book depreciation. As legally provided, this reserve can be released whenever subsequent accounting depreciation exceeds tax depreciation, or when the assets giving rise to the incremental amount deducted are sold.

(3) Includes special reserve for the repurchase of shares held by EPM for COP 38,100.

(4) In compliance with Article 47 of the articles of association, the Shareholders' Meeting approved an occasional reserve, so that the company could retain its solid financial position and maintain the financial ratios required by the rating agencies, in order to obtain the investment degree rating and comply with contractual commitments to financial entities.

(5) The Shareholders Meeting held on March 30, 2000 approved COP 24,932 reserve for the rehabilitation and replacement of assets of the National Transmission System, and on March 18, 2002, approved an additional reserve of COP 12,502 for a total of COP 37,434.

EQUITY REVALUATION

Adjustments for inflation on balances of equity accounts, recognized until December 31, 2000 have been credited to this account with charge to the income statement. Although this value is not distributable as dividend, it can be used to increase subscribed capital.

As of 2007, and according to regulations in force, the tax on equity is accrued by decreasing this account.

SURPLUS FROM EQUITY METHOD

Contra entry of equity variations of investments in subsidiaries as a consequence of application of the equity method (See Note 3.3(a)).

DIVIDENDS DECLARED

Dividends declared by the parent company in 2014 and 2013 on earnings of corresponding previous year are detailed below:

	2014	2013
Net income for the year	433,048	272,938
Outstanding shares	1,107,677,894	1,107,677,894
Extra dividend per share (in COP)	196	188
Extra dividend per share (in COP)	18	-
Total dividends declared per share	214	188
Dividends declared	237,043	208,244
Terms of payment	Regular dividend on July 21, 2014	One installment in May 2013
	Extra dividend on September 22, 2014	

NET INCOME PER SHARE

Net income per share has been calculated on the annual weighted average number of outstanding shares as on the date of the statement of financial position.

Calculation was as follows:

	2014	2013
Net income for the year	593,065	433,048
Average outstanding shares in the period	1,107,677,894	1,107,677,894
Net income per share (in COP)	535.41	390.95

NOTE 19: MEMORANDUM ACCOUNTS

The balance of memorandum accounts at December 31 was:

		2014	2013
Debit			
Fiscal-over-accounting excess	(1)	414,991	538,532
Other contingent rights	(2)	57,833	65,294
Other debit control accounts	(3)	87,313	86,933
Effect application of Resolution No. 364 of 2000		3,175,684	2,912,218
TOTAL DEBIT MEMORANDUM ACCOUNTS		**3,735,821**	**3,602,977**
Credit			
Claims and lawsuits	(4)	5,968,252	5,892,770
Guarantees granted	(5)	642,058	501,974
Fiscal	(1)	240,175	308,594
Other credit control accounts	(6)	4,533,715	2,175,649
TOTAL CREDIT MEMORANDUM ACCOUNTS		**11,384,200**	**8,878,987**

(1) Represents differences with accounting that result from applying the inflation adjustment system for tax effects, and differences in accounting and fiscal deductions when determining ordinary net taxable income. The balance of fiscal debit accounts includes COP 352,391 of TRANSELCA and COP 62,600 of INTERNEXA. The balance of fiscal debit accounts includes COP 153,121 of ISA, COP 23,859 of TRANSELCA, COP 50,810 of INTERNEXA and COP 12,385 of Sistemas Inteligentes en Red.

(2) Claims and suits in favor of ISA, TRANSELCA, XM and INTERNEXA.

(3) Includes, mainly, collections for third parties by XM, in compliance with Decree 848 of March 28, 2005, date when it assumed the duties of Administrator of the Commercial Settlement System –ASIC–. At December 31, 2014 they totaled COP 72,186 (COP 71,192 in 2013).

(4) Includes eventual-and-remote-occurrence claims and suits against the companies. See Note 19.1.

(5) See Note 19.2.

(6) The increase in credit control accounts occurs mainly in INTERCOLOMBIA for COP 2,374,400 corresponding to the assets contributed by ISA for the execution of the partnership in commendam contract.

19.1 CLAIMS AND LAWSUITS

ISA and its companies currently appear as party, as a defendant, plaintiff or as an intervening third party, of judicial processes of administrative, civil and labor nature. None of the processes in which they appear as a defendant or as an intervening third party could affect their stability. In their own name, they took the necessary judicial measures for the defense of their interests.

Below is the information regarding the main judicial processes which the companies are a party to and their amounts:

Processes filed by ISA or its companies

COMPANY	TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Civil. Trial Court	Comercializar S.A. E.S.P.	Executive claim for the payment of promissory note 03 of September 22, 1995, signed by Comercializar S.A. payable to different companies, ISA among them.	46
ISA	Civil. Trial Court	Energen S.A. E.S.P.	Payment claimed of all debts from this company to ISA.	508
ISA	Administrative. Trial Court	Atlas Ingeniería Ltda. and Aseguradora Confianza S.A.	Contractual liability claim for not fulfilling works related to laser photogrammetry.	4,743
ISA	Administrative. Trial Court	Municipality of San Carlos, Antioquia	Nullity claim of the decision ordering payment of municipal taxes.	1,838
ISA	Administrative. Trial Court	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Contractual liability claim for supply of transformers.	4,361

COMPANY	TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative. Trial Court	Electrificadora del Atlántico S.A. E.S.P.	Nullity claim against a resolution of the defendant's liquidator.	12,962
ISA	Administrative Tribunal of Cundinamarca.	Superintendency of Domiciliary Public Utilities	SSPD charged ISA COP 1,883 as a special contribution in 2011 because they included expense accounts that shouldn't be considered. Actual ISA's contribution should be COP 734.	1,200
ISA	Administrative Tribunal of Valle.	Municipality of Yumbo	Claim to declare null the Resolution 031 of July 12, 2012 issued by the Secretary of Finance of the Municipality of Yumbo.	1,368
ISA	Administrative Tribunal of Cundinamarca.	The State - CREG	Claim for a partial nullity declaration of CREG Resolution 106 of July, 1, 2010, which approved the assets base and the necessary parameters to determine ISA's remuneration in the STN.	56
ISA	Administrative. Appeal. Administrative Supreme Court	DIAN	Nullity and redress claim. Reimbursement of interest for 1995 income tax balance.	4,779
ISA	Administrative. Appellate Court. Administrative Supreme Court	Superintendency of Domiciliary Public Utilities	SSPD charged ISA COP 1,883 as a special contribution in 2011 because they included expense accounts that shouldn't be considered. Actual ISA's contribution should be COP 1,149.	734
ISA	Administrative. Appeal. Administrative Supreme Court	DIAN	Nullity and redress claim for penalty for inaccuracies in income tax return imposed by DIAN resulting from different criteria applied to calculation of refined income – Article 211 of Fiscal Law of 1995.	750
TRANSELCA	Trial Court	The State – Ministry of Mines and Energy and Superintendency of Domiciliary Public Utilities	Recognition and payment of all the compensations to which the companies may be entitled for damages caused to them on occasion of the irregular acts incurred by the State and the Superintendency of Domiciliary Public Utilities during the process of taking of control and liquidation of Electrificadora del Chocó E.S.P.	481

COMPANY	TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
INTERNEXA	Demand	Ministry of Communications	As a result of the merger of Flycom and Internexa S.A., the latter obtains the rights associated with the license granted by the Ministry of Communications to the former. Rights include use of the radioelectric spectrum and establishment of a radioelectric network for broadband point-to-point distribution with LMDS technology.	22,000
INTERNEXA	Appellate Court – Administrative Supreme Court, Third Section	CAJANAL	Delivery of services by INTERNEXA to CAJANAL without corresponding consideration.	720
PDI	Trial Court	SUNAT	Charging income tax to non-domiciled entity for technical assistance during 2010.	USD 749,259
Transnexa	Decision	LUTROL S.A.	Executory process of arbitration award	USD 71,449

Processes against ISA or its companies

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative. Trial Court	Fernando Rodríguez García	Related to a Group Action filed by Fernando Rodríguez García and others against the State – the Ministry of Finance and Public Credit, the Ministry of Mines and Energy and ISA with the Eight Administrative Circuit Court of Cali. The amount of the claim was defined by the plaintiffs at COP 5,693,476 million, amount that is considered unreasonable because there was no real estimation as it is legally required and it was based on hypothetical damages without any proof or support in the claim. This claim is considered as a remote contingency, taking into account that it has no factual or legal basis to succeed.	5,693,476
ISA	Civil. Trial Court	Parque Empresarial San Miguel S.A.	The plaintiff asks ISA to be declared as invader of its property without any legal authorization, establishing this way an illegal right of way. For this reason the plaintiff asks to be indemnified.	1,980

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Civil. Trial Court	Roberto Ebrath Rojas Estate	To issue decision imposing electric energy transmission legal right of way, considered in Article 18 of Law 126 of 1938 and Law 56 of 1981, in favor of ISA, over a piece of land owned by the defendants, called “Tierra Grata”, located in "La Esperanza", Municipality of El Paso, identified with real state register 192 – 00463, of the Public Instruments Register Office of Chimichagua (Cesar).	322
ISA	Civil. Trial Court	Claudia Andrea Córdoba	The plaintiff requests to declare ISA liable for the missing and alleged death by drowning of Mr. Giampietro Zanin (Juan Pedro Zanin), while working at the crossing of a fiber optics cable belonging to the company, and to award material and moral damages payable by ISA.	4,000
ISA	Administrative. Trial Court Filing 05001233100020030346100	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	56,308
ISA	Administrative. Trial Court. Filing 05001233100020040461800	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	70,770
ISA	Administrative. Trial Court. Filing 05001233100020030029201O	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	108,670

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative. Trial Court. Filing 05001233100020050591700	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	69,693
ISA	Administrative. Trial Court. Filing 05001233100020020472100	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	88,144
ISA	Administrative. Trial Court. Filing 05001233100020050591900	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	79,406
ISA	Labor. Supreme Court Recourse	Isabel Gutiérrez, Rosalba González and others.	The plaintiffs request a decision accepting they have right to receive the benefits established in the labor agreement existing between ISA and the National Workers Union of Interconexión Eléctrica S.A. E.S.P. (SINTRAISA), and, as a consequence, all benefits and damages to be paid to them.	1,452
ISA	Labor. Supreme Court Recourse	Rogerio Alcides Ruiz and Others	The plaintiffs request that all employee benefits be paid according to the labor contract subscribed with the company.	628
ISA	Labor. Supreme Court Recourse	Víctor Hugo Mosos Campos	The plaintiff requests to order ISA to re-calculate the retirement pension and to pay the additional pension payment corresponding to the month of June.	368

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Circuit Labor Court 002 of Bucaramanga	Jorge Eliécer Reyes Plata	The plaintiff requests a declaration confirming that he had a labor relationship with ISA between February 1, 1999 and January 28, 2011, which ended without good cause using INTERSERVICIOS as an intermediary. The plaintiff also claims to be beneficiary of the ISA's Labor Contract, and for this reason he has rights to receive wage adjustments as well as fringe benefits, social security, default penalty and the legal costs.	832
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020050355800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions issued by ISA upon application of the theoretical compensating capacity (CRT, for its Spanish initials) in order to determine the capacity charge of CHIVOR S.A. E.S.P., calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, and included in Invoice No. SIC 16966 of October 12, 2004, signed by Juan Diego Gómez Vélez, Market Operations director. The entity also requests the restoration of its rights affected as a consequence of such administrative acts.	12,488
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040118700	EMGESA S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 14305 of September 12, 2003.	6,643
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020060012500	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 19104 of August 12, 2005 and in Resolution 1411 of September 06, 2005 issued by ISA-ASIC.	5,491
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020030296800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 12920 of March 14, 2003.	9,318
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040049800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 13907 of July 12, 2003.	8,880

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040084100	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 1888 of July 13, 2005.	18,008
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020050591800	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2004-2005 period, which amounts to 280.04 MW per month, among others.	33,731
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020040461900	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2003-2004 period, which amounts to 273.06 MW per month, among others.	34,991
ISA	Administrative Tribunal of Antioquia. Filing 05001233100020030029100	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2001-2002 period, which amounts to 256.47 MW per month, among others.	37,543
ISA	Administrative Tribunal of Cundinamarca. Filing 25000232600020060212301	Meriléctrica	The plaintiff entity requests that due to incorrect application by the Operations Management of capacity charge allocation corresponding to the 2004-2005 period, material damages were caused to the company.	3,747
ISA	Administrative. Trial Court. Administrative Tribunal of Valle.	Municipality of Yumbo	The plaintiff entity requests a nullity declaration for Resolution No. 031 of July 12, 2012 issued by the Finance Secretary of the Municipality of Yumbo that set official calculation of revised turnover tax of years 2009 and 2010.	819
ISA	Administrative. Trial Court. Administrative Tribunal of Antioquia.	Municipality of Cáceres.	Claim for nullity and redress for invoice No. 213 of October 30, 2013 for public lighting tax for the period between January and September of 2013. Filing 2014-0826.	248
ISA	Administrative. Trial Court. Administrative Tribunal of Guajira.	Municipality of Albania	Claim for nullity and redress for invoices No. 1500, 1501, 1502, 1503, 1504, 1505 and 1506 of 2013 and invoices No. 1507, 1508 and 1509 of 2014 for public lighting tax. Filing 2014-0162.	244

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
ISA	Administrative. Trial Court. Administrative Tribunal of Sucre.	Municipality of Los Palmitos	Claim for nullity of invoices No. 0011, 0012, 0013, 0014, 0015, 0016 and 0017 of 2013 for public lighting tax.	327
XM	Administrative Tribunal of Antioquia – nullity and redress lawsuits.	EMGESA S.A. E.S.P, Central Hidroeléctrica de Betania S.A. E.S.P, AES CHIVOR S.A. E.S.P and Fiduciaria La Previsora.	The lawsuits for application by XM S.A. E.S.P., as the Administrator of the Commercial Settlement System (ASIC), of CREG Resolutions 077 and 111 of 2000, capacity charges, correspond to CREG's change in calculation methodology, which according to the plaintiff companies, caused them damages. In such transactions, given that XM S.A. E.S.P. acts as the agent of third parties, its own equity would not be at stake in said processes. According to legal and technical analysis, XM S.A. E.S.P. has enough grounds to consider that it will be released in these processes, because as Administrator of the Commercial Settlement System it should have applied CREG regulations, duties from which it could not be released. Invoices billed and resolutions issued by XM S.A. E.S.P. to answer the appeals, strictly comply with the aforementioned resolutions; therefore, they cannot be the cause of alleged damages claimed by the plaintiffs. Additionally, the plaintiffs do not claim XM's error under the contract; their claims are for recalculation in the wholesale energy market.	803,398
XM	Administrative Supreme Court	The State – Ministry of Mines and Energy – CREG	Application of CREG resolutions 047 and 095 of 2012 and resolutions 054 and 060 of 2013.	1,134
XM	Administrative Tribunal of Cauca	Guachené Municipality	Nullity and redress claim against resolutions No. 047 of August 2, 2011 and 058 of December 9, 2011, issued by the Treasurer of Guachené Municipality, imposing a penalty on XM for failing to deliver information.	464
Ruta del Maipo	Decided by the Supreme Court. Pending certification of trial conclusion	Servicio Integral de Transportes Ltda.	Claim from a neighbor of the South Access at Enlace Gabriela sector for sales reduction and for the access to their premises extended closure since January 20, 2007.	UF16,048

COMPANY	TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Ruta del Maule	Trial Court	Ingeniería y Construcción A y V Ltda	Alleged contract default.	CLP 512,728 mil
ISA Bolivia	Fiscal	National tax services	Dismissal of the request to modify the Value Added Tax forms for import policies and purchase invoices not included in the tax forms.	BOB 3,400,000
CTEEP	Welfare	Instituto Nacional del Seguro Social –INSS–	The company was served of the process by the Social Security Institute for not having collected contributions related to wages paid to the employees as transport and basic food basket expenses for the April 2001 and July 2001 period The company made court deposits for this process for BRL 1,226 thousand.	BRL 1,989 thousand.
CTEEP	Labor	Miscellaneous	The company assumed before different courts responsibility for certain legal processes derived mainly from the spin-off process between CESP and EPTE. The company carried out court deposits for a total BRL 51,525 thousand (2013: BRL 65,511 thousand)	BRL 114,353 thousand
CTEEP	Fiscal	Several municipalities of São Paulo State	The company made provisions for processes against several municipalities of São Paulo State related to land legalization.	BRL 5,501 thousand

The company's management and its legal counsels consider remote the possibility of material loss as a result of such claims.

OTHER PROCESSES OF CTEEP

ELETROBRÁS

In 1989, Centrales Eléctricas Brasileñas S.A. –ELECTROBRÁS– filed declaratory action for collection of the outstanding balance in a financing contract owed by Eletropaulo Metropolitana Eletricidad de São Paulo S.A. –Eletropaulo–. Eletropaulo had objected the criterion used for monetary updating and made the payments related to the contract through deposits in court only for the amounts it considered really owed. Judgment entered in 1999 ordered Eletropaulo to pay the balance claimed by ELETROBRÁS.

Along the process, on December 04, 2006, Eletropaulo filed clarification request which was rejected according to agreement published on April 16, 2007; it also filed special and extraordinary remedies that upheld decision by the Superior Court entered on October 30, 2008.

Considering such decisions, it can be inferred that the defenses of prior execution filed by Eletropaulo are not acceptable, and that the action filed by ELETROBRÁS will continue as initially filed.

In efforts to delay the taking of evidence with the purpose of defining the effective responsibility assigned by means of the split-off, CTEEP proposed a declaratory action in favor of the parties involved in the action of December 14, 2012; a decision was published denying the submission of evidence requested by the parties, ending the settlement by articles and declaring that the payment responsibility is Eletropaulo's, deducting it from the amount deposited.

Based on the legal documents supporting the partial assignment of Eletropaulo, CTEEP's management and its legal counsels consider that CTEEP is only liable for paying the court deposit transferred to it as an asset in 1988, and that the company must carry on with the legal process. Additionally, the company did not establish any provision for the contingency, which it understands is Eletropaulo's liability, and as such is being demanded by ELETROBRÁS and has been accepted in court.

Supplementary retirement plan ruled by Law 4819/58

The supplementary retirement pension plan ruled by State Law 4819/58 ordering creation of a Social Assistance State Fund applies to employees of Government autonomous entities, corporations where the State owns majority of shares, and industrial services owned and run by the State, admitted up to May 13, 1974 and foreseen benefits of retirement pensions supplements, "award-license" and "family-salaries". The funds necessary to pay the commitments assumed under that plan are the responsibility of the competent bodies of the government of São Paulo State, and their implementation took place according to the agreement signed on December 10, 1999 between the Finance Secretary of the State of São Paulo (SEFAZ SP, for its Portuguese initials) and CTEEP, in force until December 31, 2003.

Such procedure was carried out regularly until December 2003 by Fundación CESP, with funds of the State Finance Secretary, transferred through CESP and subsequently CTEEP. As of January 2004, the Secretary of Finance started processing those payments directly, without the intervention of either CTEEP or Fundación CESP in amounts lower than those historically paid until December of 2003.

a) Public Treasury Second Court Claim.

This fact caused retirees to file legal claims, outstanding among them, the Public Civil Action with decision by the Second Court of the Ministry of Finance, issued on June 2005, declaring unfounded the retirement pensions supplement claim and making responsible SEFAZ SP for supplemental retirement pension. On October 2013, the Federal Supreme Tribunal (STF) ruled that civil courts have jurisdiction in issues related to the private decision.

b) 49th Labor Court Claim

Contrary to the decision formerly entered, the decision of the 49th Labor Court of São Paulo, notified to CTEEP on July 11, 2005, decided, preliminarily, to grant constitutional protection so that Fundación CESP processes again payment of benefits pursuant to State Law 4819/58, in the way conducted until December 2003, with funds transferred by CTEEP. To

comply with judicial decisions, CTEEP requests each month the necessary funds from the Finance Secretary of São Paulo State, to make the transfer to Fundación CESP, the entity in charge of processing respective payment to the beneficiaries. Such action ordered SEFAZ SP, CESP, Fundación CESP and CTEEP to be in charge of payment.

Due to the existence of processes under different venues, which decision will prevail it is still pending, something that could rule out the Labor Court judgment.

c) Conflict of Venue

On February 20, 2013, the STF, in an unrelated appellate process, indicated that civil courts have jurisdiction to judge in cases related to retirement-pension supplements. The stance taken by the full STF was that "jurisdiction to judge actions filed against retirement-pension supplement entities belongs to civil courts, given the autonomy Social Security Law has in relation to Labor Law."

The STF decision mentioned above confirmed that civil courts have jurisdiction to judge claims filed against private entities managing retirement-pension supplements. This position will serve as a precedent in the jurisdiction process in the particular case of CTEEP related to Law 4819/58, which has been pending decision by the STF since April 9, 2013. In November 2013, STF denied the existence of conflict of jurisdiction. Final decision depends on an appeal.

d) Demand for Payment

The SP has, since September 2005, been transferring to CTEEP a sum lower than necessary to comply with aforementioned decision 49 of the Labor Court.

In compliance with this decision, CTEEP transferred to Fundación CESP in the period between January 2005 and December 2013, the sum of BRL 2,676,038 for payment of the benefits ordered by State Law 4819/58, having received from the SEFAZ-SP the amount of BRL 1,742,537 for this purpose. The difference between the sums transferred to Fundación CESP and the sums received by SEFAZ-SP, amounting to BRL 933,501, has been requested by CTEEP to be reimbursed by SEFAZ SP. Additionally, there are sums related to actions undertaken by employees, paid by the company and the responsibility of the State Government, which amount to BRL 225,781; amounting to a total of BRL 1,159,282.

In December 2010, CTEEP filed a demand for payment against SEFAZ-SP aiming to recover sums not yet received related to this issue. On May 13, 2013, the demand for payment was ruled to be terminated, without deciding on the merits, decision which was appealed; both were accepted on August 27, 2013, in order to repair the omission contained in the decision. The appeal to bring back the process to the original court for a decision on its merits was put into record on September 2013 and is still pending decision. Such procedural complication extends the term for realizing the asset asked for in the action.

e) Claim by the Pensioners Association

During the second semester of 2012, the Retired Personnel Association of Fundación CESP filed legal action No. 0022576-08.2012.8.26.0053 against SEFAZ-SP, requiring reimbursing of the retirement pension supplement plan, ruled by State Law 4819/58, in order for such plan to be able to make payments to retired personnel.

- Legal Claim - Campinas Union

On April 19, 2013, SEFAZ SP, through a written document, accepted transferring CTEEP the sums previously contested related to some items partially making part of sums not previously transferred and necessary to fully satisfy the decision of the 49 Labor Court. SEFAZ SP recognition was taken as res judicata in the same sense as the Class Action filed by the Unión de Trabajadores de la Industria de Energía Eléctrica de Campinas, which ordered SEFAZ SP to continue paying retirement pension supplements to retired personnel without cutting out such funds.

Due to this decision, payments to retired personnel belonging to the workers union previously mentioned have been taken over by SEFAZ SP starting April 19, 2013. CTEEP Management, supported by the favorable opinion of their legal advisors, considers this decision to set an important precedent for the same type of funds, not only for retired personnel of this union, but for other retired personnel. Through their legal advisors, CTEEP will review these decisions in order to have SEFAZ SP assume responsibility for the same type of funds for all retired personnel.

- CTEEP's position

CTEEP reiterates that it will continue its endeavors to have the decision of the Justice Tribunal declared null and be able to return to the direct payment procedure of State Law 4819/58 by the SEFAZ SP. Additionally, CTEEP considers through its legal department and external consultants, that expenses generated by Law 4819/58 and its respective regulation are the integral responsibility of the SEFAZ SP, and it goes on adopting additional measures to safeguard the company's interests. Based on such facts, the company records these differences as accounts receivable from the State Secretary of Finance. (See Note 7).

Facing the new facts occurred during 2013, mainly related to the legal progress of demands for payment of sums owed by SEFAZ SP, and taking into account legal processes and other actions previously mentioned, CTEEP management revised its positioning, recognizing a provision for losses of sums to be received. In this case, it is expected realization terms will be extended while responsibility is not expected to be assigned fully on SEFAZ SP.

CTEEP management continues to monitor new facts related to legal and business issues, as well as any impact on the company's financial information.

19.2 GUARANTEES

At 2014 year's end the following guarantees were in force:

ISA

BANK GUARANTEES					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 04-2009 public bid – Sogamoso Project.	COP	30,000	Jan-30-15
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 02-2013 public bid – Second 500/220 kV 450 MVA Transformer at 500/220 KV Copey Substation.	COP	5,464	Mar-01-16
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 07-2013 public bid – Montería Project.	COP	29,389	Mar-01-17
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 02-2014 public bid – Reforma Project.	COP	1,244	Mar-01-16
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 06-2013 public bid – Caracolí Project.	COP	9,212	Mar-01-17
Performance	Ministry of Energy of Chile	To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Cardones-Maintencillo 2x500kV Line"	USD	15,182	Jun-02-18
Performance	Ministry of Energy of Chile	To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Maintencillo-Pan de Azúcar 2x500kV Line".	USD	24,903	Jun-26-18
Performance	Ministry of Energy of Chile	To guarantee the project's effective execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Pan de Azúcar-Polpaico 2x500kV Line".	USD	53,591	Jul-16-18

BANK GUARANTEES					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Ministry of Energy of Chile	To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "Encuentro-Lagunas, first circuit 2x220kV Line".	USD	7,407	Oct-13-17
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Cardones-Maintencillo 2x500kV Line".	USD	3,795	May-16-15
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Maintencillo-Pan de Azúcar 2x500kV Line".	USD	6,226	May-16-15
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Pan de Azúcar-Polpaico 2x500kV Line".	USD	13,398	May-16-15
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Encuentro-Lagunas, first circuit 2x500kV Line".	USD	1,852	Sep-12-15
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	66	May-16-15
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	366	May-16-15

BANK GUARANTEES					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Municipality of Sucre	To guarantee payment of public lighting tax calculated.	COP	64	May-31-15
Performance	Municipality of Aguadas	To guarantee payment of public lighting tax calculated.	COP	3	May-31-15
Performance	Municipality of Cáceres.	To guarantee payment of public lighting tax calculated.	COP	292	Aug-27-15
Performance	Municipality of Cáceres.	To guarantee payment of public lighting tax calculated.	COP	207	Aug-27-15
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	66	Nov-06-15
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	131	Dec-23-15
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	76	Dec-23-15
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	203	Sep-26-15
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	157	Sep-26-15
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	76	Sep-26-15
Performance	Municipality of Pailitas	To guarantee payment of public lighting tax calculated.	COP	307	Sep-26-15
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	66	Sep-26-15

BANK GUARANTEES					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	76	Dec-11-15
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	682	Dec-11-15
Performance	Municipality of Cáceres.	To guarantee payment of public lighting tax calculated.	COP	372	Dec-11-15
SUBTOTAL				**204,873**	

GUARANTEES GRANTED TO SUBSIDIARIES					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Joint and Several Guarantee	Leasing de Crédito S.A.	To guarantee the leasing agreement, Infrastructure Leasing, granted in 2004 by Leasing de Crédito to Flycom Comunicaciones S.A. E.S.P., subsequently transferred in 2007 to INTERNEXA S.A. E.S.P.	COP	81	Sep -17-17
Pledge on shares	BID-CAF	Granting pledge on 100% of shares owned by ISA in ISA Bolivia as guarantee of debt service incurred by the subsidiary.	USD	31,234	Feb-15-19
Pledge on shares	Preferential creditors	Granting pledge on 100% of shares owned by ISA in Red de Energía del Perú –REP– as debt service guarantee of the subsidiary.	USD	112,573	Apr-19-31
Joint and Several Guarantee	Banco Centroamericano de Integración Económica –CBIE–	To jointly and severally guarantee loan agreement entered into EPR and BCIE up to USD 44,500,000, related to SIEPAC Project financing. The guarantee must be valid until total principal is paid off	USD	90,754	Jun-29-27
SUBTOTAL				**234,642**	
TOTAL				**439,515**	

(1) Guarantees granted in USD were translated using the market representative rate (TRM) of December 31, 2014 – COP 2,392.46.

CHILEAN CONCESSIONAIRES

RUTA DE LA ARAUCANÍA

I. Guarantees granted to MOP in relation to the concession contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee full compliance of the concession contract awarded by MOP Decree No. 443 of April 20, 1998. Published on the Official Gazette No. 36108 on July, 08 of 1998, during the exploitation stage. 4 Guarantees were issued for UF 50,000 each.	200,000	8/23/2015
TOTAL			**200,000**	

II. Guarantees granted in relation to the financing of the concession:

By public deed dated July 29 of 2010 Ruta de la Araucanía Sociedad Concesionaria subscribed a financing contract under which Banco de Chile, Banco del Estado de Chile and Corpbanca granted Ruta de la Araucanía a financing facility for UF 8,100,000, earmarked to finance liabilities and working capital.

The pledge to insurer XL Insurance (Bermuda) LTD. expired as a result of its termination by debtor XL Insurance (Bermuda) LTD., through public deed dated August 05 of 2010, of Santiago de Chile Notary Public Office of Humberto Santelices Narducci. By this deed, all guarantees granted up to that moment in favor of the insurer by Ruta de la Araucanía Sociedad Concesionaria expired, and the insurance policies were restored to the insurer.

The pledges granted to Banco de Chile, in its capacity as the representative of the bondholders and as the guarantee agent under the corresponding Series A bonds issuance contract, were terminated due to early repayment of the totality of securities, as stated in public deed dated August 05 of 2010, of Santiago de Chile Notary Public Office of Humberto Santelices Narducci. Such termination of guarantees was more comprehensive, given that all the guarantees Ruta de la Araucanía had established in favor of the group of bondholders under the bonds issuance contract were integrally and irrevocably canceled, making an expressed reference, without limitation, to an industrial pledge granted by Ruta de la Araucanía in favor of the bondholders on July 20 of 2000.

By public deed dated August 05 of 2010, of Santiago de Chile Notary Public Office of Humberto Santelices Narducci, Ruta de la Araucanía granted special first pledge on public work concession in favor of Banco de Chile,

Banco del Estado, Corpbanca and Banco Security, on concession held by Ruta de la Araucanía; such pledge shall be in force until extinction of the liabilities guaranteed under financing of 2010.

By public deed dated July 31 of 2013 of the Santiago de Chile Notary Public Office of Humberto Santelices Narducci, Ruta de la Araucanía refinanced his current liabilities with creditors like Banco de Chile, Banco del Estado and Corpbanca, where guarantees established on August 5, 2010, mentioned above, were ratified.

By public deed dated July 31 of 2013 of the Santiago de Chile Notary Public Office of Humberto Santelices Narducci, the corporation established first pledge without possession on public work concession in favor of Banco de Chile, Corpbanca and Banco del Estado de Cihile.

By public deed dated July 31 of 2013 of the Santiago de Chile Notary Public Office of Humberto Santelices Narducci, the corporation bound itself to establish, from time to time, commercial pledges on moneys deposited in certain special accounts in favor of creditor banks, as established in the money pledge form.

1) Mandate to collect:

By public deed dated July 29 of 2010, Ruta de la Araucanía granted mandate to collect, empowering Banco de Chile, in its capacity as guarantee agent under the financing of 2010, to represent the former before the MOP in order to collect, receive and withhold payments promised by the Public Treasury to Ruta de la Araucanía under the concession.

2) Credit facility agreement – guarantees:

Under private document subscribed between Ruta de la Araucanía and Banco de Chile dated July 29 of 2010 Ruta de la Araucanía bound itself to establish one or several guarantees in favor of the Ministry of Public Works, to guarantee full compliance of the liabilities arising from the concession contracts for up to CPL 7 million.

3) Commercial pledge:
The pledges established are:

PLEDGES	12-31-2014 (THOUSANDS OF CHILEAN PESOS)	12-31-2013 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	2,735,351	3,354,845
Banco Corpbanca	2,751,123	2,808,140
Banco Estado	1,564,480	5,361,565
Banco Santander	6,109,980	2,931,941
Banco BBVA	1,835,980	2,358,366

RUTA DEL MAIPO

I. Guarantees granted to MOP in relation to the concession contract:

1) Exploitation guarantees

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee exploitation stage contract - International concession Ruta 5, Santiago - Talca Segment and Santiago South Access. 5 Guarantees were issued for UF 107,000 each.	535,000	May-02-16

2) Construction of anti-hooligan closures

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	Guarantee obligation compliance assumed in relation to the building of anti-hooligan closures on the Talca Chillán segment and South Access to Santiago.	2,475	Jan-31-15

3) Guarantees for third lanes works

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee full compliance with each and all liabilities of Ruta del Maipo established in Supreme Decree MOP No. 257 of August 30, 2013 of works of "Obras Terceras Pistas Tramo II y Nueva Plaza de Peaje Angostura" contract and "Equipamiento Tecnológico" contract. 5 Guarantees were issued for UF 16,000 each.	80,000	May-30-17

II. Guarantees granted in relation to the financing of the concession:

The concessionaire hired with MBIA Insurance Corporation (the “Insurer” of “MBIA”) capital and interest insurance policies that irrevocably and unconditionally guarantee the payments corresponding to Holders of 144-A Bonds in USD, Series A and Series B, according to bond issues in UF carried out by the corporation under the terms of the respective bond issue contracts and their amendments, and to RBS Entities, formerly ABN Entities (The Royal Bank of Scotland N.V., former ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), former ABN Amro Bank (Chile), RBS Inversiones Chile, former ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A.,

former ABN Amro Finance (Chile) S.A., and RBS Holding Negocios S.A., former ABN Amro Holding de Negocios S.A.).

By public deed dated November 29 of 2010, the corporation, the RBS Entities, the Itaú Entities and the Insurer subscribed a contract under which the RBS Entities assigned the guarantee contracts established under the above-mentioned Credit Facility Agreement to the Itaú Entities.

Additionally, on November 29 of 2010, the Insurer endorsed the above-mentioned insurance policy in favor of Banco Itaú Chile, as the Agent Bank and in representation of the Itaú Entities. As a consequence of the above, Itaú Entities became the beneficiaries of the insurance policy.

1) Special concession pledge:

a) By public deed dated August 22 of 2001, amended by public deeds dated October 4 of 2004, May 19 of 2005, September 28 of 2005, December 13 of 2006, and December 19 of 2006, all of them of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and by public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raul Undurraga Laso, a special first pledge on public work concession was established in favor of MBIA Insurance Corporation, and a special second pledge on public work concession was established in favor of the holders of the US-Dollars-denominated bonds, issued by Ruta del Maipo, dated August 22 of 2001 (the “US Bondholders”), the holders of series A bonds in UF issued by Ruta del Maipo dated October 14 of 2004, the Itaú Entities, and the holders of Series B Bonds in UF issued by Ruta del Maipo dated December 20 of 2006.

b) Such pledge applies to: (i) the concession right on public works of which Ruta del Maipo is the holder; (ii) every payment promised for any legal reason under the concession contract by the Public Treasury to Ruta del Maipo (iii) all revenues of Ruta del Maipo.

c) Also, by the same public deed of pledge, Ruta del Maipo is bound not to encumber, transfer, dispose of or sign any act or contract that may affect the assets pledged while such pledge is in force, unless so authorized by MBIA, and also to execute such act or contract in accordance with the provisions of clauses ninth and eighteenth of the Contract of Issuance of Bonds executed by public deed dated July 14 of 2004, modified through public deed dated September 10 of 2004, both of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo.

2) Commercial pledge:

a) The terms of the Second Amended and Restated Common Agreement, subscribed through private document dated December 18 of 2006, bind Ruta del Maipo to establish pledges in favor of MBIA, the Holders of US Bonds, the Holders of Series A Bonds, the Itaú Entities and the Holders of Series B Bonds, on funds deposited in certain bank accounts of the project.

The pledges established are:

PLEDGES	12-31-2014 (THOUSANDS OF CHILEAN PESOS)	12-31-2013 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	3,510,132	1,703,119
Banco Corpbanca	1,774,684	1,108,884
Banco Estado	1,043,581	6,441,481
Banco Santander	-	3,058,770
Banco BBVA	2,838,271	-
Banco Itaú Chile	-	4,377,814
BCI Corredores de Bolsa S.A.	-	3,004,900

b) By public deed dated August 22 of 2001, amended by public deeds dated October 4 of 2004, May 19 of 2005, September 28 of 2005 and December 21 of 2006, all of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and through public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, Ruta del Maipo established a commercial pledge on its rights from the Construction Contract for the Works of Carretera Ruta 5 Sur, Santiago-Talca Segment and Santiago South Access, subscribed through private document dated August 22 of 2001 between Ruta del Maipo and Ferrovial Agromán Chile S.A. Such pledge was established in favor of MBIA and Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of or execute any act or contract that may affect the pledged rights while such pledge is in force.

c) By public deed dated August 29 of 2001, amended by public deeds dated October 4 of 2004, May 19 of 2005, September 28 of 2005, December 21 of 2006 and June 20 of 2007, all of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and through public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, Ruta del Maipo established a commercial pledge on the rights arising from the Construction Guarantee established by private document dated August 29 of 2001, by Ferrovial Agromán Chile S.A. in favor of Ruta del Maipo and Citibank N.A. Chile Branch, as Representative of Garantías Común. Such pledge was established in favor of MBIA and Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of or execute any act or contract that may affect the pledged rights while such pledge is in force.

d) By public deed dated October 4 of 2004, amended through public deeds dated May 19 of 2005, September 28 of 2005 and December 21 of 2006, of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and by public deed dated November 29 of 2010, Ruta del Maipo established a commercial pledge on its rights arising from “Contrato de Construcción a Suma Alzada de Colector Interceptor de Aguas Lluvias Puente Alto” and “Contrato de Construcción a Suma Alzada de Colector Interceptor de Aguas Lluvias Avenida La Serena-Las Industrias”, subscribed between Ruta del Maipo and Ferrovial Agromán Chile S.A., through private documents dated July 30 of 2004. Such pledge was established in favor of MBIA, the US Bondholders and the Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of

or execute any act or contract that may affect the pledged rights while such pledge is in force.

e) By public deed dated September 28, 2005 of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, amended through public deed dated December 21 of 2006 of the same Notary Public Office, and by public deed dated September 15, 2010 of the Santiago de Chile Notary Public Office of Eduardo Avello Concha, Ruta del Maipo established a commercial pledge on its rights arising from the contract called "Second Amended and Restated Investor Support and Guarantee Agreement", dated September 28, 2005. Such pledge was established in favor of MBIA, the US Bondholders and the Itaú Entities. Additionally, the terms of the same public deed of pledge bind Ruta del Maipo not to encumber, transfer, dispose of or execute any act or contract that may affect the pledged rights while such pledge is in force.

f) By public deed of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, dated May 19 of 2005 and amended on September 28 and December 21 of 2006, Ruta del Maipo established commercial pledge in favor of MBIA on the former's rights arising from the swap contract.

g) By public deed dated July 28 of 2006 and amended on December 21 of 2006, Ruta del Maipo established commercial pledge in favor of MBIA, the US Bondholders and the Itaú Entities on the former's rights arising from undefined-sum construction contract for additional works of Supplementary Agreement No. 4 between the corporation and Ferrovial Agromán Chile S.A., dated June 23 of 2006.

h) By public deed November 4 of 2013 from the Notary Public Office of Eduardo Avello Concha, Ruta del Maipo established commercial pledge in favor of MBIA, the US Bond holders, the UF Series A Bondholders, the Itaú Creditors and the UF Series B Bondholders over all personal rights or credits in its favor related to contract with INTERVIAL CHILE S.A. by means of a private instrument dated August 21 of 2013, called "Contribution Agreement" related to "Terceras Pistas" project (Convenio Ad Referendum No. 5, CAR 5). In it, INTERVIAL CHILE S.A. obliged itself to hold harmless the concessionaire against any damage that could be caused by delays in contracting new works related to "Terceras Pistas" project required by Convenio CAR 5.

RUTA DEL BOSQUE

I. Guarantees granted to MOP in relation to the concession contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee full compliance of concession contract awarded by MOP Decree No. 576 of June 30, 1997, published in the Official Gazette No. 35890 of October 14, 1997 during the exploitation stage	300,000	Oct-13-17

II. Guarantees granted in relation to the financing of the concession:

The concessionaire hired with XL Capital Assurance Inc., currently Syncora Guarantee Inc., (the "Insurer") capital and interest insurance policies that irrevocably and unconditionally guarantee the payments corresponding to holders of bonds Series A and Series B according to bond issues carried out by the concessionaire under the terms of the respective bond issue contracts and their amendments, and to the RBS Entities, formerly, ABN Entities (The Royal Bank of Scotland N.V., former ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), former ABN Amro Bank (Chile), RBS Inversiones Chile, former ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., former ABN Amro Finance (Chile) S.A., and RBS Holding Negocios S.A., former ABN Amro Holding de Negocios S.A.), under the terms of the Credit Facility Agreement. By public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, the referred Credit Facility Agreement was assigned to Banco Itaú BBA S.A., Nassau Branco and Banco Itaú Chile (hereinafter, jointly, the "Itaú Entities").

By public deed dated November 29 of 2010, the corporation, the RBS Entities, the Itaú Entities and the Insurer subscribed a contract under which the RBS Entities assigned the guarantee contracts established under the above-mentioned Credit Facility Agreement to the Itaú Entities.

Additionally, on November 29 of 2010, the RBS Entities restored to the Insurer the above-mentioned insurance policy and the insurer issued a new policy in favor of Banco Itaú Chile, as the Agent Bank and in representation of the Itaú Entities.

1) Special concession pledge:

By public deed dated March 16 of 2001, of Santiago de Chile Notary Public Office of René Benavente Cash, amended by public deeds of November 30 of 2004, October 19 of 2006 and November 9 of 2006, of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, and by public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, special first pledge on public work concession was established in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.), and special second pledge in favor of the holders of bonds Series A and Series B and of the Itaú Entities.

Such special pledges on public work concession apply to: (i) the concession right on public works arising from the concession contract; (ii) every payment promised for any legal reason by the Public Treasury to the concessionaire; and (iii) all revenues of the concessionaire.

2) Industrial pledge:

a) First industrial pledge established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) and second pledge in favor of the holders of bonds Series A, on certain assets, as stated in public deed dated March 16 of 2001, amended by public deeds dated November 30 of 2004 and October 19 of 2006 of Santiago de Chile Notary Public Office of Iván Torrealba.

3) Commercial pledge:

a) Commercial pledge on monies established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.), the holders of bonds Series A, and the Itaú Entities, every so often, as funds are deposited in accounts of the project.

The pledges established are:

PLEDGES	12-31-2014 (THOUSANDS OF CHILEAN PESOS)	12-31-2013 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	-	7,140,350
Banco Corpbanca	7,535,602	3,060,268
Banco Estado	0	6,000,000
Banco BBVA	7,378,220	1,047,040
Banco Santander	-	2,520,418
Banco Itaú Chile	8,315,319	-

b) Commercial pledge, and restriction to encumber and transfer, established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) on rights arising from Contract of Supervision of Operation and Routine Maintenance of Public Works: International Concession Ruta 5 Chillán Collipulli Segment", as attested by public deed dated October 30 of 2006, amended by public deed September 15, 2010, both of the Santiago de Chile Notary Public Office of Eduardo Avello Concha.

c) Commercial pledge, and restriction to encumber and transfer, established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) on rights arising from Shareholders Support Agreement, as stated in public deed of October 30 of 2006 of the Santiago de Chile Notary Public Office of Eduardo Avello Concha:

d) Commercial pledge, and restriction to encumber and transfer, established by the concessionaire in favor of Syncora Guarantee Inc., (former XL Capital Assurance Inc.) on rights arising from Shareholders Support Agreement, as stated in public deed of October 30 of 2006, amended by public deed of September 15 of 2010, both of the Santiago de Chile Notary Public Office of Eduardo Avello Concha.

RUTA DEL MAULE

I. Guarantees granted to MOP in relation to the concession contract:

Exploitation guarantees:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee strict compliance, during exploitation phase, with concession contract approved by MOP Decree No. 21 of January 12, 1996, published in the Official Gazette on March 13, 1996.	150,000	Nov-30-16

II. Guarantees granted in relation to the financing of the concession:

The corporation hired with MBIA Insurance Corporation (the "Insurer") capital and interest insurance policies that irrevocably and unconditionally guarantee the payments corresponding to holders of bonds, Series A, Series B and Series C, according to bond issues carried out by the concessionaire under the terms of the respective bond issue contracts and their amendments, and to the RBS Entities, formerly, ABN Entities (The Royal Bank of Scotland N.V., former ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), former ABN Amro Bank (Chile), RBS Inversiones Chile, former ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., former ABN Amro Finance (Chile) S.A., and RBS Holding Negocios S.A., former ABN Amro Holding de Negocios S.A.), under the terms of the Credit Facility Agreement. By public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, the referred Credit Facility Agreement was assigned to Banco Itaú BBA S.A., Nassau Branch and Banco Itaú Chile (hereinafter, jointly, the "Itaú Entities").

By public deed dated November 29 of 2010, of the Santiago de Chile Notary Public Office of Raúl Undurraga Laso, the corporation, the RBS Entities, the Itaú Entities and the Insurer subscribed a contract under which the RBS Entities assigned the guarantee contracts established under the above-mentioned credit facility agreement to the Itaú Entities.

Additionally, on November 29 of 2010, the Insurer endorsed the above-mentioned insurance policy in favor of Banco Itaú Chile, as the Agent Bank and in representation of the Itaú Entities. As a consequence of the above, the Itaú entities became the beneficiaries of the insurance policy.

1) Special concession pledge:

a) By public deed dated November 06, 1998, amended on June 21, 2005, October 18, 2006, February 22, 2008 and March 19, 2008 (through which the Series A Bonds expired) before the Santiago de Chile Notary Public Office of Iván Torrealba Acevedo, and by public deed dated November 29, 2010 before the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, special first pledge was established on public work concession and restriction to encumber and transfer, on the concession held by it in favor of MBIA Insurance Corporation, and second pledge in favor of the Itaú Entities and the holders of bonds Series B and Series C issued by the corporation on June 29 of 2005 and October 27 of 2006, under the bonds issue contract executed through public deed of May 5 of 2005, and its subsequent amendments, all of them of the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo.

b) The special pledges on public works concession fall on: i) the public works concession right arising in favor of the issuer from the concession contract; ii) every payment promised for any legal reason under the concession contract by the Public Treasury to the issuer; iii) all revenues in favor of the issuer arising from the concession; and iv) payments for expropriation to which the issuer is entitled, according to the provisions of Article 20 of Law Decree 2186 of 1978.

2) Industrial pledge:

a) By public deed dated November 06, 1998, amended on February 22, 2008 (through which the Series A Bonds expired) before the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, the corporation

established first industrial pledge and restriction to encumber and transfer, on a series of personal property listed in that deed, in favor of MBIA.

3) Commercial pledge:

a) By public deed dated November 13, 1998, amended on February 22, 2008 (through which Series A Bonds expired) before the Santiago de Chile Notary Public Office of Ivan Torrealba Acevedo, the corporation established commercial pledge in favor of MBIA on its right to receive any payment according to: (i) the guarantee established by Grupo Ferrovial S.A., in favor of MBIA and the corporation dated November 13, 1998; and (ii) the contract executed through public deed of November 13,1998 of the Santiago de Chile Notary Public Office of María Gloria Acharán Toledo, by MBIA, the corporation and Empresa Constructora Delta S.A., through which Empresa Constructora Delta S.A., and Grupo Ferrovial S.A., guaranteed the liabilities arising from the construction contract subscribed between Chillán corporation and Constructora Delta-Ferrovial Ltda., of September 10, 1998. Although the two guarantees referred to in (i) and (ii) above and the construction contract have expired according to the provisions of those agreements, the two parties have not yet formally subscribed a termination and expiration deed of this commercial pledge.

b) By public deed of November 13, 1998, amended through public deeds of December 13, 2002 and February 22, 2008, (through which Series A Bonds expired), the corporation established a commercial pledge in favor of MBIA, on the rights arising from the "Amended and Restated Shareholder Support Agreement", executed on November 13, 1998 and amended by private document of December 13, 2002. Although this agreement is terminated, to this date the parties have not formally subscribed a deed of termination of this commercial pledge.

c) As provided in the "Second Amended and Restated Collateral Agency and Security Agreement", as funds are deposited in certain bank accounts of the project of the corporation, this latter must establish a commercial pledge on such funds in favor of MBIA, the holders of bonds Series B and C and the Itaú Entities.

d) By public deeds of June 21,f 2005, of the Santiago de Chile Notary Public Office of Iván Torrealba Acevedo, the corporation established in favor of MBIA a commercial pledge on the rights arising from 4 contracts in force on that date.

The pledges established are:

PLEDGES	12-31-2014 (THOUSANDS OF CHILEAN PESOS)	12-31-2013 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	15,384,997	7,492,018
Banco Corpbanca	3,663,349	8,643,193
Banco Estado	10,839,224	3,746,201
Banco BBVA	5,030,496	-
Banco Santander	-	1,127,294

RUTA DE LOS RÍOS

I. Guarantees granted to MOP in relation to the concession contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	MATURITY DATE
Bank Guarantee	Direction General of Public Works	To guarantee full compliance of concession contract awarded by MOP Decree No. 758 of August 14, 1997 and published in the Official Gazette on October 28, 1997, in exploitation stage.	200,000	Sep-30-15
Bank Guarantee	Direction General of Public Works	To guarantee full compliance with each and all liabilities that Ruta de los Ríos Sociedad Concesionaria assumes in relation with the work "Mejoramiento Enlace Rio-Bueno-La Unión" included in Resolution DGOP No. 3791 of September 16, 2013 of the Contract International Concession Ruta 5, Temuco-Rio Bueno Segment.	600	May-29-15

II. Guarantees granted in relation to the financing of the concession:

Together with the assignments of loans referred to in section a) of Note 11 above and the financing contract between the corporation and a bank syndicate including Banco BICE, BCI and Banco Security, where among other things, a long-term loan for UF 4,640,912.38 (Tranches A and B), and a bank guarantee financing for up to UF 249,966.62 were extended to guarantee future liabilities with MOP (Tranche C), dated September 13, 2012 a special pledge on public work concession established by the corporation to Banco de Chile, Banco del Estado de Chile and Banco Security and filed on pages 166, No. 90 of the Industrial Pledges Registry was canceled together with the prohibition of concession, filed on page 11, No. 20 of the Industrial Pledges Registry, both of the Conservador de Bienes Raíces de Santiago, corresponding to 2009. Likewise, and on the same date, a subordination agreement established by Cintra Chile Ltda. and Ferrovial Agromán Chile S.A. in favor of the banks assigning the loans was terminated and canceled; pledges on cash and permitted investments established by the corporation in favor of such assigning banks, were also canceled.

Additionally, at the same time of signing the financing contract mentioned above, Ruta de los Ríos granted the following guarantees in order to secure assumed obligations in favor of a bank syndicate made up of Banco BICE, Banco de Crédito e Inversiones and Banco Security.

1) Pledge on shares:

In order to guarantee liabilities of Ruta de los Ríos under the above-mentioned financing contract, INTERVIAL CHILE S.A. established in favor of creditor financing banks, pledge on securities, in accordance with provisions of Law No. 4287, and commercial pledge on 75% of the shares of the corporation, pursuant to articles 813 et seq of the Code of Commerce.

Under same public deed, INTERVIAL CHILE S.A. bound itself not to encumber transfer, promise to encumber or transfer, dispose of, establish real guarantees or any burden, lien, prohibition or rights in favor of third parties on the shares, or to execute any act or contract whatsoever on them.

Additionally, by the same public deed mentioned above, Banco BICE, acting as Guarantee Agent Bank, canceled the pledge on movable property and the commercial pledge on shares given as part of the financing process mentioned above, constituted by INTERVIAL CHILE S.A. by public deed dated March 14 of 2006, of the Santiago de Chile Notary Public Office of Eduardo Avello Concha, in favor of Banco de Chile, Banco del Estado de Chile, Corpbanca and Banco Security.

2) Pledge without possession on rights of concession of public work:

In order to guarantee the liabilities of Ruta de los Ríos under the above-mentioned financing contract, Ruta de los Ríos established in favor of creditor financing banks, pledge without possession pursuant to Article 14 of Law 20190 and rulings of Registro de Prendas sin Desplazamiento included in Supreme Decree No. 722 of 2010 of the Ministry of Justice regarding (i) the public works concession right in its name; (ii) every payment promised by the Public Treasury to Ruta de los Ríos for any legal reason under the terms of the concession, including, especially, the annual subsidy and the minimal annual revenue guaranteed by the State considered in the bidding base, and (iii) all revenues corresponding to Ruta de los Ríos from concession exploitation.

In the same deed, Ruta de los Ríos bound itself not to encumber, transfer, promise to encumber or transfer, assign, dispose of in any way, grant the use and enjoyment, establish real guarantees or any burden, levy, prohibition or rights in favor of third parties on the pledged assets, without prior written authorization of Banco BICE acting as Guarantee Agent Bank.

3) Pledge on cash deposits and permitted investments:

In order to guarantee liabilities of Ruta de los Ríos under the above-mentioned financing contract, by public deed of September 13, 2012 of the Notary Public Office of Eduardo Avello Concha, Ruta de los Ríos established in favor of creditor financing banks, commercial pledge on all cash deposits made or to be made in the restricted accounts, in accordance with articles 813 et seq. of the Code of Commerce. Additionally, Ruta de los Ríos established a commercial pledge in favor of finance creditor banks on nominative investment instruments issued in the name of the corporation, according to articles 813 et seq. of the Commercial Code.

In the same deed, Ruta de los Ríos bound itself not to encumber, transfer, promise to encumber or transfer, dispose of, establish real guarantees or any burden, levy, prohibition or rights in favor of third parties on cash deposits and investment instruments, or to enter into any act or contract on the same without prior written authorization of Banco BICE acting as Guarantee Agent Bank.

4) Commercial pledge:

The pledges established are:

PLEDGES	12-31-2014 (THOUSANDS OF CHILEAN PESOS)	12-31-2013 (THOUSANDS OF CHILEAN PESOS)
Banco de Chile	6,373,211	3,268,392
Banco Corpbanca	5,502,297	1,300,681
Banco Estado	-	4,412,848
Banco Santander	6,159,477	657,180

5) Special concession pledge:

By public deed dated December 18, 1998, of the Santiago de Chile Notary Public Office of René Benavente Cash, and its amendments, the corporation established special first pledge on public work concession in favor of creditor banks. This pledge was canceled and included under the pledges without possession, reason why it currently constitutes third degree guarantee.

ISA CAPITAL DO BRASIL

Guarantee Deposits

As guarantee for interest payable semiannually on the outstanding balance of international bonds issued by ISA CAPITAL after debt restructuring, a deposit is made semiannually in the bank BNY MELLON. The amount to be kept in the account is approximately USD 1.4 million.

CTEEP

Guarantees in force granted by CTEEP to support some of its companies are:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD THOUSAND)	MATURITY DATE
Bank Surety Bonds (Pinheiros)	BNDES	Guaranteeing loan's payment obligations	38,226	Dec-09-15
	BNDES	Guaranteeing loan's payment obligations	8,292	Aug-23-15
Bank Surety Bonds (IESUL)	BNDES	Guaranteeing loan's payment obligations	2,736	Oct-04-16
	BNDES	Guaranteeing loan's payment obligations	3,797	Aug-10-15
Bank Surety Bonds (IENNE)	Banco do Nordeste	Guaranteeing loan's payment obligations	19,579	Jun-01-15
Bank Surety Bonds (IEMadeira)	Banco da Amazônia	Guaranteeing loan's payment obligations	56,644	Jun-30-16
	Itaú BBA/BES (*)	Guaranteeing loan's payment obligations	79,198	Dec-31-15
	BNDES	Guaranteeing loan's payment obligations	331,826	Jun-30-16
Bank Surety Bond (IE Garanhuns)	BNDES (*)	Guaranteeing loan's payment obligations	69,578	Dec-05-16
TOTAL			**609,876**	

(*) Counterguarantee

PDI

a) Surety bonds granted

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Surety Bond	Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal Administration (SUNAT))	Guarantee customs duties debt according to Temporary Admission Rules	2	Sep-26-15
Surety Bond	CTM	Guarantee compliance with labor liabilities	25	Nov-20-15
Surety Bond	REP	Guarantee compliance with labor liabilities	20	Nov-20-15
Surety Bond	ISA PERÚ	Guarantee compliance with labor liabilities	15	Nov-20-15
TOTAL			**62**	

TRANSMANTARO

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Surety Bonds	Ministry of Energy and Mines of Peru – Several customers	Guarantee full compliance of concession contracts and miscellaneous customers contracts.	88,255	Feb-04-15

REP

Corporate bonds are guaranteed by first mortgage collateral on the electric transmission lines concession.

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	MATURITY DATE
Pledge	BCP and Bondholders	First pledge granted by REP's shareholders	233,106	Apr-19-31
Mortgage	BCP and Bondholders	Guarantee payment obligations of the loan and bond issues. The mortgage is established on the right to design, finance, build, operate and maintain the transmission line and the exploitation of concession's assets.		
Mortgage	BCP and Bondholders	Guarantee payment obligations of the loan and bond issues. The mortgage is established on the different electric transmission lines concessions.		
Trust (*)	BCP and Bondholders	Guarantee payment obligations of the loan and bond issues. The trust is established on the revenue flow from the deposits made by customers.		
Surety Bonds	Ministry of Energy and Mines of Peru	Full compliance with concession contract.	5,839	Jan-31-16
TOTAL			**238,945**	

(*) On August 29, 2002, the company (trustor), Banco Continental (beneficiary) and Bank Boston, Peru Branch (trustee) subscribed the Trust Agreement for Cash Flows to guarantee compliance of the obligations in favor of the creditors of corporate bonds of the company. On March 31, 2005, Bank Boston, Peru Branch assigned its contractual position in that contract in favor of Banque BNP Paribas Andes S.A. Then, on June 28, 2006, Banque BNP Paribas Andes S.A. assigned its contractual position in that contract in favor of Banco Internacional del Perú S.A.

The subject matter of the contract is to guarantee with the assets making up the trust estate timely and total delivery of liabilities guaranteed. Through such contract, the flows deposited for the company's customers in the collection

accounts are transferred to the trustor's account the next business day. In case of default, the trustee shall retain 25% of the flows deposited in the collection accounts until default is cured, and also, if the company fails to comply with any guaranteed obligation, the trustor shall retain 100% of the funds deposited in these accounts. No balance is kept in those accounts at December 31, 2013 and 2012, due to the fact that collected amounts are only kept temporarily.

The contract shall be in force until effective and integral cancellation of the guaranteed liabilities assumed by the trustor in favor of the creditors, or conversely, upon extinction of all the rights and assets making up the trust estate.

TRANSELCA

TYPE OF GUARANTEE	BENEFICIARY	DESCRIPTION	AMOUNT (USD)	MATURITY DATE
Pledge on shares	BCP and Bondholders	Pledge on 100% of REP shares in order to guarantee debt service	112,573	Nov-08-31
Pledge on shares	BID and CAF	Pledge on 100% of ISA Bolivia shares in order to guarantee debt service	26,323	Feb-15-19
TOTAL			**138,896**	

XM

TYPE OF GUARANTEE	BENEFICIARY	DESCRIPTION	AMOUNT (COP MILLION)	MATURITY DATE
Bank	Guachené Municipality (Cauca Province)	Guarantee penalty established for non compliance with Article 651 of Fiscal Law	800	Nov-08-15

INTERNEXA

The following guarantees established by INTERNEXA to secure payment liabilities incurred by its subsidiaries in the telecommunications sector in Chile, Peru and Argentina, and by ISA Bolivia as sponsor of the energy sector subsidiary, up to the amount of their stock participation were in force by year's end.

TYPE OF GUARANTEE	BENEFICIARY	DESCRIPTION	AMOUNT (USD THOUSAND)	MATURITY DATE
Stand By (INTERNEXA en Chile)	BBVA Chile	To guarantee loan liabilities	104	Feb-02-15
Stand By (INTERNEXA en Chile)	BBVA Chile	To guarantee loan liabilities	125	Feb-02-15
Stand By (INTERNEXA en Chile)	BBVA Chile	To guarantee loan liabilities	125	Feb-02-15
Stand By (INTERNEXA en Chile)	BBVA Chile	To guarantee loan liabilities	42	Feb-02-15
Stand By (INTERNEXA en Chile)	BBVA Chile	To guarantee loan liabilities	2,200	Apr-03-15
Stand By (INTERNEXA en Chile)	BCI	To guarantee loan liabilities	4,300	Apr-03-15
Joint and several guarantee (INTERNEXA en Chile)	Helm Bank Panama	To guarantee loan liabilities	2,000	Sep-13-19
Joint and several guarantee (INTERNEXA en Chile)	Helm Bank Panama	To guarantee loan liabilities	1,000	Nov-06-19
Joint and several guarantee (INTERNEXA en Chile)	Helm Bank Panama	To guarantee loan liabilities	3,000	Jan-18-20
Joint and several guarantee (INTERNEXA en Chile)	Helm Bank Panama	To guarantee loan liabilities	1,000	May-02-20
Joint and several guarantee (INTERNEXA en Chile)	Helm Bank Panama	To guarantee loan liabilities	500	Jun-24-20
Joint and several co-debtor (INTERNEXA en Perú)	Helm Bank Panama	To guarantee loan liabilities	750	Nov-17-15
Joint and several co-debtor (INTERNEXA en Perú)	Helm Bank Panama	To guarantee loan liabilities	1,000	Dec-30-15
Joint and several co-debtor (INTERNEXA en Perú)	Helm Bank Panama	To guarantee loan liabilities	800	Aug-08-16
Joint and several co-debtor (INTERNEXA en Perú)	Helm Bank Panama	To guarantee loan liabilities	2,083	Aug-08-16
Pledge on shares (ISA Bolivia)	BID-CAF	To guarantee loan liabilities	22	Feb-15-19
Stand-by letter of credit (Transamerican Telecommunication)	BBVA		6,000	Feb-23-15
TOTAL			**25,051**	

Additionally, INTERNEXA S.A. granted a comfort letter in order to guarantee debt assumed by INTERNEXA Chile S.A. with Banco de Crédito e Inversiones –BCI–.

INTERNEXA EN PERÚ

TYPE OF GUARANTEE	BENEFICIARY	DESCRIPTION	AMOUNT (USD THOUSAND)	MATURITY DATE
Surety Bond	Telefónica del Perú	To guarantee correct use of advance payment received from Telefónica del Perú and compliance with full delivery of usufruct of two fiber optic pairs in the Tarapoto-Moyobamba segment.	670	Feb-03-15

19.3 COMMITMENTS IN FORCE

At 2014 year's end the following commitments were in force:

ISA

COMMITMENT	EXPIRATION
Derived from subsidiary ISA Bolivia: Support and Guaranty Agreement under which, ISA and TRANSELCA are bound, as sponsors of ISA Bolivia, to guarantee loans granted by BID and CAF. **Outstanding obligation:** Paying balance pending with IDB and CAF in case of Government intervention or as of the moment the license is revoked. Loans were earmarked for execution of 30-year licenses for Santivañez-Sucre, Punutuma and Carrasco-Urubó transmission lines and the license for Arboleda Substation.	Termination of contracts (February 15, 2019)

INTERNEXA

COMPANY	CONTRACT / COMMITMENT	PARTIES
INTERNEXA en Perú	To put into service two fiber optic pairs for 20 years. As consideration, Telefónica grants the company the right to use up to 160 Gbps of transport capacity. (Sur Project).	Telefónica del Perú S.A.A.
INTERNEXA en Perú	Contracts of capacity rights	Latín American Nautilus Perú S.A.
INTERNEXA en Perú	To put into service two fiber optic pairs for 20 years. As consideration, Telefónica grants the company the right to use up to 40 Gbps of transport capacity. (Norte Project).	Telefónica del Perú S.A.A.
INTERNEXA en Perú	To put into service two fiber optic pairs for 20 years.	Telefónica del Perú S.A.A.
INTERNEXA S.A.	On December 7, 2004, the company signed a leasing contract for one pair of dark fiber optic cables of INTERNEXA´s network from Nueva Barranquilla substation to Sabanalarga substation, with 15-year duration.	TRANSELCA S.A. E.S.P.
INTERNEXA S.A.	Delivery of telecommunications services	ISA
INTERNEXA S.A.	Delivery of telecommunications services	INTERCOLOMBIA
INTERNEXA S.A.	Reinforcement of technological, information and telecommunications infrastructure to optimize interconnection processes.	FONDO NACIONAL DEL AHORRO
INTERNEXA S.A.	Delivery of telecommunications services	UNIÓN TEMPORAL ANDIRED
INTERNEXA S.A.	Contract 164/2014 was subscribed on March 3, 2014 to define the optimal telecommunications model for ELECTRO HUILA and provide operation and corrective maintenance services to its telecommunication equipment and structured cables; duration is 12 months.	ELECTROHUILA
INTERNEXA S.A.	Technological platform support contract	Unisys de Colombia S.A.

COMPANY	CONTRACT / COMMITMENT	PARTIES
INTERNEXA S.A.	Computer equipment operating leasing agreement for computer equipment and other equipment related to INTERNEXA S.A.'s information technology platform.	Informática Datapoint
INTERNEXA S.A.	Contracts for delivery of connectivity services, whose purpose is the delivery of last-kilometer services in several regions of the country.	Axesat, Azteca Comunicaciones; BT Latam, Claro, EDATEL, Enlaces Digitales, ETB, Gas Natural Fenosa, Flywan, IFX, Invelco, Lazus, Level 3, Media Commerce, Metrotel, NetBeam, Wicom, Synapsis, Telefónica, Telnet, Tv Isla,UNE and Vitacom
INTERNEXA S.A.	Subscription for comprehensive operation services of telecommunications networks, IT services and data center for critical applications and ancillary services for the UGPP took place on September 22, 2014 for COP 33,245; expiration date is July 31, 2018.	UGPP (Unidad Administrativa Especial de Gestión Pensional y Contribuciones Parafiscales de la Protección Social).
INTERNEXA S.A.	Infrastructure use agreement	EMPRESA DE TELECOMUNICACIONES DE BOGOTÁ S.A. E.S.P., INTERNEXA S.A. and ORBITEL (currently, UNE EPM TelecomunicacionesS.A.)
INTERNEXA S.A.	Contents Northern Node in order to implement the Contents Node (CDN) for the northern region, to be located in Colombia.	Limelight Networks Inc.,

CHILEAN CONCESSIONAIRES

As provided in the bidding terms and supplementary agreements, the concessionaires have to make payments to the State as detailed next:

CONCESSIONAIRE	DESCRIPTION	AMOUNT
Ruta de la Araucanía	Administration of concession contract	UF 3,000 per year
Ruta de la Araucanía	Use of preexisting infrastructure	UF 100,000 since 2002, 5% increase payable in two equal annual installments. (For 2014, annual installment amounted to UF 179,585)
Ruta de los Ríos	During the initial period of original works, disbursements or expenses resulting from expropriations, exchanges or acquisitions of land for the State.	UF 300,000
Ruta de los Ríos	Administration of concession contract during exploitation stage.	UF 3,000 per year
Ruta de los Ríos	Control and administration of concession contract during construction stage.	UF 7,500 per year and UF 250,000 as contribution to construction and implementation.
Ruta del Bosque	Administration of concession contract during exploitation stage.	UF 3,000 per year
Ruta del Bosque	Control and administration of concession contract during construction stage.	UF 22,592.74 per year
Ruta del Bosque	During the initial period of original works, disbursements or expenses resulting from expropriations, exchanges or acquisitions of land for the State.	UF 400,000
Ruta del Maipo	During the initial period of original works, disbursements or expenses resulting from expropriations, exchanges or acquisitions of land for the State.	UF 3,944,000
Ruta del Maipo	Administration of concession contract during exploitation stage.	UF 6,000 per year
Ruta del Maipo	Administration of concession contract during construction stage.	UF 24,000 per year
Ruta del Maipo	Supplementary roads and sanitation and drainage.	UF 2,425,000
Ruta del Maipo	Use of preexisting infrastructure	Two annual installments, increasing 5% per year (UF 350,000 from 2003 to the end of concession. For 2014, annual installment amounted to UF 527,584)
Ruta del Maule	Administration of concession contract during exploitation stage.	UF 3,000 per year

CONCESSIONAIRE	DESCRIPTION	AMOUNT
Ruta del Maule	Use of preexisting infrastructure	Two annual installments, increasing 5% per year until 2009; 5% adjustment continues starting 2016. For 2014, annual installment amounted to UF 652,000.
Ruta del Maule	During the initial period of original works, disbursements or expenses resulting from expropriations, exchanges or acquisitions of land for the State.	UF 90,000
Ruta del Maule	Administration of concession contract during construction stage.	UF 7,500 per year and UF 150,000 as contribution to construction and implementation.

ISA BOLIVIA

Covenants and commitments related to loans with IDB and CAF include the following:

- Compliance with environmental laws, regulations and issues: Any fact constituting breach of law and regulations could be considered as an event of default regarding contract with IDB and CAF.

- The corporation may not hire new loans other than those with IDB and CAF, except those expressly authorized by the financers. Handling of cash flows related to operation and earmarked for payment of liabilities must be made through a trust subscribed with Banco de Crédito de Bolivia S.A. Likewise, the following financial ratios are part of covenants:

Debt / Equity equal to or lower than 9.
Historic debt service ratio equal to or higher than 1.2.

ISA CAPITAL DO BRASIL'S COMMITMENTS DERIVED FROM CONCESSION CONTRACT WITH CTEEP:

- Not transferring, assigning, or selling the controlling shares of CTEEP without previous authorization from Brazilian Agência Nacional de Energia Elétrica (ANEEL).

- Financial coverage of special obligations not related to the concession contract shall be backed up by remuneration on shareholders' capital.

- ISA Capital do Brasil and ISA commit themselves to making capital contributions necessary to make up for insufficient funds.

- The covenants of CTEEP and ISA Capital do Brasil's controlled companies include:

CORPORATION	FINANCING SOURCE	RATIO	RANGE
CTEEP	BNDES	Net debt / adjusted EBITDA	<=6.0
		Net debt / (Net debt + Net equity)	<=0.6
	DEBENTURES 1st issue and 2nd issue	Net debt / adjusted EBITDA	<=3.5
		Adjusted EBITDA / Financial results	>=3.0
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	BNDES	Debt service coverage ratio (ICSD)	1.3 minimum
Interligação Elétrica Serra do Japi S.A.	BNDES	Debt service coverage ratio (ICSD)	1.2 minimum
		Own capital index (ICP) = Net fiscal equity / Total assets	>=20%
Interligação Elétrica de Minas Gerais S.A. -IEMG-	BNDES	Debt service coverage ratio (ICSD)	1.3 minimum

NOTE 20: OPERATING REVENUE

Revenue from services delivered by ISA's companies for: Transmission of electric power (use of the National Transmission System (STN)), connection to the STN, energy transport ancillary services, administration, operation, and maintenance, specialized technical services, design, construction, maintenance, exploitation and operation of road concessions, financial yields of concessions classified as financial asset, special studies, infrastructure availability, and project management, organization, administration, trading and delivery of telecommunications services, any activities related to construction of transmission lines, electricity projects of any type, real-time systems intelligent management, and in general, any activity in the construction sector.

ORIGIN OF REVENUE		2014	2013
Electric energy transmission services	(1)	2,502,977	2,226,573
Connection charges		176,245	176,499
Roads	(2)	842,999	918,131
Dispatch and CND-MEM coordination	(3)	58,817	46,146
MEM Services (STN, SIC, SDI)		38,546	34,109
Telecommunications	(4)	231,714	148,630
Other operating revenue	(5)	70,037	51,237
TOTAL OPERATING REVENUES		**3,921,335**	**3,601,325**

(1) Services delivered by ISA and TRANSELCA in Colombia which are regulated by the Energy and Gas Regulatory Commission (CREG). Also delivery of services under concession contracts in Brazil, Peru and Bolivia remunerated in accordance with each country's tariff system, and with annual readjustments during life of the concession, according to tariffs agreed on in each concession contract.

The increase in 2014 is product of higher revenues in Peru as a result of commissioning in 2014 of the Trujillo-Chiclayo project, and in the last quarter of 2013, of the Pomacocha-Carhuamayo and Piura-Talara projects; also product of higher revenues in Colombia derived from the PPI increase from -0.49% in 2013 to 6.33% in 2014, the better remuneration of administration, operation and maintenance of the existing network by CREG as of July due to higher revenues of the UPMEs. In Brazil it is due to increased construction revenues, especially arising from improvements to the electric transmission network carried out by CTEEP.

(2) In the road concessions in Chile there was higher toll collection from increased traffic which in turn decreased the concessions' account receivable and financial yields. This led to 8.2% revenues decline versus 2013.

(3) Increase in XM's regulated revenues for COP 12,666, specifically those related to CND, which depend on the company's investment and expenses level recognized by the system. The profitability margin for investors and the investment component grew during 2014.

(4) Telecommunications services increased by 55.9% with respect to 2013 to COP 83,084 mainly due to consolidation of the new Brazilian subsidiaries purchased in the last quarter of 2013.

(5) Most relevant increases in other operating revenues correspond to COP 6,917 revenue obtained by PDI for the design of the MAMO project started in December 2013 and for the Expansion 15 project started in June 2013. Sistemas Inteligentes en Red and XM showed increases for COP 6,811 resulting mainly from the participation in the inter-administrative agreement with UNE EPM Telecomunicaciones S.A. whose main purpose is the modernization of the administrative services management of the Secretary of Traffic and Transport through a comprehensive solution of technology, information, communications and ICT operations.

NOTE 21: OPERATING COSTS

Operating costs for the years ended December 31 are detailed as follows:

		2014	2013
Personnel expenses		342,780	322,029
Materials and maintenance	(1)	195,904	191,198
Taxes and contributions	(2)	181,510	177,274
Fees		13,153	14,616
Insurance		30,706	33,333
Leases		23,044	20,979
Services		119,653	126,573
Advertising and publications		1,716	2,225
Studies and projects	(3)	15,145	9,560
Construction costs of concession contracts	(4)	258,915	261,387
Miscellaneous	(5)	59,578	50,925
Total operating costs before depreciation and amortization		**1,242,104**	**1,210,099**
Depreciation and amortization		180,204	172,771
TOTAL OPERATING COSTS		**1,422,308**	**1,382,870**

(1) This item includes costs related to construction and building of assets for operation and maintenance of the road and electric networks, costs incurred in recovery of infrastructure affected by terrorist attacks, and costs related to scheduled maintenance of transmission network and operation's buildings and constructions.

(2) The most significant item in taxes and contributions corresponds to INTERCOLOMBIA for COP 96,809, of which COP 55,566 constitute FAER contribution, and COP 37,685, PRONE contribution.

(3) In the studies and projects item, most relevant figures belong to XM for COP 13,587 incurred in order to comply with Resolutions No. 172 and 174 of 2011 and Resolution No. 158.

(4) Corresponds in Brazil and Chile to recognition of construction costs of concessions' assets. In Chile, COP 4,402 increase was due to higher costs for construction of third lanes in Ruta del Maipo, while in Brazil, the COP 6,874 decrease resulted from the cost optimization of the efficiency program ISA 2020.

(5) Includes increase in costs associated to communications services, mainly in INTERNEXA and its companies, due to inclusion of the new Brazilian companies acquired in the last quarter of 2013.

NOTE 22: ADMINISTRATION EXPENSES

Administration expenses at December 31 consisted of:

		2014	2013
Personnel expenses		230,424	229,007
Materials and maintenance		17,035	19,002
Taxes and contributions		32,971	35,812
Fees		39,791	45,687
Insurance		5,144	5,126
Leases		12,555	10,932
Services		14,467	13,095
Advertising and publications		4,221	4,611
Studies and projects		7,880	5,734
Miscellaneous	(1)	68,198	45,560
TOTAL ADMINISTRATION EXPENSES BEFORE DEPRECIATION, AMORTIZATION AND PROVISIONS		**432,686**	**414,566**
Depreciation and amortization	(2)	145,747	189,396
Provisions	(3)	41,998	63,394
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS		**187,745**	**252,790**
TOTAL ADMINISTRATION EXPENSES		**620,431**	**667,356**

(1) Miscellaneous expenses include mainly IT platform administration expenses, outsourcing of support processes and environmental education.

(2) In 2013, at ISA Capital do Brasil, the remaining balance of the goodwill (COP 59,327) was amortized due to the early termination of Contract 059. This expense is no longer present in 2014, and therefore represents a decrease.

(3) It includes allowances for doubtful accounts, fixed assets, investments, contingencies and major maintenance expenses. The latter item saw a decrease of COP 16,706 at REP due to the update of the maintenance and restoration methodology used for the concessioned infrastructure.

TOTAL OPERATING COSTS AND EXPENSES

The following table details total operating costs and expenses for 2014 and 2013:

	2014	2013
Personnel expenses	573,204	551,036
Materials and maintenance	212,939	210,200
Taxes and contributions	214,481	213,086
Fees	52,945	60,303
Insurance	35,850	38,459
Leases	35,598	31,911
Services	134,120	139,668
Advertising and publications	5,937	6,836
Studies and projects	23,025	15,294
Construction costs of concession contracts	258,915	261,387
Miscellaneous	127,776	96,485
TOTAL COSTS AND EXPENSES BEFORE DEPRECIATION, AMORTIZATION AND PROVISIONS	**1,674,790**	**1,624,665**
Depreciation	325,951	362,167
Provisions	41,998	63,394
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	**367,949**	**425,561**
TOTAL COSTOS Y GASTOS	**2,042,739**	**2,050,226**

NOTE 23: NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues at December 31 included:

		2014	2013
Financial revenues			
Interest			
On overdue accounts receivable and other loans	(1)	70,806	105,815
Investment valuations	(2)	100,275	139,908
Commercial, conditioned and agreed discounts	(3)	30,669	37,550
Dividends	(4)	2,532	1
Equity method	(5)	78,532	167,606
Monetary variation	(6)	47,604	64,439
TOTAL INTEREST		**330,418**	**515,319**
Exchange gain/loss			
Cash		324,095	216,994
Accounts receivable		61,133	27,961
Investments abroad		4,185	1,032
Accounts payable		14,309	4,599
Financial liabilities		25,850	61,749
Other assets		874	473
TOTAL EXCHANGE GAIN/LOSS	**(7)**	**430,446**	**312,808**
TOTAL FINANCIAL REVENUES		**760,864**	**828,127**

		2014	2013
Extraordinary revenues			
Indemnities		2,103	4,549
Rentals		1,141	975
Recoveries	(8)	31,271	10,368
Revenue from prior years	(9)	7,706	23,521
Gain on sale of property, plant and equipment	(10)	2,454	970
Other	(11)	33,803	21,124
TOTAL EXTRAORDINARY REVENUES		**78,478**	**61,507**
TOTAL NON-OPERATING REVENUES		**839,342**	**889,634**

(1) Decrease of financial yields from accounts receivable at CTEEP in the amount of COP 32,036; decrease of yields of deposits and agreements in the amount of COP 2,673 at ISA.

(2) Corresponds to the earnings from negotiations and sale of fixed and variable income investments, which had lower revenues at CTEEP in the amount of COP 56,237, at ISA Capital do Brasil for COP 13,899 and at INTERNEXA for COP 1,334; while ISA had a higher yield compared to the previous year, in the amount of COP 31,349 due to the increase in the exchange rate, a higher balance available for investments and better negotiation rates.

(3) The variation basically corresponds to Transmantaro for COP 5,171, mainly because in 2013 there were higher funding revenues from agreements 10 and 5 with the Peruvian Government.

(4) Revenues correspond entirely to the dividends received from Empresa Propietaria de la Red (EPR), a Panamanian company domiciled in San José de Costa Rica. ISA has 11.11% participation in this corporation. This company has already begun operation in some of the line segments.

(5) The decrease is due to the fact that in 2013 Isa Capital do Brasil recorded income net of taxes of COP 97,618 in order to avoid duplication of the allowance for liabilities of Law 4819/58.

(6) Corresponds to the recognition in CTEEP of interests and financial update of the compensation for COP 46,808 (2013: COP 62,512).

(7) The translation effect generated by the devaluation of the Colombian Peso against the currencies of the countries where ISA operates caused an increase in revenue from exchange gain/loss.

(8) There was an increase of COP 19,919 from the revenue received from the retirement of assets of contract 059 in Brazil; at ISA there was an increase of COP 3,243 from the recovery of 2013's income tax, surpluses of contributions to UPME and reimbursement of costs associated with the MITÚ project.

(9) There is a decrease in revenues from previous fiscal periods mainly due to the fact that in 2013 there was recognition of COP 21,919 at Transmantaro for revenues of Addendum 10 to the BOOT Contract, which contemplated the restitution of amounts not received by Transmantaro.

(10) It includes COP 1,217 from ISA and COP 1,152 from INTERNEXA Perú for gains in the sale of assets.

(11) The increase occurs mainly at CTEEP and corresponds to PIS and CONFIS contributions related to the acquisition of machinery and equipment for the transmission of electric energy over the past five years, which had not been previously established, and whose value amounts to COP 18,473.

Non-operating expenses for years ended December 31 included:

		2014	2013
Financial			
Interest and commissions			
On financial liabilities	(1)	96,817	147,055
Interest on bonds	(2)	336,049	410,513
Other interest	(3)	77,339	101,158
Fees and securities administration		65,798	75,758
Equity method	(4)	6,196	15,488
Debt restructuring expenses	(5)	14,689	48,098
Loss from valuation and sale of investments	(6)	16,949	71,594
Miscellaneous		15,478	27,151
TOTAL INTEREST AND COMMISSIONS		**629,315**	**896,815**

		2014	2013
Exchange gain/loss			
Assets		4,021	231,099
Investments		12,710	10,163
Accounts payable		130,860	127,543
Financial liabilities		578,515	52,541
TOTAL EXCHANGE GAIN/LOSS	(7)	**726,106**	**421,346**
TOTAL FINANCIAL EXPENSES		**1,355,421**	**1,318,161**
Other expenses			
Losses on casualties		637	779
Loss from retirement of assets	(8)	22,237	4,058
Other	(9)	25,994	451,173
TOTAL EXTRAORDINARY EXPENSES		**48,868**	**456,010**
Prior years adjustments		4,849	4,971
TOTAL OTHER EXPENSES		**53,717**	**460,981**
TOTAL NON-OPERATING EXPENSES		**1,409,138**	**1,779,142**

(1) Decrease in interest and commissions from financial liabilities of Ruta de los Ríos and Ruta de la Araucanía in Chile for COP 34,939 due to debt reduction at these companies. In 2014, there were lower interests at CTEEP from financial liabilities for hedging operations, operation costs related to promissory notes and BNDES and other loans for COP 8,375.

(2) Decreased interest obligations on ISA bonds in the amount of COP 3,072, on CTEEP bonds in the amount of COP 9,259, and on Ruta del Maule, Ruta del Maipo and Ruta del Bosque bonds in the amount of COP 81,456 as a consequence of the amortization of capital.

(3) Decreased interest mainly at Ruta de la Araucanía and at Ruta del Maule for COP 28,285 due to shortening of the concession period.

(4) There is a decrease in the expenses from equity method for the improved results of the entities not controlled by CTEEP, mainly at IE Garanhuns for COP 13,443 due to higher yields of the financial asset, and at IENNE for COP 12,876 due to higher operating income.

(5) Lower costs due to the fact that in February 2014 the term of the repurchase agreement for preferred shares at Isa Capital do Brasil was extended until November 2020.

(6) The decrease in this item is explained by the fact that in 2013 the valuation of a swap at CTEEP was included, which was canceled later that same year.

(7) Increased expense from exchange gain/loss due to the translation effect generated by the devaluation of the Colombian Peso against the currencies of the countries where ISA operates.

(8) The most relevant variation is due to the retirement of assets at CTEEP in the amount of COP 13,851; and at ISA for COP 4,665 mainly due to the retirement of a percentage of the structure of headquarters' building 1 due to remodeling.

(9) The decrease is due to the fact that in 2014 the provision associated with Law 4819 was not modified at CTEEP because there has been no court decision to warrant it.

NOTE 24: FINANCIAL RATIOS

RATIO	2014	2013
RETURN ON ASSETS		
Net income / Total assets (%)	2.05%	1.69%
RETURN ON EQUITY		
Net income / Equity (per-books income) (%)	6.81%	5.81%
EBITDA / Operating interest (times)	**4.35**	**3.14**
EBITDA / Long-term debt (times)	**0.26**	**0.25**
LIQUIDITY (%)		
Current assets / Current liabilities	186.12%	213.42%
INDEBTEDNESS (%)		
Liabilities / Assets	55.35%	56.37%
LEVERAGE (%)		
Liabilities / Equity	184.37%	193.40%

RETURN ON ASSETS AND RETURN ON EQUITY: The increase in these two ratios is explained by the increase in income, due basically to the higher operating revenues in Colombia, Brazil and Perú, to the decreased operating and non-operating expenses and costs in Brazil, and to decreased amortization expense at ISA Capital do Brasil.

EBITDA / OPERATING INTEREST (TIMES): For comparative purposes, the 2013 indicator was modified to include interest expenses related to the ISA Capital do Brasil preferred share repurchase obligation. Its increase is due to the higher EBITDA reached thanks to the efforts to decrease operating costs in Brazil.

LIQUIDITY: The decrease in this indicator is based on the increase of current liabilities in a higher proportion than the increase in current assets, mainly bonds and short-term financial liabilities due to the higher devaluation of the currencies of Chile, Brazil and Colombia against the US Dollar, and to a higher inflation in Chile.

LEVERAGE: Variation explained by increase of equity at a proportion higher than the increase in liabilities. The greater increase in equity is a consequence of the higher income of previous year, and of the translation effect of the investment of the foreign subsidiaries, which offsets the earnings distribution approved by ISA's General Shareholder's Meeting. The increase in liabilities is due mainly to the translation effect derived from the revaluation of the Colombian Peso against the US Dollar, and higher deferred taxes in Chile.

NOTE 25: SUBSEQUENT EVENTS

25.1 ISA – Revision of Remuneration Scheme

CREG Resolution No. 178 published on February 19, 2015, includes a regulatory proposal for revision of the remuneration scheme of the transmission activity. To date, ISA and its subsidiaries INTERCOLOMBIA and TRANSELCA are analyzing the proposal and its possible impact on revenues; they will present to the regulator their corresponding comments proposing efficient methodologies for remuneration of transmission, seeking stability for the activity's revenues.

Simultaneously, they are analyzing CREG Resolution No. 179 of 2015 that includes a proposal for revision of the remuneration scheme of the distribution activity which is relevant for the service of connection to the STN delivered by subsidiaries INTERCOLOMBIA and TRANSELCA to the network operators.

CREG expects to close the revision process in the first half of 2015, and have for this date, definitive resolutions for remuneration of transmission and distribution activities. Nonetheless, their application will not necessarily start in 2015 since certain necessary formalities could delay it until 2016.

25.2 CTEEP Compensation for unamortized and/or depreciated assets existing at May 2000

On August 13, 2014, CTEEP presented to ANEEL the report of the technical appraisal for BRL 5,186,018 thousand (COP 4,671,087) with December 31, 2012 as basis date. On January 08, 2015, CTEEP received from Superintendencia de Fiscalización Económica y Financiera (Economic and Financial Fiscalization Superintendency (SFF)), an internal body of Agência

Nacional de Energia Elétrica (National Agency of Electric Energy Agency (ANEEL)), the Fiscalization Report No. 077/2014 on Unamortized and/or Depreciated Assets of the company existing at May 31, 2000. In the report, SFF estimated the compensation provided for in Article 15, paragraph 2 of Law No. 12783/13 (Law of Conversion of Provissory Measure 579) that CTEEP is entitled to, at BRL 3,604,982 thousand (COP 3,247,035) with December 31, 2012 as basis date; this amount represents a lower value of approximately BRL 1,581,036 thousand (COP 1,424,051) with respect to the amount presented by CTEEP in 2014.

On February 06, 2015, based on technical appraisal prepared by Delos Consultoría Ltda., an independent firm recognized by ANEEL, CTEEP asked SFF for reconsideration of the amount of the compensation presented in the Fiscalization Report. After analysis of the reconsideration request filed by CTEEP, SFF will issue a document stating its position and will submit it to the Directors Commission of ANEEL. Yet another recourse for analysis and decision on the amount of the compensation proceeds with this Commission. The monetary update of the amount set by ANEEL between the basis date and the date on which the compensation definitive amount is defined, as well as the terms of payment, will be defined by the Ministry of Mines and Energy and the Ministry of Finance on a later date.

The economic and financial effects for the company and the recognition of the respective accounting impacts of the compensation on the financial results will depend on the above-mentioned definitions.

The company will keep the market informed about the eventual developments of this relevant fact.

25.3 ISA Capital Do Brasil

Controlling company: Repurchase of preferred shares

On January 23, 2015 the company transferred 950,000 preferred shares at a price per share of BRL 37.93 in Leilão da Bovespa. As of this date, the participation percentage over the controlled CTEEP went from 37.9% to 37.3%.

Consolidated

Transfer of assets

On January 20, 2015, ANEEL authorized CTEEP to transfer concession contract No. 143/2001 to Serra do Japi through Resolution No. 5036.

ABBREVIATIONS

ANEEL:	Agência Nacional de Energía Elétrica (National Agency of Electric Energy (Brazil))
ASIC:	Administración del Sistema de Intercambios Comerciales (Administration of the Commercial Settlement System)
BCI:	Banco de Crédito e Inversiones
BCIE:	Banco Centroamericano de Integración Económica (Central American Bank for Economic Integration)
BCP:	Banco de Crédito del Perú
IDB:	Inter American Development Bank
BNDES:	Banco Nacional de Desenvolvimiento Económico y Social
BRL:	Brazilian Real
CAF:	Corporación Andina de Fomento (Latin American Development Bank)
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)
CESP:	Compañía Energética de São Paulo (Brazil)
CGN:	Contaduría General de la Nación (National General Accounting Office)
CIGRE:	International Council on Large Electric Systems
CLP:	Chilean Peso
CND:	Centro Nacional de Despacho (National Dispatch Center)
COP:	Colombian Pesos
CRC:	Comisión de Regulación de Comunicaciones (Communications Regulatory Commission – formerlyCRT)
CRD:	Centro Regional de Despacho (Regional Dispatch Center)
CREE:	Contribución Empresarial para la Equidad (Income tax for equity purposes)
CREG:	Comisión de Regulación de Energía y Gas (Energy and Gas Regulatory Commission)
CSM:	Centro de Supervisión y Maniobras (Supervision and Switching Center)
CTEs:	Centros de Transmisión de Energía (Energy Transmission Centers)
CT:	Current Transformer
CVM:	Comissão de Valores Mobiliários (Brazil)
DECEVAL:	Depósito Centralizado de Valores de Colombia
DIAN:	Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority)
DNP:	Dirección Nacional de Planeación (National Planning Department)
ECOPETROL:	Empresa Colombiana de Petróleos
EEB:	Empresa de Energía de Bogotá
ELETROBRÁS:	Centrales Eléctricas Brasileñas S.A. (Brazil)
ELETROPAULO:	Eletropaulo Metropolitana Eletricidad de São Paulo S.A.
EPM:	Empresas Públicas de Medellín E.S.P.
EPR:	Empresa Propietaria de la Red
EPSA:	Empresa de Energía del Pacífico
E.T.:	Estatuto Tributario Nacional (Fiscal Law)
FAER:	Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Electrification of Interconnected Rural Areas)

FAZNI: Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Electrification of Non-Interconnected Rural Areas)
FOES: Fondo de Energía Social (Energy Social Fund)
FUT: Fondo de Utilidades Tributables (Fund of Taxable Earnings (Chile))
GMF: Gravamen a los Movimientos Financieros (Levy on Financial Transactions)
IASB: International Accounting Standards Board
ICO: Instituto de Crédito Oficial (Official Credit Institute (Chile))
IFC: International Finance Corporation
IGV: Impuesto General a las Ventas (General Sales Tax)
ISS: Instituto de Seguros Sociales (Social Security Institute)
IUE: Impuesto a las Utilidades de Empresas (Business Income Tax (Bolivia)
LAC: Liquidación y Administración de Cuentas (Account Settling and Clearing)
LT: Línea de Transmisión (Transmission Line)
MOP: Ministerio de Obras Públicas (Ministry of Public Works (Chile))
NDF: Non-Delivery Forward
IAS: International Accounting Standards
IPSAS: International Public Sector Accounting Standards
IFRS: International Financial Reporting Standards
OSINERGMIN: Organismo Supervisor de la Inversión en Energía y Minería (Supervising Organism of Investment in Energy and Mining (Peru))
PAAG: Porcentajes de Ajuste del Año Gravable (Tax Year's Adjustment Percentages)
PGCP: Plan General de Contabilidad Pública (Public Accounting General Plan)
PGE: Procuraduría General del Estado (State Attorney General (Brazil))
PLP: Portadora por Línea de Potencia (Power Line Carrier)
PROINVERSIÓN: Promoción de la Inversión Privada del Perú (Promotion of Private Investment (Peru))
PRONE: Programa de Normalización de Redes Eléctricas (Network Standardization Program)
PT: Power Transformer
RAG: Remuneración Anual Garantizada (Guaranteed Annual Remuneration (Peru))
REP: Red de Energía del Perú
RTT: Regimen Tributario de Transición (Transition Tax Regime)
RTU: Remote Terminal Unit
SCI: Sistema contra Incendio (Fire System)
SIC: Sistema de Intercambios Comerciales (Commercial Settlement System)
SIEPAC: Sistema de Transmisión Eléctrica para América Central (Central American Electrical Interconnection System)
SID: Sistema de Información de Descargas (Atmospheric Discharge Information System)
SIN: Sistema Interconectado Nacional (National Interconnected System)
SINAC: Sistema Interconectado Nacional (National Interconnected System (Peru))
SSPD: Superintendencia de Servicios Públicos Domiciliarios (Superintendency of Domiciliary Public Utilities)

STE:	Servicio de Transporte de Energía (Energy Transport Service)
STN:	Sistema de Transmisión Nacional (National Transmission System)
STFC:	Servicios de Telefonía Fija Conmutada (Land-Line Telephone Exchange Services)
SUNARP:	Superintendencia Nacional de los Registros Públicos (National Superintendency of Public Registry)
SUNAT:	Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal Administration (Peru))
UNE:	Une Telecomunicaciones S.A. E.S.P.
UPME:	Unidad de Planeación Minero Energética (Mining and Energy Planning Unit)
USD:	United States Dollar
VQ:	Voltage Quality
VRN:	Valor de Reposición a Nuevo (As-New-Replacement Value)
VUCE:	Ventanilla Única de Comercio Exterior (Single Window for Foreign Trade)
WAAC:	Weighted Average Capital Cost

Building a better working world

Statutory Auditor's Report

To the Shareholders of
Interconexión Eléctrica S.A E.S.P. and its Subordinated entities

I have audited the accompanying consolidated financial statements of Interconexión Eléctrica S.A. E.S.P. and its Subordinated entities, which comprise the balance sheet as at December 31, 2014 and the related statements of financial, economic, social and environmental position, of changes in equity and of cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes. The financial statements at December 31, 2013, were audited by another Statutory Auditor, who in his report of February 27, 2014, issued an unqualified opinion thereon.

The Company's management is responsible for the preparation and fair presentation of the consolidated financial statements, in accordance with accounting principles generally accepted in Colombia prescribed by the Contaduría General de la Nación and the accounting regulations issued by the Superintendencia de Servicios Públicos Domiciliarios. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error; and selecting and applying appropriate accounting policies and of establishing accounting estimations that are reasonable in the circumstances.

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I obtained the necessary information to comply with my functions and performed my examination in accordance with auditing standards generally accepted in Colombia. These standards require that an audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements in the financial statements. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provide a reasonable basis for my audit opinion.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Interconexión Eléctrica S.A. E.S.P. and its Subordinated entities at December 31, 2014, the consolidated result of its operations, the consolidated changes in its equity and the consolidated cash flow for the year then ended, in accordance with public accounting principles generally accepted in Colombia, issued by the Contaduría General de la Nación and the provisions issued by the Superintendencia de Servicios Públicos Domiciliarios.

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As described in Note 25.2 to the consolidated financial statements, CTEEP, subordinated entity of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, maintains before the Agencia Nacional de Energía Eléctrica de Brasil – ANEEL- a claim related with the indemnification of assets classified as Existing Service upon the renewal of the concessions associated with Law 12.783 of 2013 and the technical note 402 of 2013 of ANEEL. The result of the valuation of the indemnification presented by CTEEP in 2014 was of approximately $4.6 billion (base value at December 31, 2012). On January 8, 2015, CTEEP received from ANEEL a valuation of approximately $3.2 billion (base value at December 31, 2012), an amount which represents a lower value of approximately $1.4 billion; consequently, the argument process is carried out by the parties for the definition of the final value of the indemnification. The accompanying financial statements, do not include adjustments related with such indemnification, which result to date is not possible to predict.

As indicated in Note 7 to the consolidated financial statements, CTEEP, subordinated entity of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, has recorded a net balance of accounts receivable from the State of Sao Paulo for approximately $722,460 million, related with the impacts of Law 4.819 of 1958, which granted to employees of companies under the control of the State of São Paulo, benefits already granted to other public servers. CTEEP has carried out legal proceedings before the state authorities to collect these accounts receivable. The accompanying financial statements do not include any adjustments which could result from the outcome of this uncertainty.

Alba Lucía Guzmán L.
Statutory Auditor
Professional Card 35265-T
Designated by Ernst & Young Audit S.AS. TR-530

Medellín, Colombia
March 6, 2015

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED BALANCE SHEETS EXPRESSED IN US DOLLARS

DECEMBER 2014 | DECEMBER 2013

In thousands of US Dollars translated at the exchange rate in force on closing dates

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	793,939	944,654
Accounts receivable – net	1,203,376	1,187,097
Inventories – net	45,160	57,675
Deferred charges and other assets	57,647	67,136
TOTAL CURRENT ASSETS	**2,100,122**	**2,256,562**
Non-current assets		
Long-term investments – net	542,402	496,559
Long-term accounts receivable	3,957,830	4,652,577
Inventories – net	24,680	30,881
Property, plant and equipment – net	1,405,619	1,665,333
Deferred charges and other assets	2,699,341	2,671,665
Reappraisals	1,388,996	1,495,555
TOTAL NON-CURRENT ASSETS	**10,018,868**	**11,012,570**
TOTAL ASSETS	**12,118,990**	**13,269,132**
Memorandum accounts		
Debit	1,561,498	1,869,899
Credit	4,758,366	4,608,080

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED BALANCE SHEETS EXPRESSED IN US DOLLARS

DECEMBER **2014** | DECEMBER **2013**

In thousands of US Dollars translated at the exchange rate in force on closing dates

LIABILITIES AND SHAREHOLDERS' EQUITY	2014	2013
Current liabilities		
Outstanding bonds	173,745	155,746
Financial liabilities	164,216	147,420
Accounts payable	316,283	435,191
Labor liabilities	16,997	16,722
Accrued liabilities and estimated provisions	267,543	104,761
Other liabilities	189,559	197,494
TOTAL CURRENT LIABILITIES	**1,128,343**	**1,057,334**
Non-current liabilities		
Outstanding bonds	2,707,593	3,189,547
Financial liabilities	894,119	1,021,679
Accounts payable	577,493	581,638
Labor liabilities	694	770
Accrued liabilities and estimated provisions	200,252	410,801
Other liabilities	1,198,912	1,217,531
TOTAL NON-CURRENT LIABILITIES	**5,579,063**	**6,421,966**
TOTAL LIABILITIES	**6,707,406**	**7,479,300**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED BALANCE SHEETS EXPRESSED IN US DOLLARS

DECEMBER 2014 | DECEMBER 2013

In thousands of US Dollars translated at the exchange rate in force on closing dates

LIABILITIES AND SHAREHOLDERS' EQUITY	2014	2013
Minority interest	**1,773,634**	**1,922,611**
Shareholders' equity		
Subscribed and paid share capital	15,430	19,159
Capital surplus	604,194	750,201
Reserves	499,566	518,565
Net income	247,889	224,746
Cumulative translation adjustment	31,172	2,042
Equity revaluation	173,731	215,714
Revaluation surplus	1,208,497	1,319,475
Surplus from equity method	857,471	817,319
TOTAL SHAREHOLDERS' EQUITY	**3,637,950**	**3,867,221**
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	**12,118,990**	**13,269,132**
Memorandum accounts		
Credit	4,758,366	4,608,080
Debit	1,561,498	1,869,899

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY EXPRESSED IN US DOLLARS

DECEMBER **2014** | DECEMBER **2013**

In thousands of US Dollars translated at the exchange rate in force on closing dates

	2014	2013
OPERATING REVENUE		
Electric energy transmission services	1,046,194	1,155,563
Connection charges	73,667	91,601
Roads	352,357	476,498
Dispatch and CND-MEM coordination	24,584	23,949
MEM Services (STN, SIC, SDI)	16,111	17,702
Telecommunications	96,852	77,137
Other operating revenue	29,274	26,591
TOTAL OPERATING REVENUE	**1,639,039**	**1,869,041**
OPERATING COSTS AND EXPENSES		
Operating costs	594,496	717,692
Administration expenses	259,328	346,349
TOTAL OPERATING COSTS AND EXPENSES	**853,824**	**1,064,041**
OPERATING INCOME	**785,215**	**805,000**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY EXPRESSED IN US DOLLARS

DECEMBER **2014** | DECEMBER **2013**

In thousands of US Dollars translated at the exchange rate in force on closing dates

	2014	2013
NON-OPERATING REVENUES (EXPENSES)		
Non-operating revenue	350,828	461,709
Non-operating expenses	(588,991)	(923,352)
NON-OPERATING LOSS	**(238,163)**	**(461,643)**
INCOME BEFORE TAXES	**547,052**	**343,357**
Income tax provision	(158,786)	(47,564)
INCOME BEFORE MINORITY INTEREST	**388,266**	**295,793**
Minority interest	140,377	71,047
NET INCOME	**247,889**	**224,746**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS EXPRESSED IN US DOLLARS

DECEMBER 2014 | DECEMBER 2013

In thousands of US Dollars translated at the exchange rate in force on closing dates

	2014	2013
CASH FLOW FROM OPERATION ACTIVITIES		
Net income	**247,889**	**224,746**
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	140,377	71,047
Depreciation of property, plant and equipment	69,412	81,391
Amortization of deferred charges and other assets	66,829	106,569
Amortization of retirement pensions and fringe benefits	11,845	18,172
Allowance for doubtful accounts	284	234,575
Investment provision	3	181
Income tax provision	158,786	47,564
Loss on sale and retirement of property, plant and equipment	9,295	2,106
Exchange difference expense	255,482	164,208
Joint control equity method	(30,235)	(78,947)
Interest and commissions accrued	151,334	234,454
Provision for inventory protection	-	156
	1,081,301	**1,106,222**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS EXPRESSED IN US DOLLARS

DECEMBER 2014 | DECEMBER 2013

In thousands of US Dollars translated at the exchange rate in force on closing dates

	2014	2013
Changes in operating assets and liabilities:		
Accounts receivable	(210,614)	(214,515)
Collection (accrual) of compensation for early renewal of contract 051/2001	160,808	984,314
Inventories	7,338	233
Deferred charges and other assets	467	(4,588)
Accounts payable and other liabilities	(99,542)	19,711
Labor liabilities	3,604	5,891
Accrued liabilities and estimated provisions	(13,954)	16,021
Collections for third parties	21,801	14,456
Minority interest	(117,770)	(277,319)
Cash flow in other operations:		
Payment of retirement pensions	(10,126)	(13,947)
Payment of taxes	(156,406)	(238,341)
NET CASH PROVIDED BY OPERATION ACTIVITIES	**666,907**	**1,398,138**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS EXPRESSED IN US DOLLARS

DECEMBER 2014 | DECEMBER 2013

In thousands of US Dollars translated at the exchange rate in force on closing dates

	2014	2013
Cash flow from investment activities:		
Variation in long-term investments	(77,071)	(32,789)
Sale of property, plant and equipment	1,026	503
Acquisition of intangible assets	(74,774)	(276,783)
Acquisition of property, plant and equipment	(122,764)	(175,346)
NET CASH USED IN INVESTMENT ACTIVITIES	**(273,583)**	**(484,415)**
Cash flow from financing activities:		
Interest received in cash	29,545	64,690
Interest and commissions paid in cash	(154,146)	(320,016)
Cash dividends paid	(99,079)	(108,076)
Increase in financial liabilities	228,354	192,489
Bond issues	18,753	813,609
Payment of financial liabilities	(224,000)	(864,691)
Bond payment/decrease	(159,614)	(617,368)
NET CASH USED IN INVESTMENT ACTIVITIES	**(360,187)**	**(839,363)**
INCREASE IN CASH AND CASH EQUIVALENTS – NET	**33,137**	**74,361**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**944,654**	**948,353**
INITIAL BALANCE TRANSLATION EFFECT	**(183,852)**	**(78,060)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**793,939**	**944,654**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

ASSETS	NOTES	DECEMBER 2014	DECEMBER 2013
Current assets			
Cash and cash equivalents	(5)	465,037	315,233
Accounts receivable – net	(7)	440,494	518,018
Inventories – net	(8)	-	2,898
Deferred charges and other assets	(10)	3,051	4,467
TOTAL CURRENT ASSETS		**908,582**	**840,616**
Non-current assets			
Long-term investments – net	(6)	4,619,088	3,933,010
Long-term accounts receivable	(7)	10,411	16,667
Inventories – net	(8)	-	51,967
Property, plant and equipment – net	(9)	2,509,473	2,493,039
Deferred charges and other assets	(10)	389,908	388,814
Reappraisals	(11)	2,891,280	2,542,404
TOTAL NON-CURRENT ASSETS		**10,420,160**	**9,425,901**
TOTAL ASSETS		**11,328,742**	**10,266,517**
Memorandum accounts	(20)		
Debit		3,135,931	2,892,569
Credit		7,732,047	7,470,166

See accompanying notes to Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	DECEMBER 2014	DECEMBER 2013
Current liabilities			
Outstanding bonds	(12)	150,000	-
Financial liabilities	(13)	79,126	7,305
Related parties	(13)	-	45,859
Accounts payable	(15)	91,075	235,833
Labor liabilities	(16)	5,809	12,341
Accrued liabilities and estimated provisions	(17)	96,652	27,728
Other liabilities	(18)	4,927	9,327
TOTAL CURRENT LIABILITIES		**427,589**	**338,393**
Non-current liabilities			
Outstanding bonds	(12)	893,000	1,102,500
Financial liabilities	(13)	261,681	317,768
Related parties	(13)	301,825	244,885
Accounts payable	(15)	25,599	17,211
Labor liabilities	(16)	-	1,483
Accrued liabilities and estimated provisions	(17)	133,919	141,428
Other liabilities	(18)	656,059	655,307
TOTAL NON-CURRENT LIABILITIES		**2,272,083**	**2,480,582**
TOTAL LIABILITIES		**2,699,672**	**2,818,975**

See accompanying notes to Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	DECEMBER 2014	DECEMBER 2013
Equity	(19)		
Subscribed and paid share capital		36,916	36,916
Capital surplus		1,445,509	1,445,509
Reserves		1,195,191	999,186
Revaluation surplus		2,891,280	2,542,404
Surplus from equity method		2,051,464	1,574,834
Equity revaluation		415,645	415,645
Net income		593,065	433,048
TOTAL SHAREHOLDERS' EQUITY		**8,629,070**	**7,447,542**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**11,328,742**	**10,266,517**
Memorandum accounts	(20)		
Credit		7,732,047	7,470,166
Debit		3,135,931	2,892,569

See accompanying notes to Financial Statements

Luis Fernando Alarcón M.
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(See attached certification)

John Bayron Arango V.
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Professional Card No. 34420- T
(See attached certification)

Alba Lucía Guzmán Lugo
Statutory Auditor. Professional Card No. 35265 - T
(See attached report)
Designated by Ernst & Young Audit S.A.S. TR-530

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

	NOTES	DECEMBER 2014	DECEMBER 2013
OPERATING REVENUE	(21)		
Partnership in commendam income		707,563	-
Electric Energy Transmission Services		25,961	848,541
Connection Charges		6,399	98,241
Infrastructure Projects		9,707	10,757
Telecommunications		19,141	18,403
Other operating revenue		12,637	21,186
TOTAL OPERATING REVENUE		**781,408**	**997,128**
OPERATING COSTS AND EXPENSES			
Operating costs	(22)	140,124	383,639
Administration expenses	(23)	79,463	123,941
TOTAL OPERATING COSTS AND EXPENSES		**219,587**	**507,580**
OPERATING INCOME		**561,821**	**489,548**
NON-OPERATING REVENUE (EXPENSES)			
Non-operating revenue	(24)	404,341	373,796
Non-operating expenses	(24)	(206,544)	(313,209)
NON-OPERATING INCOME (LOSS)		**197,797**	**60,587**
INCOME BEFORE TAXES		**759,618**	**550,135**
Income tax provision	(17.2)	166,553	117,087
NET INCOME		**593,065**	**433,048**
NET INCOME PER SHARE	(19)	**535.41**	**390.95**

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos, except for dividend per share that is expressed in Colombian Pesos.

		CAPITAL SURPLUS			RESERVES										
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	Repurchase of own shares	Equity reinforcement	Rehabilitation and replacement of STN assets	Total	Net income	Equity revaluation	Surplus from equity method	Revaluation surplus	TOTAL
Balances at December 31, 2012	**36,916**	**1,428,128**	**17,381**	**1,445,509**	**18,458**	**476,392**	**38,100**	**364,108**	**37,434**	**934,492**	**272,938**	**415,645**	**450,919**	**2,563,287**	**6,119,706**
Transfers approved by the Shareholders' Meeting						47,487		17,207		64,694	(64,694)				-
Dividends declared at COP 188 per share on 1,107,677,894 outstanding shares, payable in one installment in May 2013											(208,244)				(208,244)
Increase in surplus from equity method													1,123,915		1,123,915
Decrease in re-appraisals of the year														(20,883)	(20,883)
Net income at December of 2013											433,048				433,048
Balances at December 31, 2013	**36,916**	**1,428,128**	**17,381**	**1,445,509**	**18,458**	**523,879**	**38,100**	**381,315**	**37,434**	**999,186**	**433,048**	**415,645**	**1,574,834**	**2,542,404**	**7,447,542**
Transfers approved by the Shareholders' Meeting						95,331		100,674		196,005	(196,005)				-
Payment of regular dividends at COP 196 per share on 1,107,677,894 outstanding shares, payable in one installment in July 2014 and extra dividend at COP 18 per share payable in September 2014.											(237,043)				(237,043)
Increase in surplus from equity method													476,630		476,630
Increase in re-appraisals of the year														348,876	348,876
Net income at December of 2014											593,065				593,065
Balances at December 31, 2014	**36,916**	**1,428,128**	**17,381**	**1,445,509**	**18,458**	**619,210**	**38,100**	**481,989**	**37,434**	**1,195,191**	**593,065**	**415,645**	**2,051,464**	**2,891,280**	**8,629,070**

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

	DECEMBER 2014	DECEMBER 2013
CASH FLOW FROM OPERATION ACTIVITIES		
Net income	**593,065**	**433,048**
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	4,909	87,183
Amortization of deferred charges and other assets	86,894	7,469
Amortization of retirement pensions and fringe benefits – net	13,452	17,497
Recovery of allowance for doubtful accounts	(127)	(2,456)
Recovery of investments	7	(241)
Income tax provision	166,553	117,087
Exchange gain/loss revenue	(19,962)	(11,008)
Income from equity method	(240,086)	(142,735)
Interest and commissions accrued	96,442	103,225
Provision (recovery) for protection of inventories	-	300
Loss on retirement of property, plant and equipment	-	519
	701,147	**609,888**
Changes in operating assets and liabilities		
Accounts receivable	119,801	35,891
Inventories	-	1,800

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS
DECEMBER **2014** | DECEMBER **2013**
In millions of Colombian Pesos

	DECEMBER 2014	DECEMBER 2013
Deferred charges and other assets	(7,546)	2,234
Accounts payable	(73,567)	119,943
Labor liabilities	(359)	4,752
Accrued liabilities and estimated provisions	(94,762)	(119,614)
Other liabilities	47,466	121,533
CASH FLOWS IN OTHER OPERATIONS		
Payment of retirement pensions	(9,142)	(12,238)
Payment of taxes and contributions	(115,895)	(200,256)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**567,143**	**563,933**
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Acquisition of long-term investments	(53,152)	(58,532)
Dividends received	170,115	120,974
Deferred charges and other assets variation	(143,711)	(231,047)
NET CASH USED IN INVESTMENT ACTIVITIES	**(26,748)**	**(168,605)**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS
DECEMBER **2014** | DECEMBER **2013**
In millions of Colombian Pesos

	DECEMBER 2014	DECEMBER 2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received in cash	13,221	14,462
Interest paid in cash	(99,577)	(115,787)
Dividends paid	(237,043)	(208,244)
Payment of financial liabilities	(7,692)	(7,248)
Payment of bonds	(59,500)	(218,865)
Increase in related parties loans	-	1
Bond issues	-	220,000
NET CASH USED IN FINANCING ACTIVITIES	**(390,591)**	**(315,681)**
INCREASE IN CASH AND CASH EQUIVALENTS – NET	**149,804**	**79,647**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**315,233**	**235,586**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**465,037**	**315,233**

See accompanying notes to Financial Statements

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS (DETAILED BY ACCOUNT)

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

	NOTES	DECEMBER 2014			DECEMBER 2013		
		SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
ASSETS							
Cash		10	-	10	100	-	100
Deposits in financial institutions		170,655	-	170,655	137,067	-	137,067
Liquidity management investments in debt securities		293,729	-	293,729	176,858	-	176,858
Liquidity management investments in equity securities		643	-	643	1,208	-	1,208
Cash and cash equivalents	(5)	**465,037**	**-**	**465,037**	**315,233**	**-**	**315,233**
Equity investments in non-controlled entities		-	27,669	27,669	-	24,642	24,642
Equity investments in controlled companies		-	4,601,176	4,601,176	-	3,918,118	3,918,118
Provision for investment protection (cr)		-	(9,757)	(9,757)	-	(9,750)	(9,750)
Investments and derivatives	(6)	**-**	**4,619,088**	**4,619,088**	**-**	**3,933,010**	**4,111,076**
Services rendered		492	-	492	1,337	-	1,337
Public utilities		6,711	-	6,711	90,981	-	90,981
Advances and pre-payments		4,732	-	4,732	15,339	-	15,339
Advances or credit balances for taxes and contributions		5,470	-	5,470	7,461	-	7,461
Funds given under administration		32,378	-	32,378	106,030	-	106,030
Deposits as guarantees		242	-	242	242	-	242
Other accounts receivable		391,184	10,411	401,595	297,427	16,667	314,094
Doubtful accounts receivable		7,910	-	7,910	7,953	-	7,953

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS (DETAILED BY ACCOUNT)

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

	NOTES	DECEMBER 2014			DECEMBER 2013		
		SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
ASSETS							
Allowance for doubtful accounts (cr)		(8,625)	-	(8,625)	(8,752)	-	(8,752)
Accounts receivable	(7)	**440,494**	**10,411**	**450,905**	**518,018**	**16,667**	**534,685**
Materials to render services		-	-	-	2,898	52,274	55,172
Provision for inventory protection (cr)		-	-	-	-	(307)	(307)
Inventories	(8)	**-**	**-**	**-**	**2,898**	**51,967**	**54,865**
Land		-	-	-	-	20,369	20,369
Constructions in progress		-	93,182	93,182	-	190,246	190,246
Machinery, plant and equipment in assembly		-	17,802	17,802	-	19,508	19,508
Un-exploited property, plant and equipment		-	10,371	10,371	-	10,377	10,377
Buildings		-	-	-	-	105,745	105,745
Plants, ducts and tunnels		-	62	62	-	1,528,990	1,528,990
Networks, lines and cables		-	36,319	36,319	-	2,234,412	2,234,412
Machinery and equipment		-	-	-	-	45,343	45,343
Furniture, fixtures and office equipment		-	-	-	-	19,622	19,622
Computer and communications equipment		-	-	-	-	22,922	22,922
Transport, traction and lifting equipment		-	-	-	-	3,576	3,576
Investment property		-	-	-	-	3,532	3,532
Accumulated depreciation (cr)		-	(12,343)	(12,343)	-	(1,702,682)	(1,702,682)

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS (DETAILED BY ACCOUNT)

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

	NOTES	DECEMBER 2014			DECEMBER 2013		
		SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
ASSETS							
Assets in possession of third parties		-	4,094,351	4,094,351	-	-	-
Accumulated amortization of assets in possession of third parties (cr)		-	(1,721,357)	(1,721,357)	-	-	-
Provision for protection of property, plant and equipment (cr)		-	(8,914)	(8,914)	-	(8,921)	(8,921)
Property, plant and equipment	(9)	**-**	**2,509,473**	**2,509,473**	**-**	**2,493,039**	**2,493,039**
Prepaid assets and services		3,051	-	3,051	4,467	-	4,467
Deferred charges		-	60,894	60,894	-	71,454	71,454
Assets in possession of third parties		-	26,387	26,387	-	3,383	3,383
Accumulated amortization of assets in possession of third parties (cr)		-	(22,242)	(22,242)	-	(626)	(626)
Works and improvements in third party's property		-	1,566	1,566	-	-	-
Trust rights		-	11,323	11,323	-	7,552	7,552
Intangibles		-	377,944	377,944	-	388,722	388,722
Intangibles' accumulated amortization (cr)		-	(65,964)	(65,964)	-	(81,672)	(81,672)
Reappraisals	(11)	-	2,891,280	2,891,280	-	2,542,404	2,542,404
Other assets	(10)	**3,051**	**3,281,188**	**3,284,239**	**4,467**	**2,931,218**	**2,935,685**
TOTAL ASSETS		**908,582**	**10,420,160**	**11,328,742**	**840,616**	**9,425,901**	**10,266,517**

See accompanying notes to Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS (DETAILED BY ACCOUNT)

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

	NOTES	DECEMBER 2014			DECEMBER 2013		
		SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
LIABILITIES							
Long-term public credit domestic operations	(12) y (13)	220,056	1,141,075	1,361,131	-	1,402,006	1,402,006
Long-term public credit foreign operations	(13)	9,070	13,606	22,676	7,305	18,263	25,568
Public credit operations and central bank financing		**229,126**	**1,154,681**	**1,383,807**	**7,305**	**1,420,269**	**1,427,574**
Long-term domestic financing operations		-	244,884	244,884	-	244,884	244,884
Long-term foreign financing operations		-	56,941	56,941	45,859	-	45,859
Financing and derivatives operations	(13)	**-**	**301,825**	**301,825**	**45,859**	**244,884**	**290,743**
Acquisition of domestic goods and services		20,004	-	20,004	52,111	-	52,111
Acquisition of foreign goods and services		174	-	174	2,550	-	2,550
Interest payable		19,371	22,087	41,458	19,126	12,817	31,943
Creditors		33,351	-	33,351	2,327	-	2,327
Withholding and stamp tax		2,963	-	2,963	5,911	-	5,911
Taxes, contributions and duties payable		1,283	-	1,283	46,180	-	46,180
Value added tax - VAT		573	-	573	614	-	614
Advances and pre-payments received		-	2,553	2,553	-	3,699	3,699
Funds received under administration		13,356	-	13,356	107,014	-	107,014
Deposits received as guarantees		-	959	959	-	695	695
Accounts payable	(15)	**91,075**	**25,599**	**116,674**	**235,833**	**17,211**	**253,044**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS (DETAILED BY ACCOUNT)

DECEMBER **2014** | DECEMBER **2013**

In millions of Colombian Pesos

	NOTES	DECEMBER 2014			DECEMBER 2013		
		SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
LIABILITIES							
Salaries and labor benefits		5,450	-	5,450	11,982	1,483	13,465
Pensions and fringe benefits payable		359	-	359	359	-	359
Labor and social security liabilities	(16)	**5,809**	**-**	**5,809**	**12,341**	**1,483**	**13,824**
Provision for fiscal liabilities		71,094	-	71,094	115	-	115
Provision for contingencies		16,298	-	16,298	15,863	-	15,863
Provision for labor benefits		220	-	220	964	-	964
Provision for pensions		-	93,001	93,001	-	90,783	90,783
Miscellaneous provisions		9,040	40,918	49,958	10,786	50,645	61,431
Estimated liabilities	(17)	**96,652**	**133,919**	**230,571**	**27,728**	**141,428**	**169,156**
Collections for third parties		446	-	446	566	-	566
Advance revenues		4,481	-	4,481	8,761	-	8,761
Deferred credits		-	656,059	656,059	-	655,307	655,307
Other liabilities	(18)	**4,927**	**656,059**	**660,986**	**9,327**	**655,307**	**664,634**
TOTAL LIABILITIES		**427,589**	**2,272,083**	**2,699,672**	**338,393**	**2,480,582**	**2,818,975**
INSTITUTIONAL EQUITY							
Subscribed and paid share capital		-	36,916	36,916	-	36,916	36,916
Additional paid-in capital		-	1,428,128	1,428,128	-	1,428,128	1,428,128
Reserves		-	1,195,191	1,195,191	-	999,186	999,186
Year's results		-	593,065	593,065	-	433,048	433,048

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS (DETAILED BY ACCOUNT)

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos

	NOTES	DECEMBER 2014			DECEMBER 2013		
		SHORT TERM	LONG TERM	TOTAL	SHORT TERM	LONG TERM	TOTAL
LIABILITIES							
Surplus from gifts		-	17,381	17,381	-	17,381	17,381
Revaluation surplus		-	2,891,280	2,891,280	-	2,542,404	2,542,404
Surplus from equity method		-	2,051,464	2,051,464	-	1,574,834	1,574,834
Equity revaluation		-	415,645	415,645	-	415,645	415,645
TOTAL INSTITUTIONAL EQUITY	(19)	**-**	**8,629,070**	**8,629,070**	**-**	**7,447,542**	**7,447,542**
LIABILITIES + EQUITY		**427,589**	**10,901,153**	**11,328,742**	**338,393**	**9,928,124**	**10,266,517**
Memorandum accounts	(20)						
Contingent rights		-	31,523	31,523	-	41,111	41,111
Fiscal debit accounts		-	3,102,889	3,102,889	-	2,849,937	2,849,937
Control debit memorandum accounts		-	1,520	1,520	-	1,520	1,520
Debit accounts (cr)		**-**	**3,135,932**	**3,135,932**	**-**	**2,892,568**	**2,892,568**
Contingent liabilities		-	6,206,381	6,206,381	-	6,068,599	6,068,599
Fiscal credit accounts		-	153,120	153,120	-	168,068	168,068
Control credit accounts		-	1,372,546	1,372,546	-	1,233,499	1,233,499
Credit accounts (db)		**-**	**7,732,047**	**7,732,047**	**-**	**7,470,166**	**7,470,166**

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY (DETAILED BY ACCOUNT)

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

	NOTES	DECEMBER 2014	DECEMBER 2013
REGULAR ACTIVITIES			
OPERATING REVENUE			
Sale of services			
Energy service		37,523	951,876
Other services		749,048	50,350
Returns, rebates and discounts in sale of services (db)		(5,163)	(5,098)
Sale of services	(21)	**781,408**	**997,128**
Other operating revenue			
Financial		66,544	35,468
Adjustment for exchange gain/loss		76,397	46,534
Income from equity method		249,348	284,874
Other operating revenue	(24)	**392,289**	**366,876**
TOTAL OPERATING REVENUE		**1,173,697**	**1,364,004**
OPERATING AND SALES COSTS			
Cost of Sales of Services			
Public utilities		115,584	353,005
Other services		24,540	30,634
Cost of Sales of Services	(22)	**140,124**	**383,639**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY (DETAILED BY ACCOUNT)

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

	NOTES	DECEMBER 2014	DECEMBER 2013
Administration expenses			
Wages and salaries		17,301	34,800
Contributions charged		15,518	20,745
Actual contributions		6,401	11,763
Contributions on payroll		439	941
General		26,218	43,970
Taxes, contributions and duties		3,237	2,695
Administration expenses	**(23)**	**69,114**	**114,914**
Provisions, depreciation and amortization			
Provision for protection of investments		7	-
Allowance for doubtful accounts		68	170
Provision for inventory protection		-	300
Provision for contingencies		1,810	2,189
Depreciation of property, plant and equipment		50	1,285
Amortization of intangibles		8,414	5,083
Provisions, depreciation and amortization	**(23)**	**10,349**	**9,027**
Administration expenses and provisions, depreciation and amortization	**(23)**	**79,463**	**123,941**
Subtotal		**219,587**	**507,580**

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

STATEMENTS OF FINANCIAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL ACTIVITY (DETAILED BY ACCOUNT)

DECEMBER 2014 | DECEMBER 2013

In millions of Colombian Pesos, except for net income per share that is expressed in Colombian Pesos

	NOTES	DECEMBER 2014	DECEMBER 2013
Other operating expenses			
Interest		109,092	117,994
Commissions		634	577
Adjustment for exchange gain/loss		59,778	36,387
Financial		19,346	13,087
Loss from equity method		9,262	142,139
Other operating expenses	(24)	**198,112**	**310,184**
TOTAL OPERATING COSTS AND EXPENSES		**417,699**	**817,764**
OPERATING SURPLUS		**755,998**	**546,240**
NON-OPERATING RESULTS			
Other regular revenue		1,865	753
Other regular expenses		4,824	515
NON-OPERATING SURPLUS	(24)	**(2,959)**	**238**
TOTAL SURPLUS FROM REGULAR ACTIVITIES		**753,039**	**546,478**
EXTRAORDINARY REVENUES (EXPENSES)			
Extraordinary revenues			
Extraordinary		7,473	5,007

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	NOTES	DECEMBER 2014	DECEMBER 2013
Prior years adjustment		2,714	1,159
TOTAL EXTRAORDINARY REVENUE	(24)	**10,187**	**6,166**
Extraordinary expenses			
Extraordinay		-	85
Prior years adjustment		3,608	2,424
TOTAL EXTRAORDINARY EXPENSES	(24)	**3,608**	**2,509**
EXTRAORDINARY ITEMS		**6,579**	**3,657**
INCOME BEFORE TAXES		**759,618**	**550,135**
Provision for fiscal liabilities	(17.2)	166,553	117,087
NET INCOME		**593,065**	**433,048**
NET INCOME PER SHARE		**535.41**	**390.95**

See accompanying notes to Financial Statements

Luis Fernando Alarcón M.
Chief Executive Officer
(See attached certification)

John Bayron Arango V.
Chief Accounting Officer
Professional Card No. 34420- T
(See attached certification)

Alba Lucía Guzmán Lugo
Statutory Auditor. Professional Card No. 35265 - T
(See attached report)
Designated by Ernst & Young Audit S.A.S. TR-530

I. GENERAL NOTES

NOTE 1: CORPORATE PURPOSE

Interconexión Eléctrica S.A. E.S.P. –ISA– was incorporated by public deed No. 3057 of the Notary Public Office No. 8 of Bogotá on September 14, 1967.

On November 22, 1996, by Public Deed No. 746 of the Single Notary Public Office of Sabaneta, ISA changed its legal nature to a mixed-ownership public utility corporation of the national order, with indefinite term, ascribed to the Ministry of Mines and Energy, and subject to the legal regime established by Law 142 of 1994. This process was completed on January 15, 1997, with the arrival of private investment.

As provided by the Constitutional Court in decision C-736 of September 19, 2007, ISA has a special legal nature and is defined as a decentralized mixed-ownership public utility company that is part of the executive branch under a special legal regime of private law.

ISA's corporate purpose is[1]:

- The delivery of the public service of electric energy transmission as established in Laws 142 and 143 of 1994 and any regulations amending or replacing them, as well as delivery of ancillary, supplementary and related services under the legal and regulatory framework in force.
- The development of telecommunications systems, activities and services.
- The direct and indirect participation in activities and services related to the transport of other energy sources.
- The delivery of technical and non-technical services in activities related to its corporate purpose.
- The development of infrastructure projects and their commercial exploitation, as well as the execution of activities related to the exercise of engineering under the terms of Law 842 of 2003 and the rules supplementing, amending or substituting them.
- The investment in national or foreign companies whose purpose is the exploitation of any licit economic activity; the investment in real estate

1 The Shareholders' Meeting held on March 28, 2014 approved modification to the corporate purpose through amendment to the bylaws so as to adjust the corporate bylaws to the company's new reality in relation to the corporate head office's roles and responsibilities and the parent company's basic functions.

and personal property; and the investment in shares, participation rights, bonds, commercial papers or fixed-income or variable-income documents listed in the securities market or any other modality foreseen in the law that permits investment of funds.

- The management of the Economic Group's companies through definition of strategic, organizational, technical, and financial guidelines, among others.

DIRECTION AND MANAGEMENT

As to direction and management, the company has directive and administrative bodies that legally and statutorily set the guidelines for its corporate endeavors and execute and carry out every act in pursue of its corporate purpose.

The Shareholders' Meeting is the company's upper directive body, consisting of every natural and legal person that holds subscribed shares, either present or represented, gathered in regular or special meetings.

The company's administration consists of the Board of Directors, the Chief Executive Officer, the Vice Presidents and the Directors.

The Board of Directors occupies second position after the Shareholders' Meeting and before the Legal Representative. It is an administrative body for cooperation with the legal representative that circumscribes its activities to achieving compliance with the goals for which the company was established.

The Chief Executive Officer is in charge of carrying out the decisions and orders of the Shareholders' Meeting and the Board of Directors, conducts and administers the company, and holds its legal representation. The Chief Executive Officer has three alternates appointed by the Board of Directors that replace him(her) in his(her) absolute, temporary or accidental absences.

In the company's hierarchical structure and depending from the Chief Executive Officer, the area vice presidencies, corporate directions, secretary general and corporate audit have as their mission ensuring the permanence, profitability and integrated growth of the organization by means of the strategic direction. These areas are responsible for creating conditions for human talent development and integral satisfaction, assuring efficient use of the organization's resources through application of cost-benefit criteria, and guaranteeing creation of economic value for the company.

BRANCHES

Perú ISA Branch

ISA established a branch in Peru on September 4, 2002. The Board of Directors of ISA, in meeting No. 737 of August 30, 2013, approved dissolution of the Peru Branch. After filing with the Superintendencia Nacional de los Registros Públicos (National Superintendency of Public Registry, SUNARP, for its Spanish initials) and the Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal Administration, SUNAT, for its Spanish initials) the name of the branch office was changed to "In Liquidation".

After conducting required proceedings, extinction of the branch office was filed with SUNARP on April 15, 2014, and on August 19, 2014, SUNAT removed its registration as tax payer.

Argentina ISA Branch

ISA established a branch in Argentina on January 24, 2007. Creation of this branch originated in the fact that corporations incorporated outside of Argentina willing to have a business presence in that country must have a registered office there. This branch was not in commercial operation, reason why its registry with the General Justice Inspection was canceled on November 3, 2014.

NOTE 2: BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 INDIVIDUAL FINANCIAL STATEMENTS

These individual financial statements of ISA are the basis for dividend distributions and other appropriations; assets, liabilities, equity or results of subsidiaries are not consolidated. However, for legal reasons the Company is required to present separate consolidated financial statements to the annual Shareholders' Meeting for approval.

The company's bylaws mandate account closing, as well as preparation and disclosing of its general-purpose financial statements, once a year, on December 31.

2.2 CLASSIFICATION OF ASSETS AND LIABILITIES

Assets and liabilities are classified according to their use or degree of realization, demand or liquidation, in terms of time and value. Accordingly, current assets and liabilities (short-term) are understood as such amounts that will be realizable or callable, respectively, within a term not longer than one year.

2.3 ADJUSTMENTS FOR INFLATION

Until December 31, 2000, non-monetary assets and liabilities and shareholders' equity, except for the surplus from revaluation of assets and income statement accounts, were monetarily updated on a prospective basis, using general consumer-price index (or Tax Year's Adjustment Percentages, PAAG, for its Spanish initials). The adjustments were recorded in the income statement's monetary correction account. As of January 1, 2001 the Colombian General Accounting Office (CGN), through Resolution No. 364 of November 29, 2001, suspended the system of integral inflation adjustments for accounting effects, without reverting the inflation adjustments accounted until December 31, 2000.

According to Resolution No. 041 of 2004 and to External Circular Letter No. 056 of 2004, issued by the Colombian General Accounting Office, inflation adjustment accounts were eliminated from the General Plan of Public Accounting as part of the cost, thereby obligating to incorporate accumulated amounts for adjustments until 2000. In order to comply with regulations in force, since 2001, integral inflation adjustments continue to be applied for tax effects, giving rise to accounting differences that are recorded in the tax memorandum accounts. Law 1111 of 2006 derogated integral inflation adjustments for tax effects beginning in fiscal year 2007. (See Note 3.10.2)

2.4 MATERIALITY

Recognition and presentation of economic facts are made according to their relative importance.

An economic fact is material when due to its nature or amount, knowing or not knowing it, considering the circumstances, could significantly change the economic decisions of the users of that information.

In preparing the financial statements, it was determined for presentation purposes that an event would be material if it represented 5% of total assets, current assets, total liabilities, current liabilities, working capital, equity, or income.

NOTE 3: SUMMARY OF MAIN ACCOUNTING POLICIES AND PRACTICES

For the preparation and presentation of its financial statements, the company, as required by law, observes the Public Accounting General Plan defined by the Colombian General Accounting Office, the accounting regulations issued by the Superintendency of Domiciliary Public Utilities (SSPD) and other applicable regulation.

For keeping, preservation and custody of the accounting books and supporting documents, the regulation applicable to support documents, vouchers, and accounting books, established by the CGN, is observed.

The company's financial statements are identified, classified, registered, valued, prepared and disclosed in accordance with the accounting principles of the CGN contained in Resolutions No. 354, 355 and 356 of September 5 of 2007, as amended, through which the Public Accounting Regime (RCP, for its Spanish initials) was implemented in order to harmonize its provisions with the criteria established by International Public Sector Accounting Standards (IPSAS).

Certain accounting principles applied by the company according to accounting principles generally accepted in Colombia (GAAP), could disagree with the accounting principles generally accepted in other countries.

Following is a description of the main accounting policies and practices adopted by the company:

3.1 FOREIGN CURRENCY TRANSLATION AND BALANCES

The monetary unit used by the Company is the Colombian Peso. Transactions in foreign currency are recorded at the applicable exchange rates in force on the date of the transaction. At the close of each year, balances of assets and liabilities accounts are adjusted to current exchange rates (See Note 4). Exchange gains/losses resulting from asset balances (other than controlled investments abroad) are recorded in the income statement. With regard to liability accounts, only exchange gains/losses that are not imputable to costs of acquisition of assets are recorded in the income statement. Exchange gains/losses are imputable to the acquisition cost of assets while such assets are under construction or installation, and until they become operational.

3.2 CASH AND CASH EQUIVALENTS

For purposes of preparing the statement of cash flows, marketable investments are considered to be cash equivalents since they can easily be converted into cash.

3.3 INVESTMENTS

Investments are recorded at cost and are updated in accordance with the intention of realization, the availability of market information, and the degree of control held over the issuing entity by applying methodologies that approximate their value to economic reality. Methodologies to update their value include Stock Exchange quotes, net present value to determine market price or the security's internal rate of return, the equity method, and the cost method.

The Public Accounting Regime establishes that for matters of their valuation, the company's investments are classified in three categories: i) investments for liquidity management, ii) investments for policy purposes and iii) equity investments.

In the financial statements, investments are classified as marketable and long-term, and they are reported respectively within current and non-current assets. The former include investments for liquidity management, and the latter, investments with policy purposes and equity investments in controlled and non-controlled companies.

INVESTMENTS FOR LIQUIDITY MANAGEMENT

Liquidity management investments in debt titles and securities, as well as derivatives with the purpose of obtaining earnings from short-term price fluctuations, are initially recorded at cost and are updated monthly through methodology issued by the Colombian Financial Superintendency. Changes arising from each valuation made in investments for liquidity management are recognized in the income statement.

INVESTMENTS WITH POLICIES PURPOSE

Investments with policies purpose include debt securities issued by local or foreign entities acquired in compliance with macroeconomic policies or the Company's internal policies.

Investments for compliance with macroeconomic policies correspond to debt titles acquired under agreed or mandatory subscription.

Investments to comply with the entity's internal policies include investments held to maturity and investments for sale, the latter understood as investments held for at least one year. In both cases, the intention to hold the securities during the stated term, as well as the legal, contractual, financial and operative capacity, are required.

Investments held to maturity are updated on the basis of the internal rate of return foreseen in the methodologies adopted by the Colombian Financial Superintendency.

EQUITY INVESTMENTS

Equity investments correspond to funds placed in equity securities of national and international entities, represented by shares or participation rights that may permit the company to control, share control or exercise significant influence on the decisions of the issuer.

a. Equity investment in controlled companies

Equity investments in controlled companies include investments made with the intention of exercising or sharing control, as well as those in which the company exercises significant influence. These investments are updated by the equity method, according to CGN Resolution No. 356 of 2007 and its amendments.

Under the equity method investments in subordinate companies are recognized at cost and subsequently adjusted as follows:

- Credit or charge to the investment's cost equal to the participation of the company in net profits and losses of the subsidiary, with a matching entry in the income statement.

- Credit or charge to the investment equal to the participation of the company in the subsidiary's equity variation with a matching entry in the surplus from equity method account in the event of an increase; in the event of a decrease, as surplus from equity method, until its exhaustion, and the excess charged to the income statement, except when originated in equity variations from translation effect and the effective portion of earnings and losses obtained from valuation of foreign entities derivatives, resulting from accounting of the hedging.

- Credit or charge to the investment equal to the amount of dividends received from the subsidiary that correspond to periods during which ISA applied the equity method.

If the difference between intrinsic value and book value of the investment recorded on equity basis is:

- Positive, re-appraisal of assets is increased, and the revaluation surplus included in the equity accounts is credited.

- Negative, re-appraisal of assets is decreased with a charge to revaluation surplus until its exhaustion. Any additional deficit is recognized in the income statement as a loss.

Investments in subordinate companies abroad are recorded on the basis of their financial statements at December 31 of each year, translated into Colombian Pesos, using the United States Dollar as functional currency. Accordingly, when translating financial statements, the following principles are observed: balance sheet items are calculated using the closing exchange rate; income statement items are calculated using the accumulated average exchange rate for each month's closing; net effect with respect to closing rate is recognized as translation adjustment in equity.

b. Equity investments in non-controlled companies

The other variable-income equity investments in non-controlled companies that are not listed in stock exchanges or have low or minimal market capitalization, are recorded at cost plus the dividends received in shares. If at year's end, the intrinsic value of investments is greater than the book

value, a charge is recorded in the re-appraisals account with a contra entry in re-appraisal surplus in equity; otherwise, the re-appraisal established is decreased until its exhaustion, and beyond that value, a provision is charged to the income statement.

3.4 DERIVATIVE INSTRUMENTS FOR HEDGING PURPOSES

In order to reduce exposure to exchange rate and interest rate fluctuations of financial liabilities with local and international commercial banks and multilateral agencies and of bond issues, among others, the company uses derivative instruments such as swaps, forwards and options.

According to the rules issued by the Colombian General Accounting Office, derivative instruments for hedging purposes are recognized for the amount of the right or of the liability on the date of commencement of the contract, are monthly updated using methodologies of recognized technical value, and the difference is recorded as derivative valuation revenue or expense, as the case may be.

3.5 ALLOWANCE FOR DOUBTFUL ACCOUNTS

On each quarter's closing date, the associated credit risk of the accounts receivable from customers and other debtors is examined in order to determine the respective allowances, which include percentages between 10% and 100%, according to aging analysis and evaluations of the collection of individual accounts, in accordance with the following criteria:

Type	Description	Expiration	Provision (%)
A	Low-risk accounts receivable	90-180 days	10
		181-360 days	40
		>= 361 days	100
B	Doubtful accounts	31-90 days	20
		91-180 days	50
		>= 181 days	100

For the debts of companies subject to reorganization or under liquidation, the allowance for doubtful accounts must be adjusted to one hundred percent (100%) of nonperforming accounts receivable, regardless of debt age.

3.6 INVENTORIES

In January of 2014, the inventories of the company were contributed to subsidiary INTERCOLOMBIA S.A. E.S.P., which continued with their administration.

Inventories are recorded at cost, and at end of the year, through a provision charged to the income statement, are reduced to their sale value, if it is lower than their book value. Spare parts, materials and other consumables are valued by the weighted average method.

On the basis of the technical analysis of obsolescence and deterioration, a provision is registered for inventory protection.

3.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, which, where relevant, may include:

a) Financing costs associated to acquisition and construction of assets not in operational conditions and,
b) Until year 2000, they include inflation adjustments on costs, excluding capitalized exchange gains/losses and the portion of capitalized interest corresponding to inflation.

Sales and retirements of such assets are discharged at their respective net adjusted cost, and differences between sale price and net adjusted cost are recorded in the income statement.

A component of a fixed asset is an element that can be regarded as a part of another asset, but due to its own features, because of the function it serves, and the type of strategies or activities developed along its technical service life, can be treated as an independent asset.

In 2012, the company developed a new methodology for calculation of remaining useful life of assets based on the deterioration index of each asset associated with an instantaneous failure rate, in turn associated with its effective age. The aging rate is calculated on the basis of the actual age; life expectation and remaining life are then calculated on the basis of international survival curves. This methodology has permitted to obtain more reliable values for estimates of remaining life of assets that are very useful for assets renewal plan and their valuation.

For the useful life of assets, the model took as reference the document “Assets management, experiences in the calculation of useful life and impact of assets survival in the development of electric systems” (presented at the XIII Ibero American Symposium CIGRE 2009). This study has compiled over 160 databases of fixed assets of power sector companies in ten Latin American countries.

Depreciation is calculated over the asset’s cost by the straight-line method, based on the estimated useful life of assets. Below is the estimated useful life of assets for 2013 and 2014:

Asset / Component	Useful Life
Transmission lines	63
Buildings	100
Fiber optics	25
Machinery and equipment	15
Telecommunications equipment	15
Furniture, office equipment, laboratory equipment	10
Communications equipment	10
Transport, traction and lifting equipment	10
Supervision and Switching Center's equipment	6
Computer equipment and accessories	5
Substation components	
Battery bank	15
Charger	15
SAS components	15
Condensers	25
SVC condensers	25
Series compensation control	15
SVC control	15
Converter	15
Current Transformer	39
Breaker	40

Asset / Component	Useful Life
Inverter	15
Lines (Substations' grounding nets)	63
Lightning arrester	30
Diesel plant	30
Telephone exchange	15
Power Line Carrier	15
Power Transformer	39
Reactor	32
SVC reactors	30
Sequence of events recorder	15
Protection relays	15
Remote Terminal Unit	15
Fire system	20
Main breaker	40
Sensors (Atmospheric Discharge Information System)	15
SubMovil	25
Teleprotection	15
Power Transformer	40
SVC Thyristor Valve	18
Voltage Quality	15

Maintenance expenditures of these assets are charged to the income statement, while improvements and additions are added to their costs, since they increase useful life, expand productive capacity and operational efficiency, improve service quality, and permit significant cost reduction.

Repairs required because of attacks to the electric infrastructure are recorded as expenses of the period when the attacks occur and do not increase the useful life originally assigned to the assets. Due to the difficulties to insure this type or risk, these damages are accrued in the financial statements as they occur and are not recorded on estimate basis. Management, in accordance with their historical experience of losses by attacks and the country's political and security circumstances, includes in the annual budget the resources considered enough to cover such losses.

Real property intended for generation of revenues from rent is recorded as investment property.

Assets not being used in operations are classified as non-exploited assets, and their depreciation is suspended.

According to the partnership in commendam contract subscribed between ISA and its subsidiary INTERCOLOMBIA, ISA contributed the right of use and commercial exploitation of the electric assets that make up its network; for this reason, property, plant and equipment for 2014 are recorded in the 'assets delivered to third parties' account. This situation does not apply to fiber optics assets that were not contributed under the partnership in commendam contract since they are part of another contract executed between ISA and its affiliate INTERNEXA S.A.

3.8 DEFERRED CHARGES AND OTHER ASSETS

Deferred charges and other assets include prepaid expenses, deferred charges and other assets. Prepaid expenses include, mainly, monetary items such as insurance premiums, among others, which are amortized according to the validity period of respective policies or the time in which benefits are expected to be received.

Deferred charges and other assets include, among others, bond underwriting commissions and share issue costs, which are amortized on a straight-line basis or through a methodology of acknowledged technical value that reflects the amortization conditions during the periods over which their benefits are expected to be received.

Software and licenses were also contributed to the partnership in commendam contract subscribed between ISA and its subsidiary INTERCOLOMBIA.

The policy related to intangibles is summarized below:

	Useful Life	Amortization method	Internally generated or acquired
Easements	Indefinite	Not amortized	Acquired
Rights of use	Term of the contract	Straight line	Acquired
Software/ Licenses	Finite	Straight line	Acquired
Goodwill	Indefinite	Not amortized	Acquired
	Finite	Straight line	Acquired
Research / Development	Finite	Straight line	Acquired

3.9 RE-APPRAISALS

Re-appraisals that are part of assets and equity include:

3.9.1 The excess of the valuation (appraisals) of the main components of property, plant and equipment over per-books net cost. Such appraisals were determined by independent appraisers, in the case of real-estate property; by their market value, in the case of transport equipment; and based on technical studies developed by employees of the Company, in the case of other assets. These valuations shall be made at least every three years, or when market conditions indicate that such amounts have materially changed. (See Note 11).

3.9.2 The excess of intrinsic value of long-term investments over their net cost.

3.10 CURRENT INCOME TAX AND DEFERRED TAX

The company determines the provision for income tax and surtax and the income tax for equity purposes (CREE, for its Spanish initials) on the basis of the highest between taxable income and presumptive income estimating it at rates determined by the tax law; additionally, it records as deferred income tax the effect of temporary differences between books and fiscal figures, provided there is reasonable expectation that such differences will revert in the future.

The provision for income tax taken to results includes both the tax on the period's taxable income, and the deferred value of income tax.

3.10.1 CURRENT TAX

The provision for income tax and surtax, as well as income tax for equity purposes (CREE) of reporting period, are calculated according to tax law in force, applying the tax rates specified in the law. (See Note 17.2).

3.10.2 DEFERRED TAXES

Deferred income tax is recognized on the temporary differences between the income determined in the financial statements and the corresponding fiscal bases used to determine fiscal income.

The credit deferred tax is the lesser current tax calculated during the period, resulting, mainly, from the excess of tax depreciation and amortization over per-books depreciation and amortization, when useful life, depreciation and amortization methods for tax purposes differ from accounting ones, for which differences are expected to be reverted in the future.

The debit deferred tax represents the temporary differences that have generated a higher amount of current income tax. Basically, this includes inflation adjustments on non-monetary depreciable and amortizable assets, balances of allowances for doubtful accounts, retirement payments to pensioners, and health, education and other benefits, among others, for which differences are expected to be reverted in the future.

Starting 2010 and until 2014, the company has recorded deferred tax on exchange gain/loss of investments abroad. As a result of the issuance of Law 1739 of 2014, the exchange gain/loss of investments will not be part of the taxable basis of income tax and CREE, and therefore it will not give rise to recognition of deferred tax.

The balance of deferred taxes must be subjected to revision at the end of every reporting period and it must be reduced whenever it is estimated as probable that there will not be enough future fiscal income to allow its recovery in whole or in part.

According to Opinion No. 20061-57086 of CGN of January 31, 2006, the company has autonomy in defining the accounting principles regarding deferred tax. Accordingly, ISA has considered as temporary differences that result in the accrual of deferred tax, among others, the one resulting from inflation adjustments recognized only for tax effects on depreciable fixed assets, since these generated a greater fiscal revenue from monetary correction in the period of adjustment, increasing the payable income tax recoverable during the following years as the fixed assets are depreciated (See Notes 10 and 17.2).

3.11 LABOR LIABILITIES

Labor liabilities are adjusted at the end of each period on the basis of legal provisions and labor agreements in force. An actuarial study is conducted every year to determine pension liability, future health and education benefits and retirement payments to pensioners. Retirement pension payments are charged to the actuarial estimate account.

With respect to amortization of retirement pension liabilities for Colombian subsidiaries, it must correspond to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set by regulation in force, applicable to each particular entity, and counted from the actuarial estimate closing date. For ISA, maximum time provided for by regulation is 30 years starting on December 31, 1994

With respect to the amortization methodology for the actuarial estimate of aids and benefits, for 2012, the company decided to use the same term provided in Resolution No. 356 of 2007, issued by the General Accounting Office. Until 2011 they were 100% amortized (See Note 17.1).

In the case of the associates covered by the social security regime (Law 100 of 1993), the company sees to its retirement pension obligations through payment of contributions to pension funds under the terms and conditions mandated by that law.

3.12 DEFERRED REVENUES AND OTHER LIABILITIES

Revenues received in advance and deferred revenues are recognized when rights or benefits have been received that are susceptible of becoming revenues in the periods when the consideration for the services by the company effectively takes place. Usage rights not accrued because their respective costs have not been incurred or because the commitments that make the company a revenue creditor have not been fulfilled, are recognized as deferred revenues. These deferred revenues are amortized over the periods along which they accrue.

Until 2013, amounts received to remunerate recovery of investments executed along UPME bids were recognized as deferred revenues. Starting 2014, these deferred revenues are recognized as operating revenue in INTERCOLOMBIA, who is currently the representative to the CREG of the bids assets.

3.13 NET INCOME PER SHARE

Net income per share is calculated on the annual weighted average number of outstanding shares.

3.14 RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

Certain amounts included in the financial statements at December 31, 2013 were reclassified to conform to the presentation of the financial statements for 2014.

3.15 MEMORANDUM ACCOUNTS

Memorandum accounts include loans contracted but not disbursed, contingencies resulting from claims and lawsuits, and guarantees established under loan agreements. They also include temporary and permanent differences between accounting and fiscal amounts, which will be reasonably reverted in time, and allow preparation of specific-purpose reports, respectively.

Non-monetary memorandum accounts were adjusted for inflation until December 31 of 2000, with charge to a contra memorandum account.

3.16 RECOGNITION OF REVENUE, COSTS AND EXPENSES

Revenue, costs and expenses are recorded on an accrual basis. Revenues of the partnership in commendam contract are recognized according to the monthly settlement made by subsidiary INTERCOLOMBIA, on the basis of the distribution percentages agreed in the contract.

Revenue from service provision is recognized during the contractual period or when services are rendered.

Revenues from project construction services are recognized in the income statement in accordance with the proportion of the contract's costs executed until that date with respect to the total costs estimated for the contract.

3.17 JUDGMENTS AND ESTIMATES

The preparation of financial statements according to generally accepted accounting principles requires use by management of judgments, estimates and assumptions to determine the values of assets, liabilities, revenues, costs and expenses reported. The actual result of certain items may differ from such estimates.

Relevant estimates and assumptions are based on management's experience and expectations. They are revised regularly and actual results may differ from such estimates, reason why adjustments are recognized in the period when the estimate is revised and in any future period affected.

3.18 OPERATING AND ADMINISTRATIVE LIMITATIONS AND DEFICIENCIES

During 2014 and 2013, no operating or administrative limitations or deficiencies were found that would significantly affect the normal accounting processes, or the consistency and reliability of the accounting figures.

3.19 CONTINGENCIES

Contingent conditions may exist on the date of issue of the financial statements. They can result in a loss for the company and will only be solved in the future upon the occurrence of one or several facts; they are estimated by the management and its legal counsels. The estimation of loss contingencies is necessarily a matter of judgment and opinion. When estimating contingent losses in legal processes, legal counsels

assess the merit of claims, related decisions, and the current state of processes, among other issues.

If evaluation indicates that a material loss will probably occur and the amount of the liability can be estimated, it is then recorded in the financial statements. If evaluation indicates that loss is improbable but the result is uncertain, or if it is probable but its amount is impossible to estimate, then the nature of the contingency is disclosed in a note to the financial statements together with an estimate of the probable loss. Generally, loss contingencies estimated as remote are not recorded or disclosed.

3.20 STATEMENT OF CASH FLOWS

The cash flows statement shows the movements of cash or cash equivalents made during the year and determined by the indirect method. In addition to cash represented in cash and banks, it includes the cash equivalent of short-term highly liquid investments that are easily convertible into known amounts of cash with insignificant risk of change and maturing not later than within 90 days.

3.21 CONVERGENCE TO INTERNATIONAL STANDARDS

Pursuant to the provisions of Law 1314 of 2009 and Regulatory Decree 2784 of December, 2012, and decrees 3023 and 3024 of 2013, the company is bound to initiate convergence between the accounting principles generally accepted in Colombia and the International Financial Reporting Standards (IFRS), as they are issued by the International Accounting Standards Board (IASB), issued until December 31, 2012. Also, taking into account the regulatory framework implemented in Colombia, exceptions may exist to full application of IFRS, something which would have impact on the explicit and unreserved statement about its applicability.

ISA, as a company classified in Group 1 (securities issuers and others), has January 1 to December 31 of 2014 as the period for mandatory transition period, and December 31, 2015, as the issuance date of the first comparative financial statements under IFRS.

In meeting No. 748 held on June 27, 2014, the Board of Directors approved the accounting policies and opening balance sheet according to IFRS dated December 31, 2013 of the individual financial statements. Likewise, in meeting No. 750 held on August 29, 2014, the Board of Directors approved the accounting policies and opening balance sheet according to IFRS dated January 1, 2014 of the consolidated financial statements, and authorized the management to proceed with the timely delivery of information to the several entities so requiring.

3.22. RECOGNITION OF THE ROAD CONCESSIONS IN CHILE AND ELECTRIC POWER CONCESSIONS IN BRAZIL AS A FINANCIAL ASSET

The Colombian General Accounting Office, aiming to adequately reflect the concessions' economic reality, issued a technical opinion[2] establishing that prior to homologation of financial information and to application of the equity method, the business model and the

2 Technical opinion No. 2013200017991 of 28-05-2013 issued by the Colombian General Accounting Office.

rights and guarantees arising from the conditions agreed upon in the concession contract must be analyzed in order to determine if the asset of a concession operator corresponds to an account receivable (financial asset) or to an intangible.[3]

The road concessions in Chile and the electric energy transmission concessions in Brazil were classified as financial assets, based in the remuneration mechanisms established in their contracts; the grantor guarantees the operator the recovery of the investment.

Starting 2013, upon issuing of the technical opinion by the CGN, recognition of concessions as a financial asset is done as follows:

- An account receivable is recognized for the value of the investment and its associated margin.
- Operating revenue includes financial yields associated with the account receivable (financial asset), construction services, and revenue of operation, administration and maintenance services.
- Operating expenses include construction costs.
- Tolls collected in the road concessions in Chile and regulatory remuneration for energy services in the Brazil concessions are considered as cash holdings.
- The amortization of the financial asset is made in the balance sheet for the difference between the financial yield of the account receivable and the toll collection in Chile or the regulatory remuneration in the Brazil concessions.
- Pre-existing road infrastructure is part of the financial asset and a financial liability is recognized for payments of such infrastructure.

3.23. RECOGNITION OF INCOME OF THE PARTNERSHIP IN COMMENDAM CONTRACT

ISA subscribed with its subsidiary INTERCOLOMBIA S.A. E.S.P a partnership in commendam contract in force since January 1 of 2014, through which, INTERCOLOMBIA as general partner, represents the electric assets of ISA in Colombia and is in charge of their administration, operation and maintenance.

Upon application of CGN Opinion 201011-148749 of 12/30/2010, revenue received for services rendered and the costs related to the execution of the contract of partnership in commendam, belong to the general partner. Once the partnership in commendam has been settled, the general partner recognizes in its income statement, as costs of the period, the amount corresponding to the income of the partner in commendam of such participation, and the partner in commendam recognizes revenue for the same amount and concept.

3 "In light of the above, the operator shall recognize an account receivable as long as it has an unconditional contractual right to receive from the grantor cash or other financial asset for the services agreed upon in the concession contract, given that the grantor is legally and contractually bound to recognize the payments. On the other hand, an intangible asset shall be recognized as long as the operator receives a right to make charges to the users of the public utility, in which case, no unconditional right to receive cash exists, but rather the amounts to be received are conditioned to the exploitation of the service".

II. SPECIFIC NOTES

NOTE 4: VALUATION OF ACCOUNTING INFORMATION

FOREIGN CURRENCY OPERATIONS

Current regulations permit free negotiation of foreign currencies through banks and other financial intermediaries, at exchange rates that fluctuate in accordance with supply and demand. Debts, indebtedness transactions and debt management operations in foreign and local currency require the approval of the Ministry of Finance and Public Credit.

Operations and balances in foreign currency are translated at the exchange rates in force, as certified by Banco de la Republica de Colombia (Colombian Central Bank) or by the central banks in the countries where the company carries out transactions. The exchange rates used for the preparation of the financial statements at December 31, 2014 and 2013, expressed in Colombian Pesos, were:

Currency	Code	2014	2013
US Dollar	USD	2,392.46	1,926.83
Euro	EUR	2,897.80	2,655.36
Nuevo Sol	PEN	795.51	688.35
Boliviano	BOB	343.74	276.84
Brazilian Real	BRL	900.71	822.52
Chilean Peso	CLP	3.94	3.67
Argentine Peso	ARS	279.75	295.62

At December 31, ISA had the following foreign-currency assets and liabilities, expressed in thousands of equivalent US Dollars:

	BALANCES IN THOUSANDS OF USD		BALANCE IN LOCAL CURRENCY	
	2014	2013	2014	2013
Assets				
Current assets				
Cash and cash equivalents	35,888	3,545	85,861	6,831
Accounts receivable	113,096	154,664	270,578	298,011
TOTAL CURRENT ASSETS	**148,984**	**158,209**	**356,439**	**304,842**
Non-current assets				
Foreign currency investments	1,492,577	1,635,464	3,570,931	3,151,261
TOTAL NON-CURRENT ASSETS	**1,492,577**	**1,635,464**	**3,570,931**	**3,151,261**
TOTAL ASSETS	**1,641,561**	**1,793,673**	**3,927,370**	**3,456,103**
Liabilities				
Current liabilities				
Financial liabilities	3,791	3,791	9,070	7,305
Accounts payable	3,048	9,032	7,292	17,403
TOTAL CURRENT LIABILITIES	**6,839**	**12,823**	**16,362**	**24,708**
Non-current liabilities				
Long-term liabilities	45,687	49,478	109,304	95,336
Related parties	23,800	23,800	56,941	45,859
TOTAL NON-CURRENT LIABILITIES	**69,487**	**73,278**	**166,245**	**141,195**
TOTAL LIABILITIES	**76,326**	**86,101**	**182,607**	**165,903**
NET ASSET MONETARY POSITION	**1,565,235**	**1,707,572**	**3,744,763**	**3,290,200**

With respect to foreign-currency liabilities, for 2014 and 2013, the company had no hedging operations contracted.

The application of accounting standards regarding exchange gain/loss gave rise to the following exchange rate differences in Colombian Pesos, which were accounted as shown below:

	2014	2013
Financial revenues (See Note 24)	76,396	46,534
Financial expenses (See Note 24)	(59,777)	(36,386)
Total exchange gain/loss net generated	**16,619**	**10,148**

In 2014, accounts receivable and loans generated COP 52,867 net revenue (2013: revenue for COP 23,962) from exchange gain/loss, while financial liabilities and loans from economic related parties generated COP 34,507 net expenses (2013: COP 12,641 expense). (See Note 24).

NOTE 5: CASH AND CASH EQUIVALENTS

Cash and cash equivalents on December 31 included:

ACCOUNT		2014	2013	2014 RATE	2013 RATE
Cash					
Cash and deposits in banks	(1)	170,665	137,167	4.22%	3.86%
TOTAL CASH		**170,665**	**137,167**		
Marketable investments					
CDs, bonds and private securities	(2)	217,164	170,944	4.75%	4.35%
Other fixed-income investments	(3)	-	5,914	-	5.17%
Other fixed-income investments in USD	(4)	76,565	-	0.20% (USD)	-
Trusts		643	1,208	3.69%	3.08%
TOTAL MARKETABLE INVESTMENTS		**294,372**	**178,066**		
TOTAL CASH AND CASH EQUIVALENTS		**465,037**	**315,233**		

(1) Funds in current and savings accounts. Variation explained mainly by increased revenue received from INTERCOLOMBIA for the partnership in commendam contract in April, May, September and November, when 100% of revenue was received.

(2) Includes CD for COP 217,066 (2013: COP 157,192), Bonds and Securities for COP 98 (2013: COP 13,752).

(3) The risk retention fund was canceled by mid 2014; the amount presented in 2013 corresponded to the Public Debt Securities (TES) in such fund.

(4) Includes term deposits for USD 32 million with BBVA New York.

NOTE 6: LONG-TERM INVESTMENTS – NET

INVESTMENTS IN THE ELECTRIC POWER TRANSPORT BUSINESS UNIT

Below is a description of the corporate purpose and other relevant information of the subordinate companies with which the equity method was applied as well as other significant investments:

TRANSELCA S.A. E.S.P.

TRANSELCA is a mixed-ownership utility with main offices in the city of Barranquilla. It was incorporated on July 6, 1998 and is engaged in the provision of energy transmission services, coordination and control of the Regional Dispatch Center and connection to the National Transmission System (STN). The term of the corporation is indefinite. ISA directly owns 99.99% of shares.

INTERCOLOMBIA S.A. E.S.P.

INTERCOLOMBIA was incorporated on September 30, 2013 as a mixed-ownership public utility; it carries out activities ruled by Private Law and has its main domicile in the city of Medellín. The term of the corporation is indefinite and its purpose is delivery of the public service of electric energy transmission as well as ancillary, supplementary and related services; development of engineering-related activities; delivery of technical and non-technical services related to the above activities; and representation, administration, operation and maintenance of assets for usage and connection of the National Transmission System owned by other energy transmission companies. ISA owns, directly, 99.996% of INTERCOLOMBIA's capital stock, and 0.004% indirectly, through INTERNEXA, INTERVIAL COLOMBIA, ISA Perú and PDI. INTERCOLOMBIA started commercial operation in January 2014[4].

INTERCONEXIÓN ELÉCTRICA ISA PERÚ S.A.

Interconexión Eléctrica Perú S.A – ISA Perú S.A. is a Peruvian corporation with main offices in the city of Lima. It was incorporated on February 16, 2001 and its main activities are the transmission of electric energy and the operation and maintenance of transmission grids. The corporation's term is indefinite.

In May 2013, ISA purchased 11,304,604 shares, or 17.07% of ISA Perú that were owned by Fondo de Inversión en Infraestructura, Servicios Públicos and Recursos Naturales, administered by AC Capitales SAFI. This transaction left ISA with 45.15% of shareholder stake of ISA Perú, while TRANSELCA keeps 54.85%.

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4 INTERCOLOMBIA started commercial operations in January 2014, for which purpose it subscribed with ISA the following contracts (See Note 26):

- Partnership in Commendam Contract
- Management Contract
- Service Delivery Contract
- Inter-company Agreement

RED DE ENERGÍA DEL PERÚ S.A. –REP–

REP is a Peruvian corporation with main offices in the city of Lima. Incorporated on July 03, 2002. The corporation's term is indefinite. REP provides services of electric power transmission, ancillary services such as operation and maintenance of energy transmission and transport facilities, and specialized technical services. ISA owns directly 30% of capital stock, and indirectly, through TRANSELCA, additional 30%.

CONSORCIO TRANSMANTARO S.A. –CTM–

Transmantaro is a Peruvian corporation with main offices in the city of Lima. It was incorporated in January 1998. In December 13, 1998 ISA became a shareholder of this corporation. The term is indefinite and its main activities are the transmission of electric energy as well as the provision of operation and maintenance services. ISA directly owns 60% of capital stock of the corporation.

INTERCONEXIÓN ELÉCTRICA ISA BOLIVIA S.A.

ISA Bolivia is a Bolivian corporation with main offices in the city of Santa Cruz de la Sierra. Incorporated on July 14, 2003. The corporation's term is indefinite and its main activities are the transmission of electric energy and the construction, operation and maintenance of transmission grids. ISA owns directly 51% of capital stock, and indirectly, through TRANSELCA and INTERNEXA, 48.99% and 0.01%, respectively.

ISA CAPITAL DO BRASIL S.A.

ISA Capital do Brasil S.A. is a Brazilian corporation with main offices in the city of São Paulo. Established as an investment vehicle on April 28, 2006. Its corporate purpose includes participation in the capital of other corporations and in other undertakings, either as partner or as shareholder, as party in a joint venture, as member of a consortium, or under any other type of business cooperation. It was made into a stock company on September 19, 2006, and on January 4, 2007, it obtained from Comissão de Valores Mobiliários (CVM – Securities and Exchange Commission of Brazil) registration as a public corporation, status that it kept until May 27, 2010, when its shareholders decided to cancel its registration. The corporation's term is indefinite.

ISA owns 66.86% of capital stock and 100% of common shares of ISA Capital do Brasil.

ISA Capital do Brasil owns 37.96% of total capital stock of Companhia de Transmissão de Energía Elétrica Paulista –CTEEP– with 89.50% of common shares and 3.61% of preferred shares.

INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A. –ICP–

ICP S.A. is a corporation with main offices in Panama City. It was established on May 14, 2007 and its term is indefinite. Its main activities are electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting services in such areas and in general engineering matters. ISA owns 50% while Empresa de Transmisión Eléctrica S.A. –ETESA– owns the remaining 50%. This corporation is not yet in commercial operation.

INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A.S. E.S.P.

ICP S.A.S. is a corporation with main offices in the city of Medellín. Incorporated on February 04, 2010. Its main activities are electric power transmission, operation and maintenance of electricity lines and grids and infrastructure for associated voltage transformation, telecommunications services, data transmission services, technical services, and consulting services in such areas and in general engineering matters.

In December of 2014, Interconexión Eléctrica Colombia-Panamá S.A. acquired 97.66% shareholding in Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.

Interconexión Eléctrica S.A. E.S.P. and Panamanian Empresa de Transmisión Eléctrica, S.A. –ETESA– hold 2.34% participation each in Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.

INTERCHILE S.A.

Corporation established on December 13, 2012 with main offices in the city of Santiago de Chile. The corporate purpose of this indefinite-term corporation is transmission of electric power by means of trunk transmission, sub-transmission, and/or additional systems or any other transmission facility classification that the rules may include in the future, trading of electricity transport and transformation capacity in the Central Interconnected System, as well as other activities related to the industry of electric transmission and transport. ISA owns 99.99998% of the corporation's capital, and ISA Inversiones Chile S.A. owns 0.00002%.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C. –PDI–

PDI is a Peruvian corporation with main offices in the city of Lima. It was established on November 15, 2007 with indefinite term. It has as its purpose the conduction of activities related to the construction of transmission lines and electricity projects, and in general, any activity in the construction sector. It started operations in March 2008. ISA owns directly 99.97%, plus 0.03% indirectly through TRANSELCA.

INVESTMENTS IN THE ROADS CONCESSIONS BUSINESS UNIT

ISA INVERSIONES CHILE LTDA.

Corporation with main offices in the city of Santiago de Chile. It was established on February 22, 2010 and its main activity is the long-term investment for profit in any type of real and personal property, including participation in other legal entities and associations of any type. ISA has 99.99% stake in ISA Inversiones Chile, through which it purchased 99.99% stake in INTERVIAL CHILE; remaining 0.01% is owned through INTERNEXA. Upon subsequent corporation split on February 1, 2013, ISA Inversiones Chile assigned 45% of its participation in INTERVIAL CHILE to the new corporation ISA Inversiones Maule and retained 54.99%.

ISA INVERSIONES MAULE LTDA.

Corporation with main offices in the city of Santiago de Chile. Incorporated on February 1, 2013, it was born as a consequence of the split of ISA Inversiones Chile.

Its purpose is long-term investment for profit in any type of real and personal property, tangible and intangible, including establishment of and participation in other legal entities and associations of any type, investment in options, participations or rights in every type of corporations, and/or associations, mutual funds, term deposits, bonds, contracts and associations, among others. ISA has 99.99% stake in ISA Inversiones Maule; this corporation owns in turn 45% of INTERVIAL CHILE.

INTERVIAL COLOMBIA S.A.S.

Corporation established on January 18, 2011 with main offices in Medellín and ISA as sole shareholder. At the time of its incorporation it was called Autopistas de la Montaña S.A.S, however, on January 17, 2013, it changed its name to INTERVIAL COLOMBIA S.A.S.

This corporation can carry out any activity both in Colombia and abroad, especially activities related to engineering, operation and maintenance of road transport infrastructure, deliver services to users of such infrastructure as well as promote and structure road infrastructure projects. This corporation is not yet in commercial operation.

INVESTMENTS IN THE REAL-TIME SYSTEMS SMART MANAGEMENT BUSINESS UNIT

XM, COMPAÑÍA DE EXPERTOS EN MERCADOS S.A. E.S.P.

Colombian mixed-ownership utility with main offices in Medellín. It was incorporated on September 1, 2005. The corporation's term is indefinite and its purpose is the operation planning and coordination of the resources of the National Interconnected System, the administration of the Commercial Settlement System (ASIC, for its Spanish initials) in the wholesale energy market, as well as the settling and clearing of charges for use of the National Interconnected System's grids, the administration of financial derivative markets with electric energy and gas as underlying asset, including compensation systems, the planning, design, optimization, commissioning, operation and administration of goods and services markets requiring the development of information systems or technological platforms that involve value added information exchange, the operation of toll control centers of the road transport infrastructure, the planning and operation of supervision and control centers, management of transport mobility systems both nationally and internationally and of mass transport integrated systems, among others. ISA directly owns 99.73% of capital stock of XM.

SISTEMAS INTELIGENTES EN RED S.A.S.

Incorporated on August 10 of 2011, this company has as its corporate purpose the planning, design, optimization, commissioning, operation, management of goods and services markets requiring development of information systems and technological platforms that involve information exchange with value added, operation of road toll collection centers, as well as planning and operation of supervision, control and management of traffic mobility systems, both domestic and international, and also integrated mass transport systems. XM owns 85% of this company's capital stock, while ISA holds the remaining 15%.

INVESTMENTS IN THE TELECOMMUNICATIONS TRANSPORT BUSINESS UNIT

INTERNEXA S.A.

INTERNEXA is a Colombian company with main offices in Medellín. It was incorporated on January 04, 2000, with indefinite term. Its corporate purpose is the organization, administration, commercialization and rendering of telecommunications services and activities. It is currently engaged in developing and promoting the telecommunications transport business, locally and internationally. ISA directly owns 99.42% of capital stock.

OTHER INVESTMENTS

LINEAR SYSTEMS RE LTD.

LINEAR SYSTEMS RE LTD. is a corporation established and domiciled in Bermuda under filing No. 49204 of June 18, 2014 of the Bermuda Registrar of Companies. The company acts as assets and risks captive insurer/ reinsurer of the economic group. It was established as class 2 and has therefore no license to insure or reinsure third parties' assets. ISA directly owns 100% of capital stock.

FINANCIERA DE DESARROLLO NACIONAL S.A.

It is a financial institution of national order established by Law 11 of 1982 as a State-owned corporation ascribed to the Ministry of Mines and Energy with the purpose of acting as financial and credit organism for the Colombian power sector. Decree 4174 of 2011 changed the denomination of Financiera Energética Nacional S.A. (FEN) to Financiera de Desarrollo Nacional S.A. (FDN). It also widened its corporate purpose, so that references to the power sector will be extensive to every sector of the economy. Investment is represented by 0.0004475% participation.

EMPRESA PROPIETARIA DE LA RED –EPR–

EPR is a Panamanian corporation with main offices in San Jose de Costa Rica. Established in 1998, it is a company ruled by private law that has the endorsement of the "Parent Treaty of Central America's Power Market" and its protocol, through which each government grants the corresponding permission, authorization or concession, as fits construction and exploitation of the first regional electric interconnection system that will link Honduras, Guatemala, El Salvador, Nicaragua, Costa Rica and Panama. ISA has 11.11% participation in this corporation. This company has already begun operation in some of the line segments.

ELECTRIFICADORA DEL CARIBE S.A. E.S.P. –ELECTRICARIBE–

ELECTRICARIBE is a company that delivers electric energy distribution and trading services in the Colombian Caribbean region. ISA has 0.48072666% participation.

Below is the detail of long-term investments, net, at December 31:

	NOTAS	2014	2013
Investments in controlled companies			
TRANSELCA S.A. E.S.P.	(1)	771,646	673,720
INTERNEXA S.A.	(2)	155,387	71,352
XM, Compañía de Expertos en Mercados S. A. E.S.P.		28,089	25,598
INTERVIAL COLOMBIA S.A.S.		415	411
Sistemas Inteligentes en Red S.A.S.		901	524
INTERCOLOMBIA S.A. E.S.P.	(3)	81,616	34
ISA Capital Do Brasil S.A.		760,626	761,777
Consorcio Transmantaro S.A.	(4)	451,939	342,011
Red de Energía del Perú –REP–	(4)	134,974	102,893
ISA Perú S.A.	(5)	33,207	25,691
Proyecto de Infraestructura Perú S. A. C. –PDI–		12,300	10,013
ISA Bolivia S.A.	(4)	30,868	23,345
INTERCHILE S.A.	(6)	74,062	40,550
ISA Inversiones Chile Ltda.	(7)	1,313,885	1,162,906
ISA Inversiones Maule Ltda.	(7)	741,440	671,576
LINEAR SYSTEMS RE LTD.		1,104	-
TOTAL INVESTMENTS IN CONTROLLED COMPANIES		**4,592,459**	**3,912,401**
Investments with shared control			
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–		8,318	5,602
TOTAL INVESTMENTS WITH SHARED CONTROL		**8,318**	**5,602**
Investments at cost			
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.		399	115
Electricaribe S.A. E.S.P.		12,114	12,114

	NOTAS	2014	2013
Empresa Propietaria de la Red –EPR–	(8)	15,551	12,524
Financiera de Desarrollo Nacional S.A.		4	4
TOTAL INVESTMENTS AT COST		**28,068**	**24,757**
TOTAL INVESTMENTS IN CORPORATIONS		**4,628,845**	**3,942,760**
Provision for investments in corporations	**(9)**		
Investments in controlled companies		(7,742)	(7,742)
Investments at cost		(2,015)	(2,008)
PROVISION FOR INVESTMENTS IN CORPORATIONS		**(9,757)**	**(9,750)**
TOTAL INVESTMENTS IN CORPORATIONS		**4,619,088**	**3,933,010**

(1) Increase explained by: a) increased surplus from appreciation of property, plant and equipment, b) increased equity variations from application of the equity method in the subordinate companies, and c) improved results due to higher operating revenue due to commissioning of new connection projects and higher IPP. All these partly offset by dividends declared in the year for COP 126,007.

(2) Increase due to: a) capital contributions made in 2014 through ISA's fiber optics assignment valued at COP 29,616, b) increased equity variations from application of the equity method in the subordinate companies, and c) the period's income.

(3) The increase is due to capital contributions made by ISA for COP 73,000 and to better results during the year, all offset by the dividends declared in the reporting period for COP 16,656. INTERCOLOMBIA started commercial operations in January 2014.

(4) Increase explained by the period's income and by the translation effect resulting from 24.2% devaluation in Colombia during the year.

(5) Increase explained by the period's income and by the translation effect resulting from 24.2% devaluation in Colombia during the year. This was offset by dividends declared in the year for COP 3,456.

(6) The increase is due to capital contributions made by ISA for COP 27,006 and by the translation effect resulting from devaluation in Colombia and Chile.

(7) Increase explained by a) the period's income and equity variations from application of the equity method in INTERVIAL CHILE, and b) the translation effect resulting from devaluation in Colombia.

(8) Increase explained by higher revenue from exchange gain/loss due to devaluation in Colombia.

(9) Provision on ELECTRICARIBE investments COP 2,013 (2013: COP 2,008), ISA Bolivia S.A. COP 2,045 (2013: COP 2,045), Proyectos de Infraestructura del Perú S.A.C. –PDI– COP 238 (2013: COP 238), Consorcio Transmantaro COP 5,459 (2013: COP 5,459).

The following table includes financial information of the affiliates and subsidiaries with which ISA applies the equity method:

2014							
Company		ISA Participation		Financial information			
		Stock	%	Assets	Liabilities	Equity	Income (Loss)
In controlled companies							
TRANSELCA S.A. E.S.P.		1,809,691,253	99.99734	1,413,548	641,882	771,666	92,245
INTERNEXA S.A.		42,940,550	99.41963	404,301	248,007	156,294	8,808
XM, Compañía de Expertos en Mercados S.A. E.S.P.		14,789,000	99.73030	308,312	280,147	28,165	10,859
INTERVIAL COLOMBIA S.A.S.		3,667,199	100.00000	415	1	414	(604)
Sistemas Inteligentes en Red S.A.S.		113,850	15.00000	14,205	8,200	6,005	2,512
INTERCOLOMBIA S.A. E.S.P.		73,048,000	99.99600	217,210	135,591	81,619	25,239
ISA Capital Do Brasil S.A.	(1)	840,625,000	66.86000	2,042,936	1,280,033	762,903	11,631
Consorcio Transmantaro S.A.		348,428,555	60.00000	2,293,314	1,540,134	753,180	46,201
Red de Energía del Perú –REP–		21,648,000	30.00000	1,243,051	780,834	462,217	62,835
ISA Perú S.A.		29,891,050	45.14640	97,967	22,090	75,877	11,887
Proyectos de Infraestructura del Perú S.A.C. –PDI–		299,901	99.96700	90,213	77,400	12,813	3,814
ISA Bolivia S.A.		95,638	51.00000	133,871	75,799	58,072	8,661
INTERCHILE S.A.		6,591,230	99.99998	175,773	102,147	73,626	(2,222)
ISA Inversiones Chile Ltda.	(2)	-	99.99980	1,321,682	89	1,321,593	39,363
ISA Inversiones Maule Ltda.	(2)	-	99.99980	1,001,376	260,705	740,671	(3,927)
LINEAR SYSTEMS RE LTD.		120,000	100.00000	1,195	108	1,087	(92)
With shared control							
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–		6,787	50.00000	17,177	369	16,808	(3,138)

2013							
Company		ISA Participation		Financial information			
		Stock	%	Assets	Liabilities	Equity	Income (Loss)
In controlled companies							
TRANSELCA S.A. E.S.P.		1,809,691,253	99.99730	1,236,348	562,610	673,738	76,074
INTERNEXA S.A.		34,302,597	99.27450	295,164	223,290	71,874	(28,012)
XM, Compañía de Expertos en Mercados S.A. E.S.P.		14,789,000	99.73030	254,118	228,451	25,667	2,466
INTERVIAL COLOMBIA S.A.S.		1,500,000	100.00000	415	4	411	(11)
Sistemas Inteligentes en Red S.A.S.		113,850	15.00000	11,316	7,823	3,493	488
INTERCOLOMBIA S.A. E.S.P.		48,000	96.00000	50	14	36	(14)
ISA Capital Do Brasil S.A.		840,625,000	63.32020	1,992,155	441,386	1,550,769	(110,362)
Consorcio Transmantaro S.A.		348,428,555	60.00000	1,683,942	1,121,845	562,097	38,018
Red de Energía del Perú S. A. –REP–		21,648,000	30.00000	960,040	615,960	344,080	35,660
ISA Perú S.A.		29,891,050	45.14640	85,679	28,514	57,165	8,087
Proyectos de Infraestructura del Perú S.A.C. –PDI–		299,901	99.96670	80,137	70,264	9,873	3,070
ISA Bolivia S.A.		95,638	50.99990	113,637	72,012	41,625	4,109
INTERCHILE S.A.		3,840,999	99.90000	124,514	84,341	40,173	(2,277)
ISA Inversiones Chile Ltda.		-	99.99980	1,166,572	134	1,166,438	107,699
ISA Inversiones Maule Ltda.		-	99.99980	1,031,289	796,104	235,185	5,701
With shared control							
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–		6,787	50.00000	11,361	250	11,111	1,406
Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.	(3)	1,200,000	50.00000	259	28	231	1,807

(1) Liabilities include BRL 411 million (COP 370,504), (2013: BRL 411 million, COP 338,341) payable to the State of São Paulo BRL 252.7 million (COP 227,633) and to the minority shareholders who adhered to tender offer of January 09, 2007 BRL158.6 million (COP 142,872), as payment commitment for the difference between the purchase price of the shares of CTEEP and the pension payments foreseen in Law 4819/58 in case CTEEP is exonerated.

Additionally, CTEEP has recognized an account receivable net of allowance from the State of São Paulo associated with processes of Law 4819/58 for BRL 802 million (COP 722,460), (2013: BRL 643 million, COP 528,091).

ISA owns 66.86% of ISA Capital do Brasil's capital stock, and holds 100% of common shares. ISA's participation increased in 2014 because ISA Capital do Brasil repurchased shares from its preferred shareholders.

(2) Capital contributions of ISA in ISA Inversiones Chile and ISA Inversiones Maule are divided into corporate rights.

(3) ISA maintains shared control in Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P. indirectly through its subsidiary Interconexión Eléctrica Colombia-Panamá S.A. –ICP–, who owns 97.66% in Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.

Application effect of the equity method

The effect of the application of the equity method generated variations in the investments, which are shown in the results and equity, as loss or income.

INCOME FROM EQUITY METHOD		2014	2013
In Controlled Investments			
TRANSELCA S.A. E.S.P.	(1)	92,243	76,072
INTERNEXA S.A.	(2)	8,757	(27,809)
XM, Compañía de Expertos en Mercados S.A. E.S.P.	(3)	10,830	2,459
INTERVIAL COLOMBIA S.A.S.		(604)	(11)
Sistemas Inteligentes en Red S.A.S.		377	73
INTERCOLOMBIA S.A. E.S.P.	(4)	25,238	(14)
ISA Capital Do Brasil S.A.	(5)	11,631	(110,362)
Consorcio Transmantaro S.A.		27,721	22,811
Red de Energía del Perú –REP– S.A.	(6)	18,851	10,698
ISA Perú S.A.		5,367	3,651
Proyectos de Infraestructura del Perú S.A.C. –PDI–		3,813	3,069
ISA Bolivia S.A.		4,417	2,096
INTERCHILE S.A.		(2,222)	(1,881)
ISA Inversiones Chile Ltda.	(7)	39,363	107,699
ISA Inversiones Maule Ltda.	(8)	(3,927)	55,744
LINEAR SYSTEMS RE LTD.	(9)	(92)	-
TOTAL IN CONTROLLED INVESTMENTS		**241,763**	**144,295**
In investments with shared control			
Interconexión Eléctrica Colombia Panamá –ICP–		(1,569)	(656)
Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.		(108)	(904)
TOTAL IN INVESTMENTS WITH SHARED CONTROL		**(1,677)**	**(1,560)**
NET INCOME FROM EQUITY METHOD		**240,086**	**142,735**

(1) Increase explained by higher operating revenue due to commissioning of new connection projects and higher IPP.

(2) Better results due to application of the equity method in the Brazilian subsidiaries resulting from smaller financial expenses in 2014.

(3) Higher results come from the increase in operating revenue due to higher Levy on Financial Transactions (GMF, for its Spanish initials).

(4) Commercial operation started in January of 2014.

(5) In CTEEP: a) higher revenue from adjustment to remuneration made starting in July, b) higher construction revenue due to improvements in the electric transmission network, and c) lower operation and maintenance expenses. Additionally, in December 2013, ISA Capital do Brasil concluded the amortization of goodwill, expense that does not exist in 2014.

(6) Increase explained by higher operating revenue due to commissioning of new connection projects and lower major maintenance provision expense.

(7) This variation is explained by higher financial expenses from exchange gain/loss in the debt denominated in Unidades de Fomento, due to Chile's higher inflation, and increase in deferred taxes expense due to increase in tax rate from 20% to 27% in the road concessions.

(8) This variation is explained by higher financial expenses from exchange gain/loss in the debt denominated in Unidades de Fomento, due to Chile's higher inflation, and increase in deferred taxes expense due to increase in tax rate from 20% to 27% in the road concessions. Additionally, higher expense from exchange gain/loss of loan denominated in US Dollars due to Chile's devaluation.

(9) Incorporated on June 18, 2014.

NOTE 7: ACCOUNTS RECEIVABLE – NET

Following is the balance of accounts receivable, net, as of December 31:

		2014			2013		
		Short-term	Long-term	Total	Short-term	Long-term	Total
Customer							
Energy services	(1)	6,814	-	6,814	90,696	-	90,696
Telecommunications	(2)	1,998	-	1,998	1,826	-	1,826
Infrastructure projects	(3)	492	-	492	1,337	-	1,337
Technical services		3,761	-	3,761	4,321	-	4,321
TOTAL CUSTOMERS		**13,065**	**-**	**13,065**	**98,180**	**-**	**98,180**
Interest receivable							
From customers		783	-	783	791	-	791
On loans		480	-	480	1,044	-	1,044
TOTAL INTEREST RECEIVABLE		**1,263**	**-**	**1,263**	**1,835**	**-**	**1,835**
Prepayments and advances							
Taxes and contributions	(4)	5,470	-	5,470	7,461	-	7,461
To suppliers		408	-	408	1,514	-	1,514
For purchase of goods and services	(5)	4,241	-	4,241	13,721	-	13,721
Advances and prepayments of per-diem and travel expenses		84	-	84	103	-	103
Other		-	-	-	1	-	1
TOTAL PREPAYMENTS AND ADVANCES		**10,203**	**-**	**10,203**	**22,800**	**-**	**22,800**

Other accounts receivable							
Related parties	(6)	339,944	-	339,944	290,603	-	290,603
Partnership in commendam	(7)	46,753	783	47,536	-	-	-
Loans extended	(8)	1,172	4,298	5,470	4,091	13,025	17,116
Miscellaneous accounts receivable	(9)	36,719	5,330	42,049	109,261	3,642	112,903
TOTAL OTHER ACCOUNTS RECEIVABLE		**424,588**	**10,411**	**434,999**	**403,955**	**16,667**	**420,622**
TOTAL ACCOUNTS RECEIVABLE		**449,119**	**10,411**	**459,530**	**526,770**	**16,667**	**543,437**
Less – Allowance for doubtful accounts	(10)	(8,625)	-	(8,625)	(8,752)	-	(8,752)
TOTAL ACCOUNTS RECEIVABLE – NET		**440,494**	**10,411**	**450,905**	**518,018**	**16,667**	**534,685**

(1) Since January 2014, INTERCOLOMBIA, a subsidiary of ISA, is in charge of representing the energy assets, receiving therefore most of usage and connection revenue; this explains why energy accounts receivable have decreased.

(2) Corresponds to accounts receivable for the rights of use billed to members of the alliance established in 1997 between ISA and telecommunications companies to undertake joint development of a fiber optic network between Bogotá, Medellín and Cali, to improve the national telecommunications system.

(3) Corresponds to COP 492 of accounts receivable for sales projects (2013: COP 1,337) including mainly: a) COP 0 (2013: COP 636) for execution of Mitú sales project, b) COP 127 (2013: COP 300) for implementation of Piedecuesta sales project, and c) COP 365 (2013: COP 401) for technical assistance in subordinate companies in Panama, Peru and Chile.

(4) Includes prepaid taxes and tax withholding in favor.

(5) Decrease corresponds to amortization of advance payments to suppliers for construction projects.

(6) Increase explained by recognition of dividends declared by corporations INTERCOLOMBIA for COP 16,656 (2013: COP 0), TRANSELCA for COP 58,762 (2013: COP 0), XM for COP 6,126 (2013: COP 0), and ISA BOLIVIA for COP 3,421 in 2013, and exchange gain/loss associated to loan granted by ISA to ISA Inversiones Maule for COP 48,484. The increase was offset in part by repayment of loan granted by ISA to INTERNEXA Participações for USD 41 million (COP 77,176).

(7) Account receivable from INTERCOLOMBIA for earnings generated in monthly settlement of the partnership in commendam contract.

(8) Employee receivables from housing loans, vehicle-purchase loans and other general-purpose loans granted at 5% and 7% interest rates, and terms of 5 years

for vehicle and general purpose, and between 13 and 15 years for housing. Decrease with respect to last year corresponds to employees loans that were contributed by INTERCOLOMBIA along the employer substitution process.

(9) Decrease corresponds mainly to execution of resources from the delegated administration of projects FAER, FAZNI, and Distribuidora del Pacífico S.A. E.S.P. –DISPAC–.

(10) Movements of allowance for doubtful accounts are as follows:

MOVEMENTS OF ALLOWANCE FOR DOUBTFUL ACCOUNTS	2014	2013
Initial balance	8,752	11,208
Write-offs	-	(1,520)
To the income statement *	111	169
Recoveries **	(238)	(1,105)
ENDING BALANCE	**8,625**	**8,752**

* Corresponds to customers and debtors of pension portions.
** Corresponds to customers of Emcali and recovery of pension portions.

The composition of receivables (capital only) on December 31 is as follows:

CUSTOMER	2014	2013
Shareholders		
Empresas Públicas de Medellín –EPM–	-	156
Empresa de Energía de Bogotá –EEB–	-	37
TOTAL SHAREHOLDERS	**-**	**193**
Other customers	13,065	97,987
TOTAL ACCOUNTS RECEIVABLE FROM CUSTOMERS	**13,065**	**98,180**

Classification of accounts receivable from customers according to maturity date:

TOTAL ACCOUNTS RECEIVABLE FROM CUSTOMERS BY AGE	(1)	2014	2013
CURRENT		**7,051**	**91,911**
Overdue	**(2)**		
> 1 and <= 90 days Overdue		-	267
> 91 and <= 180 days Overdue		24	-
> 181 and <= 360 days Overdue		6	103
> 360 days Overdue		5,984	5,899
TOTAL OVERDUE		**6,014**	**6,269**
TOTAL ACCOUNTS RECEIVABLE		**13,065**	**98,180**

(1) Accounts receivable are mostly from power sector companies to whom ISA mainly provides a service of connection to and use of the National Transmission System.

(2) The company invoices for interest on past due accounts at the highest rate allowed by law. Rates for December 2014 and 2013 were 28.76% and 31.25%, respectively.

NOTE 8: INVENTORIES – NET

Inventories at December 31 included:

		2014			2013		
		Short-term	Long-term	Total	Short-term	Long-term	Total
Inventories							
Materials to render services		-	-	-	2,898	52,274	55,172
TOTAL INVENTORIES		**-**	**-**	**-**	**2,898**	**52,274**	**55,172**
Provision		-	-	-	-	(307)	(307)
TOTAL INVENTORIES - NET	**(1)**	**-**	**-**	**-**	**2,898**	**51,967**	**54,865**

(1) In January of 2014, the inventories of the company were contributed to subsidiary INTERCOLOMBIA S.A. E.S.P., which will continue with their ownership and administration.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT – NET

The net balance of property, plant and equipment at December 31, included:

		2014	2013
Property, plant and equipment in operation	**(1)**		
Networks, lines and cables		36,319	2,234,411
Plants and ducts		62	1,528,990
Buildings		-	105,745
Machinery and equipment		-	45,343
Computer and communications equipment		-	22,922
Transport, traction and lifting equipment		-	3,576
Furniture, fixtures and office equipment		-	19,622
Land		-	20,369
Assets in possession of third parties		4,090,819	-
SUBTOTAL PROPERTY, PLANT AND EQUIPMENT IN OPERATION		**4,127,200**	**3,980,978**
Less – accumulated depreciation	(2)	(12,343)	(1,701,186)
Less – provisions		(173)	(173)
Less – accumulated depreciation of assets in possession of third parties		(1,719,834)	-
TOTAL PROPERTY, PLANT AND EQUIPMENT IN OPERATION		**2,394,850**	**2,279,619**

		2014	2013
Investment property	**(3)**		
Buildings		-	3,532
Assets in possession of third parties		3,532	-
Less – accumulated depreciation			(1,495)
Less – accumulated depreciation of assets in possession of third parties		(1,523)	-
TOTAL INVESTMENT PROPERTY		**2,009**	**2,037**
Non-productive assets	**(4)**		
Land		71	71
Buildings		1,411	1,411
Constructions received as payment		8,889	8,895
SUBTOTAL NON-PRODUCTIVE PROPERTY		**10,371**	**10,377**
Less – provisions	(5)	(8,741)	(8,748)
TOTAL NON-PRODUCTIVE ASSETS		**1,630**	**1,629**
Constructions in progress	(6)	93,182	190,246
Machinery, plant and equipment in assembly		17,802	19,508
TOTAL PROPERTY, PLANT AND EQUIPMENT – NET		**2,509,473**	**2,493,039**

(1) 2014 saw activation of the following projects: Sogamoso Substation STN Connection for COP 158,095; Jamondino for COP 16,155; ISA Medellín Headquarters Building 1 Remodeling for COP 38,920; Medium-voltage Cells Renewal for COP 3,885; AVUS Reinforcement for COP 3,990; Chinú Substation Transformation Expansion for COP 2,517; San Carlos Substation's 34.5kV Cell Renewal for COP 1,036; High-voltage Equipment Renewal for COP 3,546; ISA's CSM Control Center Implementation for COP 4,602; and Construction of Alternate Transmission Lines for COP 4,035. Ongoing construction works for COP 6,209 were transferred to operational projects. Substations equipment additions for a total COP 1,123 were carried out (2013: COP 19,341); also, retirements worth COP 4,665 were carried out (2013: COP 471). Retirement and sales of property, plant and equipment during the year generated loss for COP 3,794 (2013: gain COP 336).

(2) Depreciation expense accrual forCOP 85,535 (2013: COP 87,183). Additionally, retirements of depreciation were made for COP 41,274 (2013: COP 37,745).

(3) Buildings II and V of ISA's headquarters, leased to affiliates XM and INTERNEXA S.A., respectively. These properties were also transferred to subsidiary INTERCOLOMBIA under the partnership in commendam contract.

(4) Corresponding to telecommunications assets received as payment from the company South American Crossing Ltd. – SAC Colombia Ltda. Alternatives of an agreement between ISA and INTERNEXA regarding transfer of these fiber optic assets are being analyzed since 2013; formalization is expected for 2015.

(5) Provision of constructions received as payment from SAC.

(6) Includes primarily:

- Inductive Equipment Renewal project for COP 24,652, including design, procurement, disassembly, adaptation and/or construction of civil works, assembly, testing, and commissioning as well as adequate disposal of disassembled equipment, assembly leftovers and residue generated along the project development for change and/or uprating. Commissioning date is December of 2014. This project is currently in the closing and liquidation stage.
- Chivor Transformation (Second stage) project for COP 8,928, for implementation of a 230/115 kV-3x50 MVA + 1x50 MVA transformer bank at Chivor Substation. Current progress is 79.66%; commissioning expected for March 2015.
- STATCOM Bacatá 500 KV project for COP 9,182 including design, procurement, construction, assembly, testing and commissioning of a FACTS device STATCOM type at Bacatá 500 KV Substation. Current progress is 41.69%; commissioning expected for November 30, 2015.
- Cerromatoso 500-110 kV Substation Transformation Expansion project for COP 18,116.
  According to analyses conducted by UPME in the Generation – Transmission Reference Expansion Plan 2010-2014, the two 500/110 kV transformers of Cerromatoso Substation have load capacity above 100%, risking collapse in the event of contingency in one of them. For this reason, the expansion plan recommends installing a third 500/110 kV-150 MVA transformer at the Cerromatoso Substation.
  Commissioning date was October 2014. This project is currently in the closing and liquidation stage.

Assets have no restrictions, or pledges or guarantees for obligations.

ISA contracts insurance for combined material damages, terrorism, and consequential loss, every year, to cover against all risk of damage to the company's fixed assets. This policy reports as insured value the as-new

replacement value of the assets insured, which is determined on the basis of asset information of the National Transmission System of ISA classified under Constructive Units, their corresponding as-new value being estimated as provided in regulations, and the respective refining and adjustment for insurance effects.

In Colombia, towers and transmission lines are not insured. Accordingly, maintenance to electric infrastructure due to attacks and heavy rains is recorded as Administration, Operation and Maintenance (AOM) expenses in the period when the losses occur and they do not increase the useful life originally assigned to the assets (See Note 3.7).

NOTE 10: DEFERRED CHARGES AND OTHER ASSETS

The balance of deferred charges and other assets, at December 31 included:

		2014			2013		
		Short-term	Long-term	Total	Short-term	Long-term	Total
Deferred charges							
Prepaid expenses		3,051	-	3,051	4,467	-	4,467
Deferred tax		-	49,946	49,946	-	58,908	58,908
TOTAL DEFERRED CHARGES		**3,051**	**49,946**	**52,997**	**4,467**	**58,908**	**63,375**
Deferred charges							
Trust rights	(1)	-	11,323	11,323	-	7,552	7,552
Other deferred charges		-	10,948	10,948	-	12,546	12,546
TOTAL DEFERRED CHARGES		**-**	**22,271**	**22,271**	**-**	**20,098**	**20,098**
Intangibles							
Software	(2)	-	-	-	-	10,445	10,445
Licenses	(2)	-	-	-	-	11,931	11,931

		2014			2013		
		Short-term	Long-term	Total	Short-term	Long-term	Total
Easements	(3)	-	95,147	95,147	-	79,727	79,727
Rights and brands	(4)	-	39,601	39,601	-	43,422	43,422
Goodwill	(5)	-	243,197	243,197	-	243,197	243,197
Assets in possession of third parties	(2)	-	23,002	23,002	-	-	-
Less – Amortization of intangible assets		-	(65,964)	(65,964)	-	(81,672)	(81,672)
Less – Amortization of goods delivered to third parties		-	(21,587)	(21,587)	-	-	-
TOTAL INTANGIBLE ASSETS		**-**	**313,396**	**313,396**	**-**	**307,050**	**307,050**
Miscellaneous		-	4,295	4,295	-	2,758	2,758
TOTAL MISCELLANEOUS		**-**	**4,295**	**4,295**	**-**	**2,758**	**2,758**
TOTAL DEFERRED CHARGES AND OTHER ASSETS		**3,051**	**389,908**	**392,959**	**4,467**	**388,814**	**393,281**

(1) Corresponds to STN usage assets that were transferred to Fiducoldex for their administration operation and maintenance. Increase represents contribution of new equipment.

(2) Licenses and software were contributed to the partnership in commendam contract with INTERCOLOMBIA for their administration and operation.

(3) Easements correspond to the rights of way acquired by the company for its operation assets, mainly transmission lines. These assets are acquired perpetually, i.e., no expiration date or time limit exists, and the right remains along time. Their increase is due primarily to the new easement rights acquired in the Sogamoso project.

(4) The decrease obeys to the fiber optics usage rights that were part of the in-kind contribution made to subsidiary INTERNEXA.

(5) Corresponds to goodwill for COP 103,631, generated in the purchase of 60% of Consorcio Transmantaro S. A., that is amortized along the term of the concession (24 years); COP 130,464 generated in the purchase of 34% of TRANSELCA through exchange of shares with ECOPETROL (the latter is not amortized because TRANSELCA is an indefinite-term company); and goodwill for COP 9,102 generated in the purchase of 17.07% of ISA Perú, which is amortized along 20 years.

NOTE 11: RE-APPRAISALS

The balance of re-appraisals at December 31 included:

		2014	2013
Investments		13,646	10,990
Property, plant and equipment	(1)	2,874,674	2,528,454
Investment in other assets		2,960	2,960
TOTAL RE-APPRAISALS		**2,891,280**	**2,542,404**

(1) Economic appraisal was conducted in 2013 and 2012 for main components of property, plant and equipment, in compliance with the provisions of the Public Accounting Regime issued by Resolution 354 of September 5 of 2007.

Economic appraisal of operational assets use the Linear Depreciated Replacement Cost methodology, a methodology of recognized technical value for ascertaining the value of State assets approved by Colombia's General Accounting Office as indicated in number 18 of accounting procedure for recognition and disclosure of facts related to plant and equipment issued by Resolution No. 356 of September 5, 2007. Such methodology consists of determining the current value of the equipment in operation on the basis of the cost of similar equipment that can provide the same service, the as-new-replacement value (VRN[5]), proportionally affected by the service time remaining (remaining life) in proportion to its total useful life established. This criterion is applied to every specialized asset[6] that ISA has in operation that is, those assigned for the energy transmission (use and connection) service. Market value is used for non-specialized[7] assets such as vehicles.

5 Values determined according to regulation applicable for their remuneration.
6 Assets not often offered or demanded on the market.
7 Assets often offered and demanded on the market.

The following table details the re-appraisal of property, plant and equipment:

	2014			2013		
Assets	Appraisal	Per-books balance – net	Revaluation	Appraisal	Per-books balance – net	Revaluation
Transmission lines	2,619,292	1,300,044	1,319,248	2,538,359	1,312,219	1,226,140
Transmission substations	1,977,194	743,341	1,233,853	1,794,357	775,505	1,018,852
Land	184,568	20,266	164,302	168,619	20,441	148,178
Buildings	277,774	122,259	155,515	222,443	88,927	133,516
Telecommunications usufruct	34,847	34,847	-	73,596	73,596	-
Vehicles	3,281	1,525	1,756	3,470	1,702	1,768
TOTAL	**5,096,956**	**2,222,282**	**2,874,674**	**4,800,844**	**2,272,390**	**2,528,454**

Variations of appraisal of assets for 2014 with respect to 2013 show 3% variation for lines and 10% for substations. This variation is primarily explained by IPP increase, which went from -0.49% in 2013 to 6.33% in 2014; telecommunications assets fell by 53% due to capitalization made to INTERNEXA.

NOTE 12: OUTSTANDING BONDS

Characteristics and balances of outstanding bonds at December 31 are detailed below:

ISSUE	SERIES	ISSUE DATE	TERM (YEARS)	INTEREST RATE	2014	2013	EXPIRATION DATE
Program Tranche 2		20-Feb-04	12	IPC + 7.3%	150,000	150,000	20-Feb-16
Program Tranche 4		07-Apr-06	20	IPC + 4.58%	118,500	118,500	07-Apr-26
Program Tranche 4 Batch 2		07-Apr-06	17	IPC + 4.58%	104,500	104,500	07-Apr-26
Program Tranche 6	A	02-Apr-09	6	IPC + 4.99%	150,000	150,000	02-Apr-15
Program Tranche 6	B	02-Apr-09	9	IPC + 5.90%	-	59,500	02-Apr-18
Program Tranche 7	A	01-Dec-11	12	IPC + 4.47%	180,000	180,000	01-Dec-23
Program Tranche 7	B	01-Dec-11	30	IPC + 4.84%	120,000	120,000	01-Dec-41
Program Tranche 8	C9	22-May-13	9	IPC + 2.84%	120,000	120,000	22-May-22
Program Tranche 8	C15	22-May-13	15	IPC + 3.25%	100,000	100,000	22-May-28
TOTAL OUTSTANDING BONDS					**1,043,000**	**1,102,500**	
TOTAL LONG-TERM OUTSTANDING BONDS					**893,000**	**1,102,500**	
TOTAL SHORT-TERM OUTSTANDING BONDS					**150,000**	**-**	

Bonds accrued interest during 2014 for COP 78,291 and in 2013 for COP 81,363, which were recorded as financial expense (See Note 24). Below is the detail of maturities for outstanding bonds:

YEAR	CAPITAL
2016	150,000
2022 onwards	743,000
TOTAL	**893,000**

A Securities Program has been approved with total quota of COP 2,700,000, of which COP 1,102,500 are outstanding.

In 2004, bonds worth COP 150,000 were issued for domestic debt substitution so as to keep adequate interest rate levels, and both expand debt maturity and lower financial risk.

In 2006, the company issued the Fourth Tranche of the Bonds Program for COP 380,000, of which, total COP 118,500 was placed along 2006, with maturity in 2026, and in 2008, total COP 104,500, with maturity in April 2026. Resources from the underwriting went to finance cash flow and investment.

In 2009 the Company issued Tranche 6 for COP 350,000, of which, COP 150,000 were placed for Series A maturing in April of 2015, and COP 59,500 for Series B maturing in April of 2018. Resources from the underwriting went to debt-management operations and to finance cash flow.

In 2011 the company issued Tranche 7 for COP 300,000, of which, COP 180,000 was underwritten for Series A maturing in December of 2023, and COP 120,000 for Series B maturing in December of 2041. Resources from the issue went to investment and cash flow.

In 2013 the company issued Tranche 8 of the Bonds Program for COP 220,000, of which, COP 120,000 was underwritten for Series C9 maturing in May of 2022, and COP 100,000 for Series C15 maturing in May of 2028. Resources from the underwriting went to finance cash flow.

The pre-payment option for the Third Tranche of the Domestic Debt Securities Issue and Underwriting Program of ISA was exercised on June 07, 2013, for COP 108,865, paying a premium agreed in the issue of 4% of the amortized capital balance, that is COP 4,355.

In September, 2013, the Fifth Tranche of ISA's Domestic Debt Securities Issue and Underwriting Program for COP 110,000 was paid upon maturity.

In April, 2014, the pre-payment option of Series B of Tranche 6 of ISA's Domestic Debt Securities Issue and Underwriting Program for COP 59,500 was exercised, paying a COP 595 bonus equivalent to 1% of amortized capital balance, as agreed upon in the issue.

NOTE 13: FINANCIAL LIABILITIES

The balance of financial liabilities at December 31 included:

ENTITY	CURRENCY	INTEREST RATE	2014	2013	GUARANTEE
BBVA	COP	DTF + 3.19% (1)	222,432	222,432	(2)
BANCO DE BOGOTÁ	USD	Libor 6M + 2.6%	95,699	77,073	(2)
TOTAL DOMESTIC FINANCIAL LIABILITIES			**318,131**	**299,505**	

ENTITY	CURRENCY	INTEREST RATE	2014	2013	GUARANTEE
BNP PARIBAS	USD	Libor 6M + 0.345%	22,676	25,568	(2)
TOTAL FOREIGN FINANCIAL LIABILITIES			**22,676**	**25,568**	
TOTAL FINANCIAL LIABILITIES			**340,807**	**325,073**	
Less – short-term portion			79,126	7,305	
TOTAL LONG-TERM FINANCIAL LIABILITIES			**261,681**	**317,768**	

(1) DTF and the spread are expressed in Quarterly in Advance (TA) terms.
(2) Without guarantee and with promissory note.

Bonds accrued interest during 2014 for COP 19,165 and in 2013 for COP 22,059, which were recorded as financial expense (See Note 24).

There is a BNP-PARIBAS loan outstanding with German Export Credit Agency (ECA) for financing substations' assets and supplies. This USD 37.9 million loan at Libor + 0.345% and 10-year term has political and commercial risk coverage from German ECA Euler Hermes. In 2014 and 2013, capital was repaid every year in the amount of USD 3.8 million; remaining balance payable is USD 9.4 million that will be paid in 5 equal semi-annual installments.

In 2011, so as to manage exchange rate risk of debt portfolio, the loan from BBVA Colombia for USD 124 million was prepaid by means of a debt-management operation, through which this loan was substituted with a loan in Colombian Pesos from the same bank for COP 222,432. An amendment to the contract was subscribed in June 2014 reducing the agreed interest rate from Libor 6M + 3.8% SV to Libor 6M + 3.19% SV.

Also, in 2012, funds for USD 40 million were obtained from Banco de Bogotá to finance cash flow.An amendment to the contract was subscribed in June 2013 reducing the agreed interest rate from Libor 6M + 3.5% SV to Libor 6M + 2.6% SV.

At December 31, financial liabilities included balances denominated in the following currencies:

		BALANCE IN ORIGINAL CURRENCY (1)		BALANCE IN LOCAL CURRENCY (MILLION)	
Currency	Interest rate	2014	2013	2014	2013
US Dollar	Between Libor + 0.345% and Libor + 2.60%	49,478	53,269	118,375	102,641
Colombian Pesos	DTF + 3.19%	222,432	222,432	222,432	222,432
				340,807	325,073

(1) Amounts in original currency other than the Colombian Peso are expressed in thousands.

Maturity of long-term financial liabilities at December 31:

YEAR	VALUE
2016	40,846
2017	93,730
2018	31,776
2019	31,776
2020 onwards	63,553
TOTAL LONG-TERM LIABILITIES	261,681

LOANS WITH RELATED PARTIES

Loans with related parties accrued interest in 2014 for COP 11,631 (2013: COP 14,490).
Financing balance with related parties at December 31 included:

YEAR 2014

SUBSIDIARY	MATURITY	INTEREST RATE	CAPITAL BALANCE	INTEREST PAYABLE BALANCE
LOANS FROM LOCAL SUBSIDIARIES				
TRANSELCA S.A. E.S.P.	12-Oct-22	Fixed rate DTF AE December 31 of former year	60,798	5,899
TRANSELCA S.A. E.S.P.	12-Oct-24	Fixed rate DTF AE December 31 of former year	72,642	7,048
TRANSELCA S.A. E.S.P.	12-Oct-24	Fixed rate DTF AE December 31 of former year	12,537	1,216
TRANSELCA S.A. E.S.P.	12-Oct-25	Fixed rate DTF AE December 31 of former year	28,500	2,765
TRANSELCA S.A. E.S.P.	12-Oct-25	Fixed rate DTF AE December 31 of former year	12,500	1,213
TRANSELCA S.A. E.S.P.	26-Dec-26	Fixed rate DTF AE December 31 of former year	31,908	1,486
TRANSELCA S.A. E.S.P.	31-Oct-27	Fixed rate DTF AE December 31 of former year	26,000	2,459
TOTAL LOANS WITH LOCAL SUBSIDIARIES			**244,885**	**22,086**
Loans from foreign affiliates				
ISA Capital Do Brasil S.A.	28-Dec-14	Libor 6M + 3%	56,940	12
TOTAL LOANS WITH FOREIGN SUBSIDIARIES			**56,940**	**12**
TOTAL LOANS WITH SUBSIDIARIES			**301,825**	**22,098**
Less – short-term portion			-	12
TOTAL LONG-TERM LOANS WITH SUBSIDIARIES			**301,825**	**22,086**

YEAR 2013

SUBSIDIARY	MATURITY	INTEREST RATE	CAPITAL BALANCE	INTEREST PAYABLE BALANCE
LOANS FROM LOCAL SUBSIDIARIES				
TRANSELCA S.A. E.S.P.	12-Oct-22	Fixed rate DTF AE December 31 of former year	60,798	3,598
TRANSELCA S.A. E.S.P.	12-Oct-24	Fixed rate DTF AE December 31 of former year	72,642	4,299
TRANSELCA S.A. E.S.P.	12-Oct-24	Fixed rate DTF AE December 31 of former year	12,537	742
TRANSELCA S.A. E.S.P.	12-Oct-25	Fixed rate DTF AE December 31 of former year	28,500	1,686
TRANSELCA S.A. E.S.P.	12-Oct-25	Fixed rate DTF AE December 31 of former year	12,500	740
TRANSELCA S.A. E.S.P.	26-Dec-26	Fixed rate DTF AE December 31 of former year	31,908	277
TRANSELCA S.A. E.S.P.	31-Oct-27	Fixed rate DTF AE December 31 of former year	26,000	1,475
TOTAL LOANS WITH LOCAL SUBSIDIARIES			**244,885**	**12,817**
Loans from foreign affiliates				
ISA Capital Do Brasil S.A.	28-Dec-16	Libor 6M + 3%	45,859	8
TOTAL LOANS WITH FOREIGN SUBSIDIARIES			**45,859**	**8**
TOTAL LOANS WITH SUBSIDIARIES			**290,744**	**12,825**
Less – short-term portion			45,859	8
TOTAL LONG-TERM LOANS WITH SUBSIDIARIES			**244,885**	**12,817**

In 2013, a debt-management operation was conducted with TRANSELCA for COP 31,908, through which the term of a loan maturing in 2013 was extended.

In 2014, a foreign debt-management operation was conducted to expand the term by two (2) years and to amend the prepayment clause of Interim Credit Agreement" executed between ISA and ISA Capital do Brasil S.A. on December 26, 2006 for up to USD 23.8 million.

NOTE 14: HEDGING OPERATIONS

No hedging operations on liabilities existed on December 31, 2014 and 2013.

NOTE 15: ACCOUNTS PAYABLE

The balance of accounts payable at December 31 included:

		2014			2013		
ACCOUNTS PAYABLE		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Related parties	(1)	12	22,087	22,099	8	12,817	12,825
Suppliers and contractors	(2)	20,178	-	20,178	54,661	-	54,661
Financial expenses		19,359	-	19,359	19,118	-	19,118
Creditors	(3)	33,351	-	33,351	2,327	-	2,327
Equity tax payable	(4)	-	-	-	39,050	-	39,050
Other taxes	(5)	4,819	-	4,819	13,654	-	13,654
Deposits received	(6)	13,356	959	14,315	107,016	694	107,710
Sales prepayments		-	2,553	2,553	-	3,699	3,699
TOTAL ACCOUNTS PAYABLE		**91,075**	**25,599**	**116,674**	**235,834**	**17,210**	**253,044**

(1) Interest accrued from January to December with TRANSELCA that will be accumulated until maturity of the loans.

(2) Decrease explained by the fact that lower acquisitions of equipment and supplies for construction of Sogamoso, CANA, Cerromatoso projects and other investment projects were required in 2014.

Commercial accounts payable derive primarily from acquisition of goods and services necessary for conducting the company's operations. These liabilities are denominated in local and foreign currency, do not accrue interest, and are normally paid according to the payment schedule in 15, 30 and 45 days.

(3) Increase due to reclassification of deferred revenue as other liabilities, related to availability contracts signed with INTERNEXA (See Note 18). Increase due to service delivery contract subscribed between INTERCOLOMBIA and ISA as a result of the corporate separation.

(4) This tax was recorded in 2011 with payment of eight installments, two every year. The last two installments were paid in 2014.

(5) Variation in income tax for equity purposes (CREE) recorded in 2014 as provision.

(6) Corresponds mainly to funds received for execution of delegated administration projects. The decrease is due to increased execution of projects: FAZNI – Interconnection Cauca-Nariño Provinces Pacific Coast COP 9,384 (2013: COP 98,021); Relocation of the Colombia-Ecuador-Ipiales Airport Detour energy transmission network COP 1,338 (2013: COP 5,858), and to reimbursement of funds of IPSE Agreement Colombia-Venezuela Interconnection at the request of IPSE for COP 2,705 in 2013.

NOTE 16: LABOR LIABILITIES

Labor liabilities at December 31 included:

		2014			2013		
LABOR LIABILITIES		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Severance payments and interest	(1)	394	-	394	2,420	1,483	3,903
Vacations	(1)	1,559	-	1,559	3,203	-	3,203
Agreed fringe benefits	(2)	2,882	-	2,882	6,135	-	6,135
Other		9.74	-	9.74	583	-	583
TOTAL LABOR LIABILITIES		**5,809**	**-**	**5,809**	**12,341**	**1,483**	**13,824**

(1) Decrease with respect to last year corresponds to the employer substitution with INTERCOLOMBIA.

(2) In 2014 includes liability for variable compensation for COP 2,160 (2013: COP 3,258).

NOTE 17: ACCRUED LIABILITIES AND ESTIMATED PROVISIONS

Accrued liabilities and estimated provisions at December 31 included:

		2014			2013		
ACCRUED LIABILITIES AND ESTIMATED PROVISIONS		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Retirement pensions	(1)	-	93,001	93,001	-	90,783	90,783
Other provisions for agreed labor benefits	(2)	-	39,363	39,363	-	49,083	49,083
Other provisions for estimated assets		-	1,555	1,555	-	1,562	1,562
Provision for income tax and surtax, and other fiscal liabilities	(3)	71,094	-	71,094	115	-	115
Provision for contingencies	(4)	16,298	-	16,298	15,863	-	15,863
Other estimated liabilities and provisions	(5)	9,260	-	9,260	11,750	-	11,750
TOTAL ESTIMATED LIABILITIES AND PROVISIONS		**96,652**	**133,919**	**230,571**	**27,728**	**141,428**	**169,156**

(1) Corresponds to the amortized present value of pension liabilities at December 31, 2014 and 2013, according to actuarial studies (See Note 17.1).

(2) Estimated liabilities to show present value of future health, education and aging benefits recognized to pensioners and to active personnel with retirement expectations.

(3) Increase in fiscal liabilities corresponds primarily to provision for income tax in ISA for COP 70,980 given that in 2013 it was recorded under actual liabilities.

(4) Includes the following proceedings:

TYPE OF PROCEEDING	TOTAL PROCEEDINGS 2014		TOTAL PROCEEDINGS 2013	
	NUMBER	VALUE	NUMBER	VALUE
Administrative	7	12,940	4	12,459
Civil	103	1,965	101	1,595
Labor	9	1,393	8	1,809
TOTAL	**119**	**16,298**	**113**	**15,863**

In 2014, COP 1,810 was carried as provision expenditure (2013: COP 2,102) and as expenditure for judgment, conciliations and arbitration awards COP 128 (2013: COP 31), (See Note 20.1)

(5) Includes primarily: COP 9,041 associated to delivery of services and supply of goods related mostly to investment and sales projects (2013: COP 2,724) COP 0 of FAER provision (2013: COP 4,640) COP 0 of PRONE provision (2013: COP 3,421), COP 219 for provision for bonuses, labor benefits, and variable compensation (2013: COP 695).

17.1 RETIREMENT PENSIONS AND AGREED LABOR BENEFITS

RETIREMENT PENSIONS

Under the labor agreements (individual and collective) subscribed, the Company is required to pay pensions to employees who meet certain conditions of age and length of service. However, the Social Security Institute (ISS), today Colpensiones, and the pension management funds have assumed the greater part of this obligation upon compliance with certain legal requirements.

The present value for pension liability as of December 31, 2014 and 2013 was determined using actuarial calculations that comply with the law and specifically with labor contracts and collective bargaining agreements. To determine pension liability, provisions of Resolution No. 1555 of July 30 of 2010 of Colombia's Financial Superintendency were included to update mortality rates for male and female pensioners.

The main estimates used in the actuarial calculation were as follows:

VARIABLE	2014	2013
Technical interest rate	4.80%	4.80%
Inflation	2.41%	2.99%
Future increase of pensions and salaries	2.41%	2.99%
Mortality rate	Valid pensioners 2008	Valid pensioners 2008
Number of people covered by the pension plan	411	417
Number of people covered by the contributions plan	39	80
Number of people covered by the education plan	242	664
Number of people covered by the health plan	615	1,017

On December 31, 2014, the company had 178 (2013: 740) active employees, of whom 3 (2013: 3) are covered by the pension plan provided in the collective and individual agreements, while the remaining 175 (2013: 737) are covered by Law 100 of 1993. The actuarial estimate covers active personnel (3), retired personnel (338), surviving spouse pension benefit substitutions (51), pension portion for which ISA is accountable (12) and contingent personnel – retired personnel with more than 20 years of service (4).

As on December 31, 2014, 82.33% has been amortized (2013: 76.02% of the pension liability projected to cover monthly pension payments. Amortization is calculated with methodology set forth in Resolution No. 356 of September 5 of 2007 issued by the CGN.

Variations in the number of people covered for both education and health plans is due to employer substitution resulting from the incorporation of INTERCOLOMBIA.

With respect to amortization, it corresponds to the value resulting from dividing the total actuarial estimate pending amortization by the number of years remaining to complete the term set, counted from the actuarial estimate closing date.

The movements in the actuarial estimate at December 31 are as follows:

	PROJECTED LIABILITY	DEFERRED COST	NET LIABILITY
Balance at December 31, 2012	**123,391**	**35,360**	**88,031**
Plus increase in actuarial estimate	(3,965)	(6,717)	2,752
Balance at December 31, 2013	**119,426**	**28,643**	**90,783**
Plus increase in actuarial estimate	(6,467)	(8,685)	2,217
Balance at December 31, 2014	**112,959**	**19,958**	**93,001**

During the year, pension monthly payments totaled COP 9,142 (2013: COP 12,238).

AGREED FRINGE BENEFITS

In the calculation of pension liabilities, the company included agreed fringe benefits received by pensioners in addition to those required by legal regulations.

The calculation included fringe benefits agreed in individual and collective labor agreements to which present and future pensioners are entitled, such as education and health (supplementary plans and aid for health expenses) and pension contributions. Amounts and amortization are as follows:

	NUMBER OF PEOPLE 2014	NUMBER OF PEOPLE 2013	TOTAL LIABILITIES 2014	TOTAL LIABILITIES 2013	TOTAL AMORTIZED 2014	TOTAL AMORTIZED 2013
Contribution plan to social security	25	40	762	1,161	515	770
Education aid plan	242	663	5,378	8,589	3,638	5,685
Medical plans	614	1,017	52,054	64,402	35,210	42,628
TOTAL			**58,194**	**74,152**	**39,363**	**49,083**
AMORTIZATION PERCENTAGE					**67.64%**	**66.19%**

In 2012, as a result of negotiation of the labor contract, the company extended health and education benefits to every employee affiliated to the contract, with expectations of retiring at the service of ISA and who have started work at the company before the contract was signed (May 18, 2012). As of 2012, the company decided to amortize fringe aids and benefits on the basis of the methodology stated in Resolution No. 356 of September 5, 2007 issued by the Colombian General Accounting Office.

17.2 INCOME TAX AND CREE TAX

Tax regulations applicable to the Company provide:

- Nominal income tax rate is 25% and income tax for equity purposes (CREE) rate is 9%.

- In both cases, the basis to determine income tax for the year shall not be lower than 3% of net fiscal equity on the last day of the preceding taxable year, refined with the entries duly authorized by tax regulations in force.

INCOME TAX AND SURTAX ON WINDFALL PROFIT

a. As of fiscal 2011, no taxpayer can benefit from the special 30% deduction for investment in real fixed productive assets.

   However, ISA benefits from special 40% deduction, in virtue of the legal stability agreement signed with the Nation (Ministry of Mines and Energy), for the activity of energy transmission. Avail of this benefit does not result in income taxable for shareholders.

b. On June 27, 2008, ISA and the State (Ministry of Mines and Energy) subscribed the legal stability agreement for the activity of electric energy transmission during 20 years. This agreement basically stabilized income tax regulations, among which the following stand out: income tax rate, deduction of inflation component of financial expenses, special 40% deduction for new investments in new productive real fixed assets, tax discount on VAT paid in imports of machinery for energy transport, presumptive income equal to 3% of net fiscal equity, and transitoriness of equity tax.

   This agreement guarantees that, in the event of adverse modification to the regulations stabilized under the agreement, unmodified regulations shall continue to apply during the term of the agreement.

c. As a result of application of Colombian General Accounting Office Resolution No. 356 of September 05, 2007, exchange gain/loss fluctuations, in update through equity method of equity investments in controlled entities, are considered as equity variations until disposal of the investment, and, therefore, they affect equity. However, when surplus from equity method cannot absorb equity decreases accumulated in equity entries different from results, the excess must be recognized as expense in the form of provision until the book value of the investment is equal to zero.

   Pursuant to the provisions of fiscal regulation on investment in foreign currency, and upon application of the accounting rule mentioned above, a reconciliation entry between per-books and fiscal results has been produced arising from the exchange gain/loss of investments in foreign currency in controlled entities until 2014. As a result of the issuance of Tax

Law Amendment 1739 of 2014, the exchange gain/loss of investments will not be part of the taxable basis of income tax and CREE.

d. In 2005, Decision 578 of the Andean Community of Nations (CAN) entered into force. This decision seeks to avoid double taxation on income earned in any of the member countries (Ecuador, Peru, Bolivia and Colombia) using an exoneration mechanism.

   In determining taxable income for income tax and income tax for equity purposes (CREE), the company requests as exempt income the sums obtained in the member countries of the Andean Community of Nations (Peru, Ecuador and Bolivia) corresponding to the net value resulting from subtracting from the revenues generated the corresponding costs and deductions.

e. Income tax payers performing transactions with foreign related or associated parties and/or with residents of countries considered as tax haven, are required, for income tax purposes, to determine their ordinary and extraordinary revenues, costs and deductions, assets and liabilities, taking into consideration for these transactions the prices and profit margins of the market. At this time, the company's management and its counsels have not concluded the update study for 2014; however, based on the satisfactory results of the study conducted for 2013, their opinion is that no significant additional income tax provisions shall be required as a result of the study.

f. As of 2003, for fiscal depreciation purposes ISA has utilized fiscal useful lives lower than per books useful lives, as well as accelerated depreciation; this optimization has resulted not only in decreased taxable income, and consequently lower income tax payable, but also deferred credit tax payable for the same value each year.

   For the fiscal deduction of the increased depreciation expense to be accepted, ISA has established a non-distributable reserve from its earnings from 2003 until 2013, amounting to seventy percent (70%) of the increased amount requested, coming up to COP 619,210. This reserve can be released when requested depreciation is lower than per-books depreciation.

g. Windfall profits are refined separately from ordinary income. Windfall profits are considered to be those obtained in the transfer of fixed assets held for two or more years, income coming from liquidation of corporations, inheritance, wills, and donations. As of year 2013, windfall profit is taxed at 10%.

The reconciliation between pre-tax income and taxable income for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Income before taxes	**759,618**	**550,135**
PLUS – ITEMS THAT INCREASE TAXABLE INCOME:		
Amortization of goodwill	4,773	4,583
Net cost of assets sold	-	471
Dividends received	91,767	124,885
Non-deductible provisions	8,478	11,202
Non-deductible costs and expenses	4,969	2,825
Other	646	387
LESS – ITEMS THAT DECREASE TAXABLE INCOME:		
Investments exchange gain/loss	(3,027)	(12,053)
Excess of depreciation and amortization	(131,663)	(124,674)
Additional depreciation/amortization for tax inflation adjustment	(51,561)	(56,736)
Write-off and tax allowance for doubtful accounts	-	(1,153)
Recovery of provisions	(2,643)	(5,557)
Equity method	(240,086)	(146,645)
Non-taxable dividends and participations	(69,548)	(64,611)
Special deduction for productive real fixed assets	(39,564)	(56,618)
TOTAL REGULAR INCOME	**332,159**	**226,441**

	2014	2013
Gross taxable income	332,159	226,441
Less – tax-exempt income	(24,930)	(56,691)
NET TAXABLE INCOME	**307,229**	**169,750**
Tax rate	25%	25%
INCOME TAX	**76,808**	**42,438**

INCOME TAX FOR EQUITY PURPOSES (CREE)

Tax regulations applicable to the Company provide:

a. Law 1607 of December of 2012 created the income tax for equity purposes (CREE) as the contribution from corporations and legal entities and the like who pay income tax and surtax, in order to favor the workers, job generation and social investment.

b. The basis to determine CREE tax cannot be lower than 3% of its net fiscal equity on the last day of the immediately previous taxable period.

c. CREE tax rate is 9%. Between 2015 and 2018, it will be subject to a surcharge established by Tax Law Amendment 1739 of 2014.

d. As of July 1, 2013, legal entities and the like who pay income tax and surtax are exempt from payment of quasi-fiscal contributions in favor of SENA and ICBF, corresponding to workers who earn, individually considered, up to ten (10) minimum monthly wages in force. This exemption is not applicable to those taxpayers not subject to CREE tax. As of January 2014, they will be exempt from health care contributions.

e. The taxable base of the CREE tax is established by subtracting from the gross revenues susceptible of increasing equity obtained along the year, the returns, rebates and discounts, and from this result, subtracting what corresponds to revenues not constituting income established in the regulation. From the net revenues so obtained, total costs and deductions applicable to this tax will be subtracted, as established in articles 107 and 108 of the Tax Law. From this figure, all exempt income that, as established by Article 22 of Law 1607 of year 2012, can be subtracted.

The reconciliation between income before income tax for equity purposes (CREE) and taxable income for the years ended on December 31 is as follows:

	2014	2013
Income before taxes	**759,618**	**550,135**
PLUS – ITEMS THAT INCREASE TAXABLE INCOME:		
Amortization of goodwill	4,773	4,583
Net cost of assets sold	-	471
Dividends received	91,767	124,885
Non-deductible provisions	8,478	11,202
Non-deductible costs and expenses	4,969	2,825
Other	646	387
LESS – ITEMS THAT DECREASE TAXABLE INCOME:		
Investments exchange gain/loss	(3,027)	(12,053)
Excess of depreciation and amortization	(131,663)	(124,674)
Additional depreciation/amortization for tax inflation adjustment	(51,561)	(56,736)
Write-off and tax allowance for doubtful accounts	-	(1,153)
Recovery of provisions	(2,643)	(5,557)
Equity method	(240,086)	(146,645)
Non-taxable dividends and participations	(69,548)	(64,611)
TOTAL REGULAR INCOME	**371,723**	**283,059**

	2014	2013
Gross taxable income	371,723	283,059
Less – tax-exempt income	(24,930)	(56,691)
NET TAXABLE INCOME	**346,793**	**226,368**
Tax rate	9%	9%
INCOME TAX FOR EQUITY PURPOSES (CREE)	**31,212**	**20,372**

The balance payable (in favor) of income tax and surtax on windfall profit and CREE as of December 31 was determined as follows:

	2014	2013
Current income tax and windfall profit tax provision	76,808	42,438
Current income tax for equity purposes (CREE) provision	31,212	20,372
LESS – ITEMS THAT DECREASE TAX PAYABLE:		
Tax discounts (income tax and CREE)	(6,128)	(18,315)
Income tax withholding	(459)	(1,766)
Income tax self-withholding	(18,020)	(25,270)
CREE self-withholding	(12,326)	(10,405)
INCOME TAX AND CREE LIABILITIES	**71,087**	**7,054**

Net tax effect on the results of the year:

	2014	2013
Income tax	76,808	42,438
CREE income tax	31,212	20,372
Deferred taxes net, preceding years income adjustment	56,060	52,457
CAN countries tax	2,473	1,820
NET CHARGE TO INCOME	**166,553**	**117,087**

The following temporary differences generated a deferred tax liability for tax years ended December 31:

CREDIT DEFERRED TAX:

At the end of the reporting period, the credit deferred tax is determined taking into account the following entries:

	2014	2013
Excess of tax depreciation	890,463	771,613
Excess of tax amortization	21,034	21,097
Exchange gain/loss	282,958	279,931
Retirement pensions	13,226	16,749
TOTAL DEFERRED TAX BASIS	**1,207,681**	**1,089,390**
Tax rate	34%	33%
CREDIT DEFERRED TAX	**410,612**	**359,499**

DEBIT DEFERRED TAX:

At the end of the reporting period, the debit deferred tax is determined taking into account the following entries:

	2014	2013
Allowance for doubtful accounts	1,838	1,131
Estimated liabilities	10,578	13,173
Inflation adjustments	95,123	114,770
Agreed fringe benefits	39,363	49,083
TOTAL DEFERRED TAX BASIS	**146,902**	**178,157**
Tax rate	34%	33%
DEBIT DEFERRED TAX	**49,946**	**58,792**
Branch's deferred tax	-	116
DEBIT DEFERRED TAX	**49,946**	**58,908**

Reconciliation between per-books and taxable equity at December 31:

	2014	2013
Per-books equity	**8,629,070**	**7,447,542**
PLUS – ITEMS THAT INCREASE TAXABLE EQUITY:		
Non-deductible provisions	(34,527)	49,669
Credit deferred tax	410,612	359,499
Monetary correction effect	258,419	321,771
LESS – ITEMS THAT INCREASE TAXABLE EQUITY:		
Per-books re-appraisals	(2,891,280)	(2,542,404)
Investments lower fiscal value	(1,944,399)	(1,589,581)
Debit deferred tax	(49,946)	(58,908)
Excess of tax depreciation of fixed assets	(890,463)	(771,613)
Excess of amortization of deferred charges and intangible assets	(90,118)	(97,772)
TOTAL TAXABLE EQUITY	**3,397,368**	**3,118,203**

The company's management and its legal counsels consider that the amounts accounted as tax payable suffice to pay any liability that could be determined for 2014.

TAX LAW AMENDMENT 1739 OF 2014

The Tax Law Amendment (Law 1739) was issued on December 23, 2014; the following aspects are highlighted:

Tax on wealth

Tax on wealth for years 2015, 2016 and 2017 payable by individuals, unsettled successions, legal entities and unincorporated associations who pay Colombian income tax and surtax.

This tax is incurred by owners of wealth at January 1, 2015 equal to or greater than COP 1,000.

The taxable basis for the tax on wealth is the gross equity of legal persons and unincorporated associations owned on January 1 of 2015, 2016 and 2017 less debts payable by them on the same dates. For individuals and unsettled successions, the basis is the gross equity owned by them on January 1 of 2015, 2016 2017 and 2018 less debts payable by them on the same dates; they are allowed to exclude the book value of investments in domestic corporations and other items.

When the taxable basis for the tax on wealth determined for 2016, 2017 or 2018 is higher than the one determined for 2015, the taxable basis for any of such years shall be the lower between the taxable basis determined for 2015 increased by twenty-five percent (25%) of the inflation rate, certified by the National Statistics Department, for the year immediately preceding the year in question and the taxable basis determined in the year in question. When the taxable basis for the tax on wealth determined for 2016, 2017 or 2018 is lower than the one determined for 2015, the taxable basis for any of such years shall be the higher between the taxable basis determined for 2015 decreased by twenty-five percent (25%) of the inflation rate, certified by the National Statistics Department, for the year immediately preceding the year in question and the taxable basis determined in the year in question.

The rate of the tax on wealth for legal entities is determined taking into account different ranges of taxable basis for each year as follows:

TAXABLE BASIS RANGE	2015	2016	2017
>0 <2,000 million	0.20%	0.15%	0.05%
>=2,000 <3,000 million	0.35%	0.25%	0.10%
>=3,000 <5,000 million	0.75%	0.50%	0.20%
>=5,000 million	1.15%	1.00%	0.40%

(Tax amounts are calculated according to the tables set in Article 5 of Law 1739 of 2014)

CREE income tax and CREE surtax

CREE income tax rate is going to remain at 9% and will not be lowered to 8% as provided in Law 1607 of 2012.

The surcharge of income tax for equity purposes (CREE) was established for fiscal years 2015, 2016, 2017 and 2018 and is applicable whenever CREE taxable basis is higher than COP 800.

The surcharge of CREE income tax for equity purposes will be calculated by applying the following rates for each year to the CREE taxable basis:

TAXABLE BASIS RANGE	2015	2016	2017	2018
>0 <800 million	0%	0%	0%	0%
>=800 million	5%	6%	8%	9%

(Tax amounts are calculated according to the tables set in Article 22 of Law 1739 of 2014)

For tax years 2015, 2016, 2017 and 2018, the surcharge is subject to an advance payment of 100% of its amount, calculated on the taxable basis of the CREE income tax of the immediately preceding taxable year.

VAT discount for basic industry

The amount of VAT paid on the purchase or import of heavy machinery for basic industry may be discounted from the income tax corresponding to the taxable period when the payment was made and in subsequent periods. For matters of this provision, basic industry includes mining, hydrocarbons, heavy chemical, siderurgy, extractive metallurgy, electric power generation and transmission, and obtainment, purification and conduction of hydrogen oxide.

When the assets giving rise to the VAT discount are disposed of before their useful life has elapsed, the portion of VAT discounted, proportional to the years or fraction of year remaining of their respective useful life, shall be added to the net income tax of the taxable year when the disposal took place.

VAT discount for capital goods:

Two points of VAT paid on the purchase or import of capital goods taxed at the general tax rate may be discounted from the income tax corresponding to the taxable period when the purchase or import took place.

For matters of this provision, capital goods are understood as the tangible depreciable goods that are not disposed of along the regular business course, that are used in the production of goods and services, and that different from raw materials and supplies, are neither incorporated into the final goods produced nor transformed along the productive process, except for the wear and tear characteristic of their utilization; e.g. machinery and

equipment, and IT, communications, transportation, loading and unloading equipment acquired for industrial and agricultural production and for delivering services.

When the assets giving rise to the two-point VAT discount are disposed of before their useful life has elapsed, the portion of VAT discounted, proportional to the years or fraction of year remaining of their respective useful life, shall be added to the net income tax of the taxable year when the disposal took place.

Other provisions:

- No domicile shall be understood to exist for foreign corporations or entities that have issued bond or shares of any type in the Colombian Stock Exchange and/or in an international stock exchange of international renown, according to resolution to be issued by the Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority). This provision applies as well to subordinate companies (subsidiaries and affiliates) of the corporation or entity that meets the requirements hereof; for this matter, the subsidiary or affiliate shall be consolidated in accounting terms into the consolidated financial statements of the corporation or entity issuing at the Stock Exchange.

  Additionally, no domicile shall be understood to exist in the national territory for foreign corporations or entities whose revenue originated in the jurisdiction of their incorporation is equal to or greater than eighty percent (80%) of their total revenue.

- An ad-honorem commission of experts is created to study, among others, the Special Income Tax and Surtax Regime applicable to non-profit entities, the existing tax benefits and the reasons justifying them, as well as the sales tax regime and the regime applicable to taxes, duties and contributions of territorial nature. The commission was created with the purpose of proposing reforms aimed at fighting tax evasion and elusion and to make the Colombian tax system more equitable and efficient.

- The rate for the levy on financial transactions shall be four per thousand (4/1000) until 2018. A subsequent gradual reduction is established as follows:

  Three per thousand (3/1000) in 2019.
  Two per thousand (2/1000) in 2020.
  One per thousand (1/1000) in 2021.

- The adjustment for exchange gain/loss of investments in foreign currency in shares or participations in foreign corporations that constitute fixed assets for the tax payer, will only be considered as revenue, cost or expense at the moment of disposal for any reason, or of liquidation of the investment.

NOTE 18: OTHER LIABILITIES

Balance of other liabilities at December 31:

		2014			2013		
OTHER LIABILITIES		SHORT-TERM	LONG-TERM	TOTAL	SHORT-TERM	LONG-TERM	TOTAL
Advance revenue from sales		4,481	-	4,481	8,761	-	8,761
Collections for third parties		446	-	446	566	-	566
Deferred taxes	(1)	-	410,612	410,612	-	359,499	359,499
Deferred revenue	(2)	-	245,447	245,447	-	295,808	295,808
TOTAL OTHER LIABILITIES		**4,927**	**656,059**	**660,986**	**9,327**	**655,307**	**664,634**

(1) Variation corresponds to the lower value of current tax calculated during the fiscal year resulting from the excess of fiscal depreciation versus per-books depreciation and the exchange gain/loss of investments abroad. (See Note 17.2)

(2) Corresponds mainly to deferred revenues of the National Transmission System (STN) COP 231,595 (2013: COP 247,079), for UPME bid assets and infrastructure usage rights for COP 13,611 (2013: COP 46,556). The latter's decrease is the result of reclassification of the availability contracts subscribed with INTERNEXA as accounts payable (See Note 15).

NOTE 19: EQUITY

SUBSCRIBED AND PAID-IN CAPITAL

Subscribed and paid-in capital at December 31 was distributed as follows:

2014			
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	PARTICIPATION % (1)
State investors			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P. –EPM–	112,605,547	3,693	10.166
SUBTOTAL	**682,078,108**	**22,372**	**61.577**
State and private capital investors			
Empresa Colombiana de Petróleos –ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
SUBTOTAL	**77,373,530**	**2,538**	**6.985**
SUBTOTAL	**759,451,638**	**24,910**	**68.562**
Private capital investors			
Fondo de Pensiones Obligatorias Porvenir Moderado	79,322,882	2,602	7.161
Fondo de Pensiones Obligatorias Protección Moderado	54,051,718	1,773	4.880

2014			
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	PARTICIPATION % (1)
Fondo de Pensiones Obligatorias Colfondos Moderado	22,440,152	736	2.026
Fondo Bursátil ISHARES COLCAP	10,864,920	356	0.981
Fondo de Pensiones Obligatorias Skandia S.A.	8,474,364	278	0.765
Vanguard Emerging Markets Stock Index Fund	6,258,121	205	0.565
Blackrock Institutional Trust Company N.A.	3,031,826	99	0.274
Abu Dhabi Investment Authority	2,952,132	97	0.267
Ishares MSCI Emerging Markets Index Fund	2,877,451	94	0.260
Fondo de Cesantías Porvenir	2,612,859	86	0.236
Other shareholders	155,339,831	5,095	14.023
SUBTOTAL	**348,226,256**	**11,421**	**31.438**
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	**1,107,677,894**	**36,331**	**100.000**
Repurchased own shares (2)	17,820,122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	**1,125,498,016**	**36,916**	

2013			
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	PARTICIPATION % (1)
State investors			
Ministry of Finance and Public Credit	569,472,561	18,679	51.411
Empresas Públicas de Medellín E.S.P. –EPM–	112,605,547	3,693	10.166
SUBTOTAL	**682,078,108**	**22,372**	**61.577**
State and private capital investors			
Empresa Colombiana de Petróleos –ECOPETROL–	58,925,480	1,933	5.320
Empresa de Energía de Bogotá –EEB–	18,448,050	605	1.665
Empresa de Energía del Pacífico	1,213,000	40	0.110
SUBTOTAL	**78,586,530**	**2,578**	**7.095**
Subtotal	**760,664,638**	**24,950**	**68.672**
Private capital investors			
Fondo de Pensiones Obligatorias Protección Moderado	61,676,823	2,023	5.568
Fondo de Pensiones Obligatorias Porvenir Moderado	52,052,859	1,707	4.699
Fondo BBVA Horizonte - Moderado	25,586,781	839	2.310
Fondo de Pensiones Obligatorias Colfondos Moderado	22,008,670	722	1.987
Fondo Bursátil ISHARES COLCAP	12,768,784	419	1.153
Fondo de Pensiones Obligatorias Skandia S.A.	8,389,764	275	0.757
Vanguard Emerging Markets Stock Index Fund	5,819,037	191	0.525
Abu Dhabi Investment Authority	3,450,519	113	0.312
Ishares MSCI Emerging Markets Index Fund	3,430,366	113	0.310
Blackrock Institutional Trust Company N.A.	2,987,170	98	0.270
Other shareholders	148,842,483	4,881	13.437
SUBTOTAL	**347,013,256**	**11,381**	**31.328**
TOTAL OUTSTANDING SUBSCRIBED CAPITAL	**1,107,677,894**	**36,331**	**100.000**
Repurchased own shares (2)	17,820,122	585	
TOTAL SUBSCRIBED AND PAID-IN CAPITAL	**1,125,498,016**	**36,916**	

(1) Participation percentage on outstanding shares.

(2) Shares initially held by CORELCA, reacquired in August of 1998. To date, all rights inherent to these shares have been suspended; consequently, they do not participate in dividend distributions nor are they taken into account for establishing quorum to deliberate and decide.

As of December 31, 2014 and 2013, authorized capital stock included 1,371,951,219 common shares. Shares had a par value of COP 32.800000005352. All shares issued have been fully paid. Unissued shares as of December 31, 2014 and 2013 are detailed below:

	STOCK	VALUE
Authorized	1,371,951,219	45,000
Subscribed and paid-in	1,125,498,016	36,916
To be subscribed	246,453,203	8,084

ISA can issue common and preferred shares, and shares with preferred dividend but without voting rights. All shares are registered and circulate either in a materialized or dematerialized manner, as decided by the Board of Directors in the corresponding ruling.

Outstanding shares are common, registered and dematerialized. Depósito Centralizado de Valores de Colombia –DECEVAL S.A.– is the entity where securities are deposited for their administration and custody, to facilitate and expedite the market agents' work.

CAPITAL SURPLUS

- **Additional paid-in capital**

  The additional paid-in capital is the excess of the sales price over the par value of the subscribed shares.

- **Received for works**

  This account represents amounts delivered by the National Government for the construction of the first circuit of the 500 kV line to the Caribbean Coast.

RESERVES

		2014	2013
Legal	(1)	18,458	18,458
Mandatory for tax purposes	(2)	619,210	523,879
Repurchase of own shares	(3)	38,100	38,100
Equity reinforcement	(4)	481,989	381,315
Rehabilitation and repairs of STN assets	(5)	37,434	37,434
TOTAL		**1,195,191**	**999,186**

(1) The law requires the company to appropriate 10% of annual net income as a legal reserve until the balance of the reserve is equal to 50% of subscribed capital. This mandatory reserve may not be distributed prior to the liquidation of the company, but may be used to absorb or reduce net losses of the year. Any balance of the reserve in excess of 50% of subscribed capital is at the disposal of the shareholders.

(2) The Shareholders' Meeting approved appropriation of this reserve from net income, in compliance with Article 130 of the Tax Law, in order to obtain tax deductions for depreciation in excess of book depreciation. As legally provided, this reserve can be

released whenever subsequent per-books depreciation exceeds tax depreciation, or when the assets giving rise to the incremental amount deducted are sold.

(3) Includes special reserve for the repurchase of shares held by EPM for COP 38,100.

(4) In compliance with Article 47 of the bylaws, the Shareholders' Meeting approved an occasional reserve, so that the company could retain its solid financial position and maintain the financial ratios required by the rating agencies, in order to obtain the investment degree rating and comply with contractual commitments to financial entities.

(5) The Shareholders Meeting held on March 30, 2000, approved COP 24,932 reserve for the rehabilitation and replacement of assets of the National Transmission System, and on March 18, 2002, approved an additional reserve of COP 12,502 for a total of COP 37,434.

EQUITY REVALUATION

Adjustments for inflation on balances of equity accounts, recognized until December 31, 2000 have been credited to this account, with charge to the income statement. Although this value is not distributable as dividend, it can be used to increase subscribed capital.

As of 2007, and according to regulations in force, the tax on equity is accrued by decreasing this account.

SURPLUS FROM EQUITY METHOD

Contra entry of equity variations of investments in subsidiaries, as a consequence of application of the equity method (See Note 3.3).

DIVIDENDS DECLARED

Dividends declared in 2014 and 2013 on earnings of corresponding previous year are detailed below:

	2014	2013
Net income for last year	433,048	272,938
Outstanding shares	1,107,677,894	1,107,677,894
Regular dividend per share (in COP)	196	188
Extra dividend per share (in COP)	18	-
Total dividends declared per share	214	188
Dividends declared	237,043	208,244
Terms of payment	Regular dividend of July 21, 2014 Extra dividend of September 22, 2014	One installment in May 2013

NET INCOME PER SHARE

Net income per share has been calculated on the annual weighted average number of outstanding shares as on the date of the statement of financial position.

Calculation was as follows

	2014	2013
Net income for the year	593,065	433,048
Average outstanding shares in the period	1,107,677,894	1,107,677,894
Net income per share (in COP)	535.41	390.95

NOTE 20: MEMORANDUM ACCOUNTS

The balance of memorandum accounts at December 31 was:

		2014	2013
Debit			
Fiscal debit accounts	(1)	3,102,888	2,849,938
Other contingent rights	(2)	31,523	41,111
Other debit control accounts		1,520	1,520
TOTAL DEBIT MEMORANDUM ACCOUNTS		**3,135,931**	**2,892,569**
Credit			
Claims and lawsuits (See Note 20.1)	(3)	5,766,825	5,741,157
Guarantees granted	(4)	439,515	327,402
Fiscal credit accounts	(5)	156,532	168,069
Claims and lawsuits of third parties' administration (See Note 20.1)	(3)	1,368,155	1,233,004
Other credit control accounts		1,020	534
TOTAL CREDIT MEMORANDUM ACCOUNTS		**7,732,047**	**7,470,166**

(1) Represents differences with accounting that result from applying the inflation adjustment system for tax effects, and differences in per-books and fiscal deductions when determining ordinary net taxable income.

(2) Claims and suits in favor of the company.

(3) Includes eventual-and-remote-occurrence claims and suits against the company: Includes:

2014						
	ALL PROCESSES		EVENTUAL		REMOTE	
	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE
Administrative	175	7,091,462	13	100,629	162	6,990,833
Civil	11	5,983	6	5,983	5	-
Labor	61	35,477	44	31,676	17	3,801
Fiscal	8	2,058	-	-	8	2,058
TOTAL	**255**	**7,134,980**	**63**	**138,288**	**192**	**6,996,692**

2013						
	ALL PROCESSES		EVENTUAL		REMOTE	
	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE
Administrative	175	6,955,232	16	89,100	159	6,866,132
Civil	12	7,023	9	7,023	3	-
Labor	60	8,272	42	4,951	18	3,320
TOTAL	**247**	**6,970,527**	**67**	**101,074**	**180**	**6,869,452**

(1) See Note 20.2.

(2) Shows the net effect of the year's monetary correction on the period's distributable income and the per-books and fiscal difference on liabilities.

20.1 CLAIMS AND LAWSUITS

ISA currently appears as party, as a defendant, plaintiff or as an intervening third party, of judicial processes of administrative, civil and labor nature. None of the processes in which it appears as a defendant or as an intervening third party could affect its stability. In its own name, it has taken the necessary judicial measures to carry out its corporate purpose and the defense of its interests.

Below is the information regarding the main judicial processes which the company is a party to and their estimated amounts expressed in millions:

PROCESSES FILED BY ISA OR ITS COMPANIES

TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
Civil. Trial Court	Comercializar S.A. E.S.P.	Executive claim for the payment of promissory note 03 of September 22, 1995, signed by Comercializar S.A. payable to different companies, ISA among them.	46
Civil. Trial Court	Energen S.A. E.S.P.	Payment claimed of all debts from this company to ISA.	508
Administrative. Trial Court	Atlas Ingeniería Ltda. and Aseguradora Confianza S.A.	Contractual liability claim for not fulfilling works related to laser photogrammetry.	4,743
Administrative. Trial Court	Municipality of San Carlos, Antioquia	Nullity claim of the decision ordering payment of municipal taxes.	1,838
Administrative. Trial Court	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Contractual liability claim for supply of transformers.	4,361
Administrative. Trial Court	Electrificadora del Atlántico S.A. E.S.P.	Nullity claim against a resolution of the defendant's liquidator.	12,962
Administrative Tribunal of Cundinamarca.	Superintendency of Domiciliary Public Utilities (SSPD)	SSPD charged ISA COP 1,883 as a special contribution in 2011 because they included expense accounts that shouldn't be considered. Actual ISA's contribution should be COP 734.	1,200
Administrative Tribunal of Valle.	Municipality of Yumbo	Claim to declare null the Resolution 031 of July 12, 2012 issued by the Secretary of Finance of the Municipality of Yumbo.	1,368
Administrative Tribunal of Cundinamarca.	The State - CREG	Claim for a nullity declaration of CREG Resolution 106 of July, 1, 2010, which approved the assets base and the necessary parameters to determine ISA's remuneration in the STN.	56
Administrative. Appeal. Administrative Supreme Court	DIAN	Nullity and redress claim. Reimbursement of interest for 1995 income tax balance.	4,779

TYPE AND INSTANCE	DEFENDANT	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative. Appellate Court. Administrative Supreme Court	Superintendency of Domiciliary Public Utilities	SSPD charged ISA COP 1,883 as a special contribution in 2011 because expense accounts were included that shouldn't be considered. Actual ISA's contribution should be COP 1,149.	734
Administrative. Appeal. Administrative Supreme Court	DIAN	Nullity and redress claim for penalty for inaccuracies in income tax return imposed by DIAN resulting from different criteria applied to calculation of refined income – Article 211 of Fiscal Law of 1995.	750

PROCESSES AGAINST ISA OR ITS COMPANIES

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative. Trial Court	Fernando Rodríguez García	Related to a Group Action filed with the Eighth Administrative Circuit Court of Cali by Fernando Rodríguez García and others against the State – the Ministry of Finance and Public Credit, the Ministry of Mines and Energy and ISA. The amount of the claim was defined by the plaintiffs at COP 5,693,476 million, amount that is considered unreasonable because there was no real estimation as it is legally required and it was based on hypothetical damages without any proof or support in the claim. This claim is considered as a remote contingency, taking into account that it has no factual or legal basis to succeed.	5,693,476
Civil. Trial Court	Parque Empresarial San Miguel S.A.	The plaintiff asks ISA to be declared as invader of its property without any legal authorization, establishing this way an illegal right of way. For this reason the plaintiff asks to be indemnified.	1,980
Civil. Trial Court	Roberto Ebrath Rojas Estate	To issue decision imposing electric energy transmission legal right of way, considered in Article 18 of Law 126 of 1938 and Law 56 of 1981, in favor of ISA, over a piece of land owned by the defendants, called "Tierra Grata", located in "La Esperanza", Municipality of El Paso, identified with real state register 192 – 00463, from the Public Instruments Register Office of Chimichagua (Cesar).	322

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Civil. Trial Court	Claudia Andrea Córdoba	The plaintiff requests to declare ISA liable for the missing and alleged death by drowning of Mr. Giampietro Zanin (Juan Pedro Zanin), while working at the crossing of a fiber optics cable belonging to the company, and to award material and moral damages payable by Interconexión Eléctrica S.A E.S.P. – ISA –.	4,000
Administrative. Trial Court Filing 05001233100020030346100	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	56,308
Administrative. Trial Court. Filing 05001233100020040461800	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	70,770
Administrative. Trial Court. Filing 05001233100020030029201O	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	108,670
Administrative. Trial Court. Filing 05001233100020050591700	CHIVOR S.A. E.S.P.	CHIVOR S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA, allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). CHIVOR S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	69,693

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative. Trial Court. Filing 05001233100020020472100	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	88,144
Administrative. Trial Court. Filing 05001233100020050591900	EMGESA S.A. E.S.P.	EMGESA S.A. E.S.P requests a nullity declaration for the administrative actions issued by ISA allegedly according to CREG 077/2000 and CREG 111/2000 Resolutions, which are illegal and unconstitutional (validity of these resolutions is under challenge before the Administrative Supreme Court). EMGESA S.A E.S.P requests full repair of damages suffered as a consequence of issuing of the administrative actions under challenge.	79,406
Labor. Supreme Court Recourse	Isabel Gutiérrez, Rosalba González and others.	The plaintiffs request a decision accepting they have right to receive the benefits established in the labor agreement existing between ISA and the National Workers Union of Interconexión Eléctrica S.A. E.S.P. (SINTRAISA), and, as a consequence, all benefits and damages to be paid to them.	1,452
Labor. Supreme Court Recourse	Rogerio Alcides Ruiz and Others	The plaintiffs request that all employee benefits be paid according to the labor contract subscribed with the company.	628
Labor. Supreme Court Recourse	Víctor Hugo Mosos Campos	The plaintiff requests to order ISA to re-calculate the retirement pension and to pay the additional pension payment corresponding to the month of June.	368
Circuit Labor Court 002 of Bucaramanga	Jorge Eliécer Reyes Plata	The plaintiff requests a declaration confirming that he had a labor relationship with ISA between February 1, 1999 and January 28, 2011, which ended without good cause using INTERSERVICIOS as an intermediary. The plaintiff also claims to be beneficiary of ISA's Labor Contract, and for this reason he has rights to receive wage adjustments as well as fringe benefits, social security, default penalty and the legal costs.	832
Administrative Tribunal of Antioquia. Filing 05001233100020050355800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions issued by ISA upon application of the theoretical compensating capacity (CRT, for its Spanish initials) in order to determine the capacity charge of CHIVOR S.A. E.S.P., calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, and included in Invoice No. SIC 16966 of October 12, 2004, signed by Juan Diego Gómez Vélez, Market Operations director. The entity also requests the restoration of its rights affected as a consequence of such administrative acts.	12,488

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative Tribunal of Antioquia. Filing 05001233100020040118700	EMGESA S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC of September 12, 2003.	6,643
Administrative Tribunal of Antioquia. Filing 05001233100020060012500	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 19104 of August 12, 2005 and in Resolution 1411 of September 06, 2005 issued by ISA-ASIC.	5,491
Administrative Tribunal of Antioquia. Filing 05001233100020030296800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 12920 of March 14, 2003.	9,318
Administrative Tribunal of Antioquia. Filing 05001233100020040049800	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 13907 of July 12, 2003.	8,880
Administrative Tribunal of Antioquia. Filing 05001233100020040084100	CHIVOR S.A. E.S.P.	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) issued by ISA upon application of the theoretical compensating capacity (CRT), calculated according to CREG 077/2000 and CREG 111/2000 Resolutions, included in invoice No. SIC 1888 of July 13, 2005.	18,008
Administrative Tribunal of Antioquia. Filing 05001233100020050591800	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2004-2005 period, which amounts to 280.04 MW per month, among others.	33,731
Administrative Tribunal of Antioquia. Filing 05001233100020040461900	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2003-2004 period, which amounts to 273.06 MW per month, among others.	34,991
Administrative Tribunal of Antioquia. Filing 05001233100020030029100	Central Hidroeléctrica de Betania (today, EMGESA)	The plaintiff entity requests a nullity declaration for the administrative actions (challenged actions) where CND estimated the theoretical compensating capacity, corresponding to the 2001-2002 period, which amounts to 256.47 MW per month, among others.	37,543

TYPE AND INSTANCE	PLAINTIFF	PROCESS DESCRIPTION	ESTIMATED VALUE
Administrative Tribunal of Cundinamarca. Filing 25000232600020060212301	Meriléctrica	The plaintiff entity requests that due to incorrect application by the Operations Management of capacity charge allocation corresponding to the 2004-2005 period, material damages were caused to the company.	3,747
Administrative. Trial Court. Administrative Tribunal of Valle.	Municipality of Yumbo	The plaintiff entity requests a nullity declaration for Resolution No. 031 of July 12, 2012 issued by the Finance Secretary of the Municipality of Yumbo that set official calculation of revised turnover tax of years 2009 and 2010.	819
Administrative. Trial Court. Administrative Tribunal of Antioquia.	Municipality of Cáceres.	Claim for nullity and redress for invoice No. 213 of October 30, 2013 for public lighting tax for the period between January and September of 2013. Filing 2014-0826.	248
Administrative. Trial Court. Administrative Tribunal of Guajira.	Municipality of Albania	Claim for nullity and redress for invoices No. 1500, 1501, 1502, 1503, 1504, 1505 and 1506 of 2013 and invoices No. 1507, 1508 and 1509 of 2014 for public lighting tax. Filing 2014-0162.	244
Administrative. Trial Court. Administrative Tribunal of Sucre.	Municipality of Los Palmitos	Claim for nullity of invoices No. 0011, 0012, 0013, 0014, 0015, 0016 and 0017 of 2013 for public lighting tax.	327

The company's management and its legal counsels consider remote the possibility of material loss as a result of such claims.

20.2 GUARANTEES AND COMMITMENTS IN FORCE

At 2014 closing date the following guarantees and commitments were in force:

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 04-2009 public bid – Sogamoso Project.	COP	30,000	30/01/2015
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 02-2013 public bid – Second 500/220 kV 450 MVA Transformer at 500/220 kV Copey Substation.	COP	5,464	01/03/2016
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 07-2013 public bid – Montería Project.	COP	29,389	01/03/2017
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 02-2014 public bid – Reforma Project.	COP	1,244	01/03/2016
Performance	Mining and Energy Planning Unit (UPME)	To guarantee performance of liabilities incurred in awarding of UPME 06-2013 public bid – Caracolí Project.	COP	9,212	01/03/2017
Performance	Ministry of Energy of Chile	To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Cardones-Maintencillo 2x500kV Line"	USD	15,182	02/06/2018
Performance	Ministry of Energy of Chile	To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Maintencillo-Pan de Azúcar 2x500kV Line".	USD	24,903	26/06/2018

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Ministry of Energy of Chile	To guarantee the project's effective execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "New Pan de Azúcar-Polpaico 2x500kV Line".	USD	53,591	16/07/2018
Performance	Ministry of Energy of Chile	To guarantee the project's execution and payment of penalties, as established in the Technical Proposal for the exploitation and execution of the new work "Encuentro-Lagunas, first circuit 2x220kV Line".	USD	7,407	13/10/2017
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Cardones-Maintencillo 2x500kV Line".	USD	3,795	16/05/2015
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Maintencillo-Pan de Azúcar 2x500kV Line".	USD	6,226	16/05/2015
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Pan de Azúcar-Polpaico 2x500kV Line".	USD	13,398	16/05/2015
Performance	Ministry of Energy of Chile	To guarantee execution term of Relevant Milestone No. 2: Obtaining Resolution for Environmental Grading and Presenting Definitive Concession Application as established in the Technical Proposal for the exploitation and execution of the new work "New Encuentro-Lagunas, first circuit 2x500kV Line".	USD	1,852	12/09/2015

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	66	16/05/2015
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	366	16/05/2015
Performance	Municipality of Sucre	To guarantee payment of public lighting tax calculated.	COP	64	31/05/2015
Performance	Municipality of Aguadas	To guarantee payment of public lighting tax calculated.	COP	3	31/05/2015
Performance	Municipality of Cáceres.	To guarantee payment of public lighting tax calculated.	COP	293	27/08/2015
Performance	Municipality of Cáceres.	To guarantee payment of public lighting tax calculated.	COP	207	27/08/2015
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	66	06/11/2015
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	131	23/12/2015
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	76	23/12/2015
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	203	26/09/2015

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	157	26/09/2015
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	76	26/09/2015
Performance	Municipality of Pailitas	To guarantee payment of public lighting tax calculated.	COP	308	26/09/2015
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	66	26/09/2015
Performance	Municipality of Albania	To guarantee payment of public lighting tax calculated.	COP	76	11/12/2015
Performance	Municipality of Los Palmitos	To guarantee payment of public lighting tax calculated.	COP	683	11/12/2015
Performance	Municipality of Cáceres.	To guarantee payment of public lighting tax calculated.	COP	372	11/12/2015
SUBTOTAL				**204,873**	

GUARANTEES GRANTED TO SUBSIDIARIES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	SOURCE CURRENCY	BALANCE IN COP	MATURITY DATE
Joint and several	Leasing de Crédito S.A.	To guarantee the leasing agreement, Infrastructure Leasing, granted in 2004 by Leasing de Crédito to Flycom Comunicaciones S.A. E.S.P., subsequently transferred in 2007 to INTERNEXA S.A. E.S.P.	COP	81	17/09/2017
Pledged Shares.	BID-CAF	Pledge on 100% of shares owned by ISA in ISA Bolivia as guarantee of debt service incurred by the subsidiary.	USD	31,235	15/02/2019
Pledged Shares.	Preferential Creditors	Pledge on 100% of shares owned by ISA in Red de Energía del Perú –REP– as debt service guarantee of the subsidiary.	USD	112,573	19/04/2031
Joint and several	BCIE	To jointly and severally guarantee loan agreement entered into by EPR and BCIE related to SIEPAC Project financing. The guarantee must be valid until total principal is paid off	USD	90,754	29/06/2027
SUBTOTAL				**234,642**	
TOTAL				**439,515**	

(1) Guarantees granted in USD were translated using the market representative rate (TRM) of December 31, 2014 – COP 2,392.46.

COMMITMENT	EXPIRATION
Derived from subsidiary ISA Bolivia: Support and Guaranty Agreement under which, ISA and TRANSELCA are bound, as sponsors of ISA Bolivia, to guarantee loans granted by BID and CAF. **Outstanding obligation:** paying balance pending with IDB and CAF in case of Government intervention or as of the moment the license is revoked. Loans were earmarked for execution of 30-year licenses for Santivañez-Sucre, Punutuma and Carrasco-Urubó transmission lines and the license for Arboleda Substation.	Expiration of contracts (February 15, 2019)

NOTE 21: OPERATING REVENUE

OPERATING REVENUE		2014	2013
Use of STN existing network	(1)	4,496	762,855
Use of STN – UPME bids	(1)	21,465	85,686
Connection to STN	(1)	6,399	98,241
Telecommunications		19,141	18,403
Rights of use		3,003	3,175
Studies and consulting		460	1,037
Administration, operation and maintenance		164	2,120
Other services to subsidiaries		-	299
ENERGY TRANSPORT SERVICE AND ANCILLARY SERVICES SUBTOTAL		**55,128**	**971,816**
Services of construction of infrastructure projects	(2)	9,707	10,757
CONSTRUCTION SERVICES OF INFRASTRUCTURE PROJECTS SUBTOTAL		**9,707**	**10,757**
ENERGY TRANSPORT BUSINESS UNIT TOTAL		**64,835**	**982,573**
Technology transfers		8,864	7,516
Corporate services to subsidiaries		146	7,039
Partnership in commendam	(1)	707,563	-
TOTAL REVENUES FROM OTHER SERVICES		**716,573**	**14,555**
TOTAL OPERATING REVENUES		**781,408**	**997,128**

(1) Remuneration of services rendered by the company: transmission of electric power (use of the STN), connection to the National Transmission System (STN), energy transport ancillary services (administration, operation, and maintenance, specialized technical services, special studies, infrastructure availability), infrastructure projects, technology transfers and corporate services to subsidiaries.

Since 2014, INTERCOLOMBIA, a subsidiary of ISA, is in charge of representing the energy assets, and receives therefore, most of the revenue for Existing Network, UPMES and Connection to STN. Periodically and upon settlement of the partnership in commendam contract, ISA, the partner in commendam, receives the percentage of income as revenue of the partnership in commendam.

(2) Revenues from construction services of projects owned by third parties are detailed below:

PROJECT NAME:	2014	2013
CANA	4,425	6,335
DISPAC	-	92
MITÚ	70	1,395
SPIE	788	-
TECHNICAL ASSISTANCE	4,424	2,935
TOTAL REVENUES FROM PROJECTS SERVICES	**9,707**	**10,757**

The methodology used for recognition of construction revenues in each one of the projects is “costs incurred”, methodology reflecting the degree of realization by reference to costs incurred up to date, including the contract costs effectively executed plus the scheduling of costs to be executed along project construction. This methodology applies to every project. For the service of technical assistance revenues are recognized by service delivered.

At December 31, 2014, the value of advance payments received from customers for execution of construction contracts totaled COP 13,629 (2013: COP 108,018).

A list of the main customers and their participation in revenues, whenever higher than 10% of the service delivered by the company, is as follows:

CUSTOMER	2014	2013
INTERCOLOMBIA	707,563	-
INTERNEXA	15,831	-
Electricaribe	14,183	134,895
EPM	13,208	137,273
Codensa	-	131,869
Other customers with invoicing less than 10% of total	30,623	593,091
TOTAL OPERATING REVENUES	**781,408**	**997,128**

NOTE 22: OPERATING COSTS

Operating costs for the years ended December 31 are detailed as follows:

		2014	2013
Personnel expenses		13,698	58,114
Materials and maintenance		1,997	59,470
Fees		2,240	10,506
Leases		809	2,245
Insurance		5,521	6,068
Services		6,415	22,962
Intangibles		152	5,090
Environment and Social – ISA Región		351	4,596
Communications		100	963
Advertising, prints and publications		-	74
Studies		1,639	711
Research and Development		-	85
Taxes and contributions		23,204	118,697
Miscellaneous		659	5,774
TOTAL OPERATING COSTS BEFORE DEPRECIATION AND AMORTIZATION	**(1)**	**56,785**	**295,355**
Depreciation		4,859	85,898
Amortization		78,480	2,386
TOTAL DEPRECIATION, AMORTIZATION	**(2)**	**83,339**	**88,284**
TOTAL OPERATING COSTS		**140,124**	**383,639**

(1) Decrease explained by corporate separation process. INTERCOLOMBIA, as general partner of the partnership in commendam contract, carries out the administration, operation and maintenance of the electric and non-electric assets owned by ISA. The increase in studies is explained by the increased participation in bids.

(2) Under the partnership in commendam contract, ISA transfered to INTERCOLOMBIA the use of its assets; for this reason they are reclassified as assets in possession of third parties and recognition of their use is recorded in the amortization account. This account decreased because of the change of useful life made in the annual evaluation, fiber optics assets retired in November, and assets whose depreciation ended during 2014.

The following table summarizes total operating costs detailing capitalization expenses and/or cost assignation:

	2014			2013		
	Total	**Capitalized**	**Net**	**Total**	**Capitalized**	**Net**
Operating costs before depreciation and amortization	57,913	(1,128)	56,785	301,598	(6,243)	295,355
Depreciation and amortization	83,339	-	83,339	88,284	-	88,284
TOTAL	**141,252**	**(1,128)**	**140,124**	**389,882**	**(6,243)**	**383,639**

NOTE 23: ADMINISTRATION EXPENSES

Administration expenses at December 31 consisted of:

		2014	2013
Personnel expenses		39,659	68,250
Materials and Maintenance		68	3,643
Fees		9,543	15,681
Leases		692	630
Insurance		650	677
Services		5,445	10,008
Intangibles		3,512	3,534
Environment and Social – ISA Región		1,782	3,808
Communications		483	790
Advertising, prints and publications		450	1,377
Studies		2,750	1,275
Taxes and contributions		3,237	2,695
Miscellaneous		842	2,546
TOTAL ADMINISTRATION EXPENSES BEFORE DEPRECIATION, AMORTIZATION AND PROVISIONS	**(1)**	**69,113**	**114,914**
Depreciation		50	1,285
Amortization		8,414	5,083
Provisions		1,886	2,659
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	**(2)**	**10,350**	**9,027**
TOTAL ADMINISTRATION EXPENSES		**79,463**	**123,941**

(1) Decrease explained by corporate separation process. INTERCOLOMBIA, as general partner of the partnership in commendam contract, carries out the administration, operation and maintenance of the electric and non-electric assets owned by ISA. The increase in studies is explained by the increased participation in bids.

(2) Under the partnership in commendam contract, ISA transfered to INTERCOLOMBIA the use of its assets; for this reason they are reclassified as assets in possession of third parties and recognition of their use is recorded in the amortization account.

The following table summarizes total administration expenses, detailing expenses capitalization and/or assignation:

	2014			2013		
	Total	Capitalized	Net	Total	Capitalized	Net
Operating costs before depreciation and amortization	69,126	(13)	69,113	115,174	(260)	114,914
Depreciation and amortization	8,464	-	8,464	6,368	-	6,368
Provisions	1,886	-	1,886	2,659	-	2,659
TOTAL	**79,476**	**(13)**	**79,463**	**124,201**	**(260)**	**123,941**

TOTAL OPERATING COSTS AND EXPENSES

The following table details total operating costs and expenses for 2014 and 2013:

	2014	2013
Personnel expenses	53,357	126,364
Materials and maintenance	2,065	63,113
Fees	11,783	26,187
Leases	1,501	2,875
Insurance	6,171	6,745
Services	11,860	32,970
Intangibles	3,664	8,624
Environment and Social – ISA Región	2,133	8,404
Communications	583	1,753
Advertising, prints and publications	450	1,451
Studies	4,389	1,986
Research and Development	-	85
Taxes and contributions	26,441	121,392
Miscellaneous	1,501	8,320
OPERATING COSTS BEFORE DEPRECIATION, AMORTIZATION AND PROVISIONS	**125,898**	**410,269**
Depreciation	4,909	87,183
Amortization	86,894	7,469
Provisions	1,886	2,659
TOTAL DEPRECIATION, AMORTIZATION AND PROVISIONS	**93,689**	**97,311**
TOTAL OPERATING COSTS AND EXPENSES	**219,587**	**507,580**

In 2014 and 2013, to record operating and production costs (Class 7) and sales costs (Class 6), the company used costing methods and procedures established in Resolution No. 20051300033635 of 2005 of the Superintendency of Domiciliary Public Utilities.

The costing system is the “Activities-Based Costing”, where the products offered by each service or business unit are the result of a series of operating processes that interact sequentially, for which reason, its costs structure or map will call for observation of the progressive flow of operations or tasks to constitute activities, the former to conform processes, and the latter to deliver a utility.

This system considers that expenses accrued in each area of administrative responsibility should be assigned to the business or service units in accordance with the activities (support process) developed by these areas.

No internal or external advisors with the main function of processing affairs with public or private entities, or advice on or prepare studies for such effect were hired in 2014.

NOTE 24: NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues at December 31 included:

		2014	2013
Financial Revenues			
Yields			
On overdue accounts receivable and other loans		12,649	14,769
Monetary readjustment		2,362	2,123
Dividends		5,562	3,910
Investment valuations	(1)	39,784	8,433
Commercial, conditioned and agreed discounts		1,209	1,059
Other assets		4,978	5,174
TOTAL YIELDS		**66,544**	**35,468**
Exchange gain/loss			
Cash		9,066	2,904
Accounts receivable		2,210	1,474
Loans		53,510	25,373
Marketable investments		1,147	-
Investments abroad		3,027	1,031
Accounts payable		467	598
Related parties		-	7,294

		2014	2013
Financial liabilities		6,969	7,860
TOTAL EXCHANGE GAIN/LOSS	**(2)**	**76,396**	**46,534**
TOTAL FINANCIAL REVENUES		**142,940**	**82,002**
REVENUES FROM EQUITY METHOD		**249,348**	**284,874**
Other regular revenue			
Revenues from sale of property, plant and equipment		1,857	135
Rentals		8	595
Other regular revenues		-	23
TOTAL OTHER REGULAR REVENUES		**1,865**	**753**
Extraordinary revenues			
Indemnities		12	1,361
Recoveries	(3)	6,541	3,299
Revenue from prior years		2,714	1,159
Other extraordinary revenues		921	347
TOTAL EXTRAORDINARY REVENUES		**10,188**	**6,166**
TOTAL OTHER REGULAR AND EXTRAORDINARY REVENUES		**12,053**	**6,919**
TOTAL NON-OPERATING REVENUES		**404,341**	**373,795**

(1) Variation due to increase in exchange rate, increased balance of available for investments and better negotiation rates.

(2) Valuation of loans with INTERNEXA Participações and ISA Inversiones Maule at closing rate higher than disbursement rate.

(3) Increase explained by recovery of income tax of 2013, surpluses of contribution to UPME, and reimbursement of MITÚ project costs.

Non-operating expenses for years ended December 31 included:

		2014	2013
Financial expenses			
Interest and commissions			
On public credit financial liabilities (See Note 13)		19,165	22,059
Interest and commissions on bonds (See Note 13)		78,291	81,363
Interest on loans with related parties		11,631	14,490
Commissions and other interest		751	640
Administration of security issues		1,588	2,087
Loss from valuation and sale of investments		16,115	9,297
Miscellaneous		1,527	1,640
Other interest		5	82
TOTAL INTEREST AND COMMISSIONS		**129,073**	**131,658**
Exchange gain/loss			
Cash	(1)	12,409	3,764
Accounts receivable		2,853	2,885
Marketable investments		1,147	-
Accounts payable		1,892	1,942
Related parties		11,081	11,069
Financial liabilities	(2)	30,395	16,726
TOTAL EXCHANGE GAIN/LOSS		**59,777**	**36,386**
TOTAL FINANCIAL EXPENSES		**188,850**	**168,044**

		2014	2013
EXPENSE FROM EQUITY METHOD		**9,262**	**142,139**
Other regular and extraordinary expenses			
Other regular expenses			
Losses on casualties		-	3
Loss from retirement of assets	(3)	4,666	471
Other regular expenses		158	44
TOTAL OTHER REGULAR EXPENSES		**4,824**	**518**
Other extraordinary expenses			
Prior years adjustments		3,608	2,424
Other extraordinary expenses		-	83
TOTAL OTHER REGULAR EXPENSES		**3,608**	**2,507**
TOTAL OTHER REGULAR AND EXTRAORDINARY EXPENSES		**8,432**	**3,025**
TOTAL NON-OPERATING EXPENSES		**206,544**	**313,208**

(1) Variation due to increase in exchange rate.

(2) Valuation of loans with BMP Paribas and Banco de Bogotá at closing rate higher that disbursement rate.

(3) Increase due to retirement of a percentage of headquarters' building 1 structure due to remodeling.

NOTE 25: FINANCIAL RATIOS

Some financial ratios at December 31:

RATIO		2014	2013
RETURN ON ASSETS Net income/Total assets (%)	(1)	5.2%	4.2%
RETURN ON EQUITY Net income/Equity (Per-books income) (%)		6.9%	5.8%
EBITDA/operating interest (times)	(2)	6.1	5.1
LIQUIDITY Current assets/Current liabilities (times)		2.1	2.7
DEBT Liabilities / Assets	(3)	23.8%	27.5%
ACCOUNTS RECEIVABLE TURNOVER (days) Receivables from customers/Operating revenues * 365		65	36

(1) Increase explained by higher net income due to improved operating results and earnings from equity method.

(2) Increase explained by operating interest reduction due to lower debt.

(3) Decrease explained by increase in current debt.

Leverage ratio for the reporting period:

	2014	2013
Debt	1,383,807	1,427,573
Cash and cash equivalents	465,037	315,233
Net debt	**918,770**	**1,112,340**
Equity	8,629,070	7,447,542
NET DEBT / EQUITY INDEX	**0.11**	**0.15**

NOTE 26: TRANSACTIONS WITH RELATED PARTIES

The main balances and transactions with related parties during 2014 and 2013 are:

	2014	2013
Balance sheet		
Equity investments		
TRANSELCA S.A. E.S.P.	771,646	673,720
INTERNEXA S.A.	155,387	71,352
XM, Compañía de Expertos en Mercados S.A. E.S.P.	28,089	25,598
INTERVIAL COLOMBIA S.A.S.	415	411
Sistemas Inteligentes en Red S.A.S.	901	524
INTERCOLOMBIA S.A. E.S.P.	81,616	34
ISA Capital Do Brasil S.A.	760,626	761,777
Consorcio Transmantaro S.A.	446,480	342,011
Red de Energía del Perú –REP–	134,974	102,893
ISA Perú S.A.	33,207	25,691
Proyecto de Infraestructura Perú S. A. C. –PDI–	12,062	10,013
ISA Bolivia S.A.	28,823	23,345
INTERCHILE S.A.	74,062	40,550
ISA Inversiones Chile Ltda.	1,313,884	1,162,906
ISA Inversiones Maule Ltda.	741,440	671,576
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–	8,318	5,602
Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.	399	115

	2014	2013
LINEAR SYSTEMS RE LTD.	1,104	-
Accounts receivable		
TRANSELCA S.A. E.S.P.	58,672	397
INTERNEXA S.A.	1,950	2,320
XM, Compañía de Expertos en Mercados S.A. E.S.P.	6,126	424
INTERCOLOMBIA S.A. E.S.P.	63,467	-
INTERNEXA Participações S.A	-	79,628
Consorcio Transmantaro S.A.	-	42
Red de Energía del Perú S.A. –REP–	2,696	2,503
ISA Perú S.A.	149	239
Proyectos de Infraestructura del Perú S.A.C. –PDI–	-	453
INTERNEXA Perú S.A.	-	35
ISA Bolivia S.A.	881	4,216
INTERVIAL CHILE S.A.	537	457
Ruta de la Araucanía Sociedad Concesionaria S.A.	641	637
Ruta del Maipo Sociedad Concesionaria S.A.	670	599
INTERCHILE S.A.	3,235	-
ISA Inversiones Maule Ltda.	258,960	208,560
Transnexa S.A. E.M.A	59	38
Accounts payable and financial liabilities		
TRANSELCA S.A. E.S.P.	266,971	258,387
INTERNEXA S.A.	30,121	4,015
XM, Compañía de Expertos en Mercados S.A. E.S.P.	32	52

	2014	2013
INTERCOLOMBIA S.A. E.S.P.	2,221	-
ISA Capital Do Brasil S.A.	56,952	45,867
Proyectos de Infraestructura del Perú S.A.C. –PDI–	599	57
ISA Inversiones Chile Ltda.	1,027	-
Equity transactions		
Dividends declared in favor of ISA		
TRANSELCA S.A. E.S.P.	126,007	67,612
XM, Compañía de Expertos en Mercados S.A. E.S.P.	8,339	3,642
INTERCOLOMBIA S.A. E.S.P.	16,656	-
Red de Energía del Perú S.A. –REP–	8,254	45,687
ISA Perú S.A.	3,456	410
Proyectos de Infraestructura del Perú S.A.C. –PDI–	3,339	3,624
ISA Bolivia S.A.	4,064	3,910
Transactions related to income statement		
Revenues		
TRANSELCA S.A. E.S.P.	69	1,887
INTERNEXA S.A.	18,694	18,094
XM, Compañía de Expertos en Mercados S.A. E.S.P.	-	2,837
INTERCOLOMBIA S.A. E.S.P.	708,023	-
INTERNEXA Participações S.A	949	628
Consorcio Transmantaro S.A.	-	64
Red de Energía del Perú S.A. –REP–	2,597	2,841
ISA Perú S.A.	149	251
Proyectos de Infraestructura del PERÚ –PDI–	3,879	2,071
INTERNEXA Perú S.A.	-	69

	2014	2013
ISA Bolivia S.A.	4,075	5,064
INTERCHILE S.A.	3,742	-
INTERVIAL CHILE S.A.	1,956	2,053
Ruta de la Araucanía Sociedad Concesionaria S.A.	1,263	1,308
Ruta del Maipo Sociedad Concesionaria S.A.	1,294	1,193
ISA Inversiones Chile Ltda.	-	10,969
ISA Inversiones Maule Ltda.	11,338	10,721
Transnexa S.A E.M.A.	968	815
Interconexión Eléctrica Colombia Panamá S.A. -ICP-	86	-
Expenses		
TRANSELCA S.A. E.S.P.	10,163	16,351
XM, Compañía de Expertos en Mercados S.A. E.S.P.	10,208	8,746
INTERNEXA S.A.	2,011	8,541
INTERCOLOMBIA S.A. E.S.P.	39,025	-
ISA Capital Do Brasil S.A.	1,664	1,584
Red de Energía del Perú S.A. –REP–	729	167
Proyectos de Infraestructura del Perú S.A.C. –PDI–	1,972	187
Consorcio Transmantaro S.A.	12	-
INTERCHILE S.A.	26,677	-
ISA Inversiones Chile Ltda.	1,027	-
Ruta de la Araucanía Sociedad Concesionaria S.A.	59	-
ISA Bolivia S.A.	673	-
ISA Perú S.A.	116	-

		2014	2013
Administrators	(1)		
Board of Director's fees		803	719
Executives' salaries and benefits		6,525	7,382
Executives' bonuses		1,404	1,474
Aids to executives and others		678	740
Loans receivable from executives		950	1,869

(1) The detail of amounts received by the company's executives is:

YEAR 2014

FOR	DIRECTORS (*)	MANAGERS (**)	TOTAL
Integral salary	3,668	2,554	6,222
Benefits (education and health)	356	138	494
Bonuses (temporary transfers, results, directive position)	744	660	1.404
Vacations	212	93	305
Other (sick leaves and non-variable per-diems)	118	64	182
TOTAL EARNED	**5,098**	**3,509**	**8,607**
LOANS BALANCE	**771**	**179**	**950**

YEAR 2013

FOR	DIRECTORS (*)	MANAGERS (**)	TOTAL
Integral salary	4,493	2,593	7,086
Benefits (education and health)	268	74	342
Bonuses (temporary transfers, results, directive position)	777	696	1,473
Vacations	195	85	280
Other (sick leaves and non-variable per-diems)	124	91	215
TOTAL EARNED	**5,857**	**3,539**	**9,396**
LOANS BALANCE	**1,281**	**588**	**1,869**

(*) "Directors" includes 14 executives of the company, whose posts are as follows:

Corporate Sustainability Director
Financial Resources Director
Corporate Projects Director
Financial Planning and Evaluation Director
Corporate Operations Director
Corporate Engineering Director
Corporate Strategic Management Director
Business Development Director
Corporate Information Technology Director
Corporate Organizational Talent Director
Corporate Road Concessions Director
Corporate Communications Director
Accounting and Tax Planning Director
Corporate Procurement Director

(**) "Managers" includes six executives, whose posts are as follows: Chief Executive Officer, Secretary General, Corporate Auditor, Corporate Finance Vice President, Energy Transport Technical Vice President and Strategy Vice President.

Covenants or contracts with subsidiaries for the acquisition of goods and services take into account the terms, conditions and costs generally used by ISA with non-related third parties, i.e. the market conditions.

Application of transfer pricing introduced by Law No 788 of December of 2002, started in January 1, 2004. This law states that transactions with related parties abroad should be priced at the same prices that would be applied to independent third parties.

ISA and its subsidiary INTERCOLOMBIA have entered into the following inter-administrative management and service delivery contracts, through which INTERCOLOMBIA delivers project construction services and associated services.

- **Partnership in commendam contract[8]:** Under this contract, INTERCOLOMBIA, as general partner, will carry out the necessary activities for representation, administration, operation and maintenance of the STN Usage assets; it will also deliver technical services, technical assistance to third parties, as well as services of connection to the STN, and will conduct the commercial exploitation of non-electric assets; ISA, as partner in commendam, reserves for itself the ownership of the electric assets and non-electric assets and will contribute their use for the execution of the business.

8 Article 507 of the Commercial Code. DEFINITION. Partnership in commendam is a type of contract under which, two or more persons who have the quality of traders take interest in one or several commercial operations that shall be carried out by one of them, acting in his own name and under his personal credit and accountability and splitting with his co-participants, in the agreed upon proportion, the earnings and losses.
Article 510 of the Commercial Code. RELATIONS WITH THIRD PARTIES. For matters of the partnership in commendam's external relationships, the general partner shall be considered the only owner of the business. Third parties will only have action against the administrator, and the participants in commendam will have no action against any third party.

- **Management Contract:** Its purpose is the management of projects awarded to ISA in Colombia under international public bids for the expansion plan, connection projects, Assets Optimization Plan (POA, for its Spanish initials) projects, and any other project that ISA may entrust INTERCOLOMBIA with.

- **Service Delivery Contract:** Its subject matter is the delivery by INTERCOLOMBIA of procurement, IT, organizational talent, communications, commercial, financial and legal services as well as any other service required by ISA in its administrative areas.

- **Inter-company Agreement:** Under this contract, assignment of contracts, management of legal processes, employer substitution and other subjects of interest are agreed with ISA.

NOTE 27: SUBSEQUENT EVENTS

27.1.REVISION OF REMUNERATION SCHEME

CREG Resolution No. 178 published on February 19, 2015, includes a regulatory proposal for revision of the remuneration scheme of the transmission activity. To date, ISA and its subsidiaries INTERCOLOMBIA and TRANSELCA are analyzing the proposal and its possible impact on revenues; they will present to the regulator their corresponding comments proposing efficient methodologies for remuneration of transmission, seeking stability for the activity's revenues.

Simultaneously, they are analyzing CREG Resolution No. 179 of 2015 that includes a proposal for revision of the remuneration scheme of the distribution activity which is relevant for the service of connection to the STN delivered by subsidiaries INTERCOLOMBIA and TRANSELCA to the network operators.

CREG expects to close the revision process in the first half of 2015, and have for this date, definitive resolutions for remuneration of transmission and distribution activities. Nonetheless, their application will not necessarily start in 2015 since certain necessary formalities could delay it until 2016.

27.2 COMPENSATION FOR UNAMORTIZED AND/OR DEPRECIATED ASSETS EXISTING AT MAY 2000 OF CTEEP

On August 13, 2014, CTEEP presented to ANEEL the report of the technical appraisal for BRL 5,186,018 thousand (COP 4,671,087) with December 31, 2012 as basis date.

On January 08, 2015, CTEEP received from Superintendencia de Fiscalización Económica y Financiera (Economic and Financial Fiscalization Superintendency – SFF), an internal body of Agência Nacional de Energia Elétrica (National Agency of Electric Energy Agency – ANEEL), the Fiscalization Report No. 077/2014 on Unamortized and/or Depreciated Assets of the company existing at May 31, 2000. In the report, SFF estimated the compensation provided for in Article 15, paragraph 2 of Law No. 12783/13 (Law of Conversion of Provissory Measure 579) that CTEEP is entitled to, at BRL 3,604,982 thousand (COP 3,247,035) with December 31, 2012 as basis date; this amount represents a lower value of

approximately BRL 1,581,036 thousand (COP 1,424,051) with respect to the amount presented by CTEEP in 2014.

On February 06, 2015, based on technical appraisal prepared by Delos Consultoría Ltda., an independent firm recognized by ANEEL, CTEEP asked SFF for reconsideration of the amount of the compensation presented in the Fiscalization Report. After analysis of the reconsideration request filed by CTEEP, SFF will issue a document stating its position and will submit it to the Directors Commission of ANEEL. Yet another recourse for analysis and decision on the amount of the compensation proceeds with this Commission. The monetary update of the amount set by ANEEL between the basis date and the date on which the compensation definitive amount is defined, as well as the terms of payment, will be defined by the Ministry of Mines and Energy and the Ministry of Finance on a later date.

The economic and financial effects for the company and the recognition of the respective accounting impacts of the compensation on the financial results will depend on the above-mentioned definitions.

The company will keep the market informed about the eventual developments of this relevant fact.

ABBREVIATIONS

ANLA: Autoridad Nacional de Licencias Ambientales (Environmental Licenses National Authority)
AOM: Administration, Operation and Maintenance
ASIC: Administración del Sistema de Intercambios Comerciales (Administration of the Commercial Settlement System)
IDB: Inter American Development Bank
BOB: Boliviano
BRL: Brazilian Real
CAF: Corporación Andina de Fomento (Andean Promotion Corporation)
CAN: Comunidad Andina de Naciones (Andean Community of Nations)
CDT: Certificate of deposit
CIGRE: International Council on Large Electric Systems
CSM: Supervision and Switching Center
CGN: Contaduría General de la Nación (National General Accounting Office)
CND: Centro Nacional de Despacho (National Dispatch Center)
COP: Colombian Pesos
CREG: Comisión de Regulación de Energía y Gas (Energy and Gas Regulatory Commission)
CREE: Contribución Empresarial para la Equidad (Business Contribution for Equity Purposes)
CT: Current Transformer
CTE: Energy Transmission Center
CVM: Comissão de Valores Mobiliários - CVM (Securities and Exchange Commission of Brazil)
DECEVAL: Depósito Central de Valores (Central Securities Depository)
DIAN: Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority)
DISPAC: Distribuidora del Pacífico S.A. E.S.P
DTF: Fixed Term Deposit
ECA: Export Credit Agency
EPR: Empresa Propietaria de la Red
E.S.P. Pubic Utilities Company
ETESA Empresa de Transmisión Eléctrica S.A.
EUR: Euro
FAER: Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Electrification of Interconnected Rural Areas)
FAZNI: Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Electrification of Non-Interconnected Areas)
FEN: Financiera Energética Nacional S.A.
FDN: Financiera de Desarrollo Nacional S.A.
GMF: Levy on financial transactions
IASB: International Accounting Standards Board
ICBF: Instituto Colombiano de Bienestar Familiar (Colombian Family Welfare Institute)
PPI: Producer Price Index

IPSE: Instituto de Planificación y Promoción de Soluciones Energéticas para las Zonas no Interconectadas (Planning and Promotion Institute for Energy Solutions for Non-interconnected Areas)
MME: Ministry of Mines and Energy
MEM: Mercado de Energía Mayorista (Wholesale Energy Market)
IAS: International Accounting Standards
NIC SP: International Public Sector Accounting Standards
IFRS: International Financial Reporting Standards
NQIG: Nelson Quintas Investimentos Globais Ltda
NQT: Nelson Quintas Telecomunicaçôes do Brasil Ltda
PAAG: Tax Year's Adjustment Percentages
PEN: Nuevo sol
PCGA: Generally Accepted Accounting Principles
PGCP: Public Accounting General Plan
PLC: Power Line Carrier
PPI: Producer Price Index
PRONE: Programa de Normalización de Redes Eléctricas (Network Standardization Program)
POA: Assets Optimization Plan
PT: Power Transformer
RCP: Public Accounting Regime
RTU: Remote Terminal Unit
SAC: Closed Corporation
SAC: South American Crossing
SAS: Substation Automation System
SENA: Servicio Nacional de Aprendizaje (National Learning Service)
SIC: Sistema de Intercambios Comerciales (Commercial Settlement System)
SCI: Sistema contra Incendio (Fire System)
SSPD: Superintendency of Domiciliary Public Utilities
SUNARP: National Superintendency of Public Registry
SUNAT: National Superintendency of Fiscal Administration
SVC: Static Varistor Compensator
STE: Servicio de Transporte de Energía (Energy Transport Service)
STN: National Transmission System
TES: Public Debt Securities
MRT: Market Representative Rate
UPME: Unidad de Planeación Minero Energética (Mining and Energy Planning Unit)
USD: United States Dollar
VRN: Cost of Replacement as New
VQ: Voltage Quality

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Statutory Auditor's Report

To the shareholders of
Interconexión Eléctrica S.A. E.S.P.

I have audited the accompanying financial statements of Interconexión Eléctrica S.A. E.S.P., which comprise the balance sheet as at December 31, 2014 and the related statements of financial, economic, social and environmental position, of changes in equity and of cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes. The financial statements at December 31, 2013, were audited by another Statutory Auditor, who in his report of February 27, 2014, issued an unqualified opinion thereon.

The Company's management is responsible for the preparation and fair presentation of the financial statements, in accordance with accounting principles generally accepted in Colombia prescribed by the Contaduría General de la Nación and the accounting regulations issued by the Superintendencia de Servicios Públicos Domiciliarios. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error; and selecting and applying appropriate accounting policies and of establishing accounting estimations that are reasonable in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audit. I obtained the necessary information to comply with my functions and performed my examination in accordance with auditing standards generally accepted in Colombia. These standards require that an audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements in the financial statements. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provide a reasonable basis for my audit opinion.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Interconexión Eléctrica S.A. E.S.P. at December 31, 2014, the result of its operations, and the cash flow for the year then ended, in accordance with public accounting principles generally accepted in Colombia, issued by the Contaduría General de la Nación and the provisions issued by the Superintendencia de Servicios Públicos Domiciliarios

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As described in Note 27.2 to the financial statements, CTEEP, a subordinated company of Interconexión Eléctrica S.A. E.S.P., through ISA Capital do Brasil, maintains before the Agencia Nacional de Energía Eléctrica de Brasil – ANEEL- a claim related with the indemnity of assets classified as Existing Service upon the renewal in 2012 of the concessions associated with Law 12.783 of 2013 and technical note 402 of 2013 of ANEEL. The result of the valuation of the indemnity presented by CTEEP in 2014 was of approximately $4.6 billion (base value at December 31, 2012). On January 8, 2015, CTEEP received from ANEEL a valuation of approximately $3.2 billion (base value at December 31, 2012), an amount which represents a lower value of approximately $1.4 billion; consequently, the argumentation process is carried out by the parties for the definition of the indemnity final value. The accompanying financial statements do not include adjustments related with this indemnity, which result is not possible to be predict at this date.

As described in Note 6 to the financial statements, CTEEP, a subordinated company of Interconexión Eléctrica S.A. E.S.P., through ISA Capital do Brasil, has recorded a net balance of accounts receivable from the São Paulo State of approximately $722,460 million, related with the impacts of Law 4.819 of 1958, which granted to employees of the companies subject to the control of the São Paulo State, benefits already granted to other public servers. CTEEP has undertaken legal actions before the respective state authorities, to collect these accounts receivable. The accompanying financial statements do not include adjustments that could result from the outcome of this uncertainty.

Further, based on the scope of my audit, I am not aware of situations indicating that the Company has not: 1) kept minute books, the shareholders' register and the accounting records in accordance with legal requirements and prescribed accounting principles; 2) carried out its operations in accordance with the by-laws and the decisions of the Shareholders' and Board of Directors' meetings, and the rules related with the integral social security system; 3) retained correspondence and the accounting vouchers; and, 4) adopted internal control measures for the maintenance and custody of the Company's assets and those of third parties held by it. Additionally, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company's administration which includes representation by Management on the free circulation of invoices with endorsement issued by sellers or suppliers. 5) Implemented mechanisms for the prevention and control of assets laundering and financing of terrorism in accordance with the instructions issued by Financial Superintendence of Colombia, in the External Circular 062 of 2007. Additionally, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company's Management, which includes the representation by Management on the free circulation of invoices with endorsements issued by sellers or suppliers.

Alba Lucía Guzmán L.
Statutory Auditor
Professional Card 35265-T
Designated by Ernst & Young Audit S.A.S. TR-530

Medellín, Colombia
February 27, 2015

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INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
SPECIAL REPORT ON TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES | DECEMBER 2014 | DECEMBER 2013 | (Amounts expressed in millions; foreign currencies in original amounts)

SPECIAL REPORT ON TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

In compliance with Article 29 of Law 222 of 1995 and given the existence of ISA and its companies, we present to the Shareholders' Meeting the special report on the economic relationships with ISA's companies during 2013 and 2014 that have been directed and coordinated by the parent company, Interconexión Eléctrica S.A. E.S.P. –ISA–.

Commercial transactions carried out during 2014 among ISA's companies, either directly or indirectly, abide by the provisions of Law 788 regarding transfer prices in force since January 1, 2004.

The main transactions between ISA and its subsidiaries correspond to:

- Project management.
- Sale of operation and maintenance services.
- Lease of facilities for operation.
- Sale of services of installation and setting up of information systems.
- Consulting on process reorganization and area operation.
- Cash flow loans.
- Other associated services.
- Delivery of dividends.
- Capitalizations.

It is important to highlight that none of the items below has taken place among ISA and its companies during the same period:

- Offset, free-of-charge services.
- Loans without any interest or consideration by the mutuary.
- Loans that impose upon the mutuary an obligation not corresponding to the essence or nature of the agreement.
- Loans with interest rates different from those paid by or charged to third parties.
- Operations whose characteristics differ from those carried out with third parties.

As to equity participation in subsidiaries and affiliates, ISA updates investments in the companies through application of the equity method, after homologating accounting rules and practices and translating the financial statements into Colombian pesos with the United States Dollar as reference currency for the investments in foreign currency.

The financial information of ISA and its companies is consolidated through the global integration methodology, according to which, significant balances and transactions between ISA and the subsidiaries are deleted, and minority interests corresponding to equity and the results of the period, are recognized and presented in the consolidated financial statements.

The main balances and transactions with related parties during 2014 and 2013 are:

	2014	2013
Balance sheet		
Equity investments		
TRANSELCA S.A. E.S.P.	771,646	673,720
INTERNEXA S.A.	155,387	71,352
XM, Compañía de Expertos en Mercados S.A. E.S.P.	28,089	25,598
INTERVIAL COLOMBIA S.A.S.	415	411
Sistemas Inteligentes en Red S.A.S.	901	524
INTERCOLOMBIA S.A. E.S.P.	81,616	34
ISA Capital Do Brasil S.A.	760,626	761,777
Consorcio Transmantaro S.A.	446,480	342,011
Red de Energía del Perú –REP–	134,974	102,893
ISA Perú S.A.	33,207	25,691
Proyecto de Infraestructura Perú S. A. C. –PDI–	12,062	10,013
ISA Bolivia S.A.	28,823	23,345
INTERCHILE S.A.	74,062	40,550
ISA Inversiones Chile Ltda.	1,313,884	1,162,906
ISA Inversiones Maule Ltda.	741,440	671,576
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–	8,318	5,602
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	399	115

	2014	2013
LINEAR SYSTEMS RE LTD,	1,104	-
Accounts receivable		
TRANSELCA S.A. E.S.P.	58,672	397
INTERNEXA S.A.	1,950	2,320
XM, Compañía de Expertos en Mercados S.A. E.S.P.	6,126	424
INTERCOLOMBIA S.A. E.S.P.	63,467	-
INTERNEXA Participações S.A	-	79,628
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INTERNEXA S.A.	30,121	4,015
XM, Compañía de Expertos en Mercados S.A. E.S.P.	32	52

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Equity transactions		
Dividends declared in favor of ISA		
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Revenue		
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INTERCOLOMBIA S.A. E.S.P.	708,023	-
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Transnexa S.A E.M.A.	968	815
Interconexión Eléctrica Colombia Panamá –ICP–	86	-
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INTERNEXA S.A.	2,011	8,541
INTERCOLOMBIA S.A. E.S.P.	39,025	-
ISA Capital Do Brasil S.A.	1,664	1,584
Red de Energía del Perú S.A. –REP–	729	167
Proyectos de Infraestructura del Perú S.A.C. –PDI–	1,972	187
Consorcio Transmantaro S.A.	12	-
INTERCHILE S.A.	26,677	-
ISA Inversiones Chile Ltda.	1,027	-
Ruta de la Araucanía Sociedad Concesionaria S.A.	59	-
ISA Bolivia S.A.	673	-
ISA Perú S.A.	116	-

The decisions of major significance that the controlled corporation has made or has omitted to make because of influence or in interest of the controlling corporation, as well as the decisions of major significance that the controlling corporation has made or has omitted to make because of influence or in interest of the controlled corporation during 2013, are as follows:

TRANSELCA S.A. E.S.P

TRANSELCA Shareholders' Meeting held on March 21, 2014, approved the project for distribution of earnings generated in 2013 for COP 67,336, of which COP 67,335 corresponded to ISA.

The Shareholders' Meeting held on December 19, 2014 approved distribution of earnings generated during the period January 1 to September 30 of 2014 for COP 58,673.6, of which COP 58,672 corresponded to ISA.

INTERCONEXIÓN ELÉCTRICA ISA PERÚ S.A.

The Mandatory Annual Shareholders' Meeting of ISA Perú held on March 25, 2014 approved dividends for USD 3.89 million, on the earnings accumulated at December of 2013, of which USD 1.76 million corresponded to ISA.

RED DE ENERGÍA DEL PERÚ S.A. –REP–

The Mandatory Annual Shareholders' Meeting held on March 25, 2014 approved dividends for USD 14 million, on the earnings accumulated at December of 2013, of which USD 4.2 million corresponded to ISA.

CONSORCIO TRANSMANTARO S.A. –CTM–

In May and August of 2014, ISA won in Lima public bids for the design, financing, construction, operation and maintenance of projects La Planicie-Industriales and Friaspata-Mollepata. For its execution the project was transferred to Consorcio Transmantaro –CTM–.

Estimated annual revenues are close to USD 5.5 million and USD 5.7 million; maximum reference investment estimated by Proinversión is USD 59.6 million and USD 49.5 million, respectively.

INTERCONEXIÓN ELÉCTRICA ISA BOLIVIA S.A.

The Shareholders' Meeting held on March 20, 2014 approved dividends for BOB 32 million, on the earnings accumulated at December of 2013. BOB 16 million corresponded to ISA.

INTERCOLOMBIA S.A. E.S.P.

The Shareholders' Meeting held on December 18, 2014 approved distribution of earnings generated during the period January 1 to September 30 of 2014 for COP 16,656.7, of which COP 16,656 corresponded to ISA.

In 2014, ISA made capital contributions to INTERCOLOMBIA for COP 73,050, of which COP 23,025 were contributed in cash and the remaining COP 50,205 in kind.

COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA –CTEEP–

During 2014, CTEEP made capital contributions to its affiliates for BRL 184 million. The most significant outlays were made to IE MADEIRA for BRL 84 million and to IE GARANHUNS for BRL 69 million.

DIVIDENDS AND JSCP

On March 31, 2014, the Regular and Special Shareholders Meeting ratified the February 26, 2014 decision of the Administration Council approving distribution of dividends for BRL 30 million; payment took place on July 31, 2014. BRL 11.3 million corresponded to ISA Capital do Brasil.

On August 11, 2014, the Administration Council approved, ad referendum with the Shareholders' Meeting, interest on own capital for BRL 30 million; payment took place on August 29, 2014. BRL 9.6 million corresponded to ISA Capital do Brasil.

On November 24, 2014, the Administration Council approved, ad referendum with the Shareholders' Meeting, dividends for BRL 165 million; payment took place on December 05, 2014. BRL 62.6 million corresponded to ISA Capital do Brasil.

AGIO

On September 26, 2014, the Administration Council approved increase in capital stock for BRL 215.3 million corresponding to 8,597,890 preferred shares. AGIO was capitalized in favor of ISA Capital do Brasil for BRL 87.6 million corresponding to 2011, 2012 and 2013.

CONTRACT 143 ASSIGNMENT

On April 07, 2014, the Administration Council approved transfer of Electric Energy Transmission No. 143/2001 concession contract to affiliate Interligação Elétrica Serra do Japi S.A.; the transaction was conditioned to prior approval of Agência Nacional de Energia Elétrica (ANEEL).

ISA CAPITAL DO BRASIL S.A.

In November of 2014, Interconexión Eléctrica S. A. E.S.P. and ISA Capital Do Brasil entered into a foreign debt management operation for the Interim Credit Agreement subscribed on December 26, 2006 up to the amount of USD 23.8 million, expanding its term by two (2) years and changing the prepayment clause.

INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A. –ICP–

Along 2014, ISA made capital contributions to ICP in the amount of USD 1.4 million.

Funds are earmarked mainly for execution of activities required for viability of the Colombia-Panama Interconnection project (technical and environmental studies).

INTERCONEXIÓN ELÉCTRICA COLOMBIA-PANAMÁ S.A.S. E.S.P.

The special Shareholders' Meeting of Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P. held on November 24, 2014 and under amendment

to the bylaws, approved absorbing COP 2,388 of losses through reduction of subscribed capital down to COP 12 in order to reinstate the ratio between net equity and subscribed capital to a level above 50%, without reimbursing any contribution to shareholders.

The special Shareholders' Meeting of Interconexión Eléctrica Colombia-Panama S.A.S. E.S.P. held on December 05, 2014 approved COP 500 capital increase through issuance of 100 million common shares at a par value of COP 5 per share. The same meeting approved the incorporation of Interconexión Eléctrica Colombia-Panamá S.A. as shareholder of Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P.; accordingly, shareholders agreed to conduct underwriting of shares without preemptive rights in favor of Interconexión Eléctrica Colombia-Panamá S.A.

Interconexión Eléctrica Colombia-Panamá S.A. subscribed and paid for the totality of shares issued –100 million shares– thus holding 97.6562% participation in Interconexión Eléctrica Colombia-Panamá S.A.S. E.S.P. Interconexión Eléctrica S.A. E.S.P. and Panamanian Empresa de Transmisión Eléctrica, S.A. –ETESA– hold 2.3436% participation each in Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.

INTERCHILE S.A.

On June 04, 2014, the Ministry of Energy formally and officially awarded to ISA, through its subsidiary INTERCHILE, the exploitation and execution rights of the expansion project of the trunk transmission work "Tendido Segundo Circuito Línea 2x220 kV Encuentro-Lagunas" of the SING with USD 14 million estimated investment.

In September 2014, ISA won in Santiago de Chile, a new international public bidding to develop three energy transformation projects in three substations in the country's Central region.

Annual expected revenues are USD 2.6 million. The award will permit ISA designing, financing, constructing, operating and maintaining the Autotransformers Groups of the new substations Cardones, Maitencillo and Pan de Azúcar of the Sistema Interconectado Central (SIC), substations which are currently being built by ISA through subsidiary INTERCHILE. These projects will permit transformation from 500 kV to 220 kV of electric power of the trunk line also currently under construction by INTERCHILE.

Along 2014, ISA made capital contributions to INTERCHILE in the amount of USD 14 million.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C. –PDI–

On March 25, 2014, the Mandatory Annual Shareholders' Meeting of PDI approved distribution of dividends from earnings of 2011 for the amount of USD 1.67 million; 99.97% of such amount corresponded to ISA.

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. PERU BRANCH

The Board of Directors of ISA, in meeting No. 737 of August 30, 2013, approved dissolution of the Peru Branch. After filing with the Superintendencia Nacional de los Registros Públicos (National Superintendency of Public Registry, SUNARP, for its Spanish initials) and the Superintendencia Nacional de Administración Tributaria (National Superintendency of Fiscal

Administration, SUNAT, for its Spanish initials) the name of the branch office was changed to “In Liquidation”.

After conducting required proceedings, extinction of the branch office was filed with SUNARP on April 15, 2014, and on August 19, 2014, SUNAT removed its registration as tax payer.

INTERVIAL CHILE S.A.

During 2014, INTERVIAL CHILE declared dividends for a total amount of CLP 10.7 million. CLP 5.9 million corresponded to ISA Inversiones Chile and CLP 4.8 million to ISA Inversiones Maule, both subsidiaries of ISA.

INTERVIAL COLOMBIA S.A.S.

Along 2014, ISA made capital contributions to INTERVIAL COLOMBIA in the amount of COP 607.

The special Shareholders’ Meeting of INTERVIAL COLOMBIA held on December 16, 2014 and under amendment to the bylaws, approved absorbing COP 613.6 of losses through reduction of subscribed capital down to COP 413.7 in order to reinstate the ratio between net equity and subscribed capital to a level above 50%, without reimbursing any contribution to shareholders.

COMPAÑÍA DE EXPERTOS EN MERCADOS S.A. E.S.P. –XM–

The Shareholders’ Meeting of XM held on March 26, 2014, declared distribution of earnings of 2013 for COP 2,219, of which COP 2,213 corresponded to ISA.

On December 18, 2014, the special Shareholders’ Meeting approved distribution as dividends of total occasional reserves established in the Shareholders’ Meetings of 2007 and 2008. Total amount distributed was COP 6,142, of which, COP 6,125.8 corresponded to ISA.

INTERNEXA S.A.

On December 23, 2014, capital contributions were made to INTERNEXA through transfer of ISA’s fiber optics worth COP 29,615.7. After the operation, ISA’s shareholding in INTERNEXA totals 99.419634%.

INTERNEXA PARTICIPAÇÕES S.A.

On April 25, 2014, INTERNEXA Participações paid to ISA the loan disbursed in October 2013 for USD 41 million. These funds were earmarked to fund the investment plan of its subsidiary in Brazil.

LINEAR SYSTEMS RE LTD.

LINEAR SYSTEMS RE LTD. is a corporation established and domiciled in Bermuda under filing No. 49204 of June 18, 2014 of the Bermuda Registrar of Companies. The company acts as assets and risks captive insurer/reinsurer of the economic group. It was established as class 2 and has therefore no license to insure or reinsure third parties’ assets.

On September 19, 2014, ISA capitalized LINEAR SYSTEMS RE LTD in the amount of USD 500 thousand.

ABBREVIATIONS

BOB : Boliviano

BRL : Brazilian Real

CLP : Chilean Peso

USD : US Dollar

COP : Colombian Peso

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CODE OF COMMERCE ARTICLE 446 – REPORT DECEMBER 31, 2014 | DECEMBER 2014 | DECEMBER 2013 | (In millions of Colombian pesos)

CODE OF COMMERCE ARTICLE 446 – REPORT DECEMBER 31, 2014

As provided by the Code of Commerce, Article 446, number 3, below is the detail of the information required therein:

A. Remuneration of the company's executives.

Details of amounts received by the Corporation's management group:

FOR	DIRECTORS (*)	MANAGERS (**)	TOTAL
Integral salary	3,668	2,554	6,222
Benefits (education and health)	356	138	494
Bonuses (temporary transfers, results, directive position)	744	660	1,404
Vacations	212	93	305
Other (sick leaves and non-variable per-diems)	118	64	182
TOTAL EARNED	**5,098**	**3,509**	**8,607**
Loans balance	**771**	**179**	**950**

(*) "Directors" includes 14 executives of the company, whose posts are as follows: cuyos cargos se procede a detallar:

Corporate Sustainability Director
Financial Resources Director
Corporate Projects Director
Financial Planning and Evaluation Director
Corporate Operations Director
Corporate Engineering Director
Corporate Strategic Management Director
Business Development Director
Corporate Information Technology Director
Corporate Organizational Talent Director
Corporate Road Concessions Director
Corporate Communications Director
Accounting and Tax Planning Director
Corporate Procurement Director

(**) "Managers" includes six executives, whose posts are as follows: Chief Executive Officer, Secretary General, Corporate Auditor, Corporate Finance Vice President, Energy Transport Technical Vice President and Strategy Vice President.

FEES PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS

Between January 1 and December 31, 2014, payments of fees to the members of the Board of Directors totaled COP 803.

B. In 2014, no payments were made for salaries, fees, per-diems, representation expenses, bonuses, premiums in cash or in kind, and no expenditures were made for transportation, in favor of advisors or intermediaries, either or not related to the corporation through work contract, whose main duty were to carry out formalities before public or private entities or to advise or prepare studies for such endeavors.

C. Transfers in cash or other assets, free of charge in favor of individuals or legal entities:

No transfers of cash or other assets, free of charge, in favor of individuals or legal entities were made during 2014.

D. Between January 1 and December 31 of 2014, expenses paid for public relations with stakeholders totaled COP 7.5. This figure only includes entertainment expenses incurred during 2014 by the Chief Executive Officer by reason of his post.

Between January 1 and December 31 of 2014, COP 450 were paid for publicity and advertising, as follows: prints and publications COP 96 and publicity and advertising COP 354.

E. Monies and other assets held abroad by the company and foreign-currency liabilities.

At December 31, ISA had the following foreign-currency assets and liabilities, expressed in thousands of equivalent US Dollars:

	BALANCES IN THOUSANDS OF USD	BALANCE IN LOCAL CURRENCY
	2014	2014
Assets		
Current assets		
Cash and cash equivalents	35,888	85,861
Accounts receivable	113,096	270,578
TOTAL CURRENT ASSETS	**148,984**	**356,439**
Non-current assets		
Foreign currency investments	1,492,577	3,570,931
TOTAL NON-CURRENT ASSETS	**1,492,577**	**3,570,931**
TOTAL ASSETS	**1,641,561**	**3,927,370**
Liabilities		
Current liabilities		
Financial liabilities	3,791	9,070
Accounts payable	3,048	7,292
TOTAL CURRENT LIABILITIES	**6,839**	**16,362**
Non-current liabilities		
Long-term liabilities	45,687	109,304
Related parties	23,800	56,941
TOTAL NON-CURRENT LIABILITIES	**69,487**	**166,245**
TOTAL LIABILITIES	**76,326**	**182,607**
NET ASSET MONETARY POSITION	**1,565,235**	**3,744,763**

F. Net equity investments, domestic or foreign, are as follows:

	2014
Investments in controlled companies	
TRANSELCA S.A. E.S.P.	771,646
INTERNEXA S.A.	155,387
XM, Compañía de Expertos en Mercados S. A. E.S.P.	28,089
INTERVIAL COLOMBIA S.A.S.	415
Sistemas Inteligentes en Red S.A.S.	901
INTERCOLOMBIA S.A. E.S.P.	81,616
ISA Capital Do Brasil S.A.	760,626
Consorcio Transmantaro S.A.	451,939
Red de Energía del Perú –REP–	134,974
ISA Perú S.A.	33,207
Proyecto de Infraestructura Perú S. A. C. –PDI–	12,300
ISA Bolivia S.A.	30,868
INTERCHILE S.A.	74,062
ISA Inversiones Chile Ltda.	1,313,885
ISA Inversiones Maule Ltda.	741,440
LINEAR SYSTEMS RE LTD.	1,104
TOTAL INVESTMENTS IN CONTROLLED COMPANIES	**4,592,459**

	2014
Investments with shared control	
Interconexión Eléctrica Colombia-Panamá S.A. –ICP–	8,318
TOTAL INVESTMENTS WITH SHARED CONTROL	**8,318**
Investments at cost	
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	399
Electricaribe S.A. E.S.P.	12,114
Empresa Propietaria de la Red –EPR–	15,551
Financiera de Desarrollo Nacional S.A.	4
TOTAL INVESTMENTS AT COST	**28,068**
TOTAL INVESTMENTS IN CORPORATIONS	**4,628,845**
Provision for investments in corporations	
Investments in controlled companies	(7,742)
Investments at cost	(2,015)
PROVISION FOR INVESTMENTS IN CORPORATIONS	**(9,757)**
TOTAL INVESTMENTS IN CORPORATIONS	**4,619,088**

All other issues mentioned in Article 446 of the Code of Commerce and Law 6 of 1995 are included in the financial statements, the Statutory Auditor's report and the CEO's management report.

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CERTIFICATION OF FINANCIAL STATEMENTS AND OTHER RELEVANT REPORTS

DECEMBER 2014	DECEMBER 2013

Medellín, February 26, 2015

To the shareholders of Interconexión Eléctrica S.A. E.S.P.

In connection with the 2014 Annual Report of ISA and its companies, the undersigned, Legal Agent and Chief Accounting Officer of Interconexión Eléctrica S.A. E.S.P., in compliance with Article 37 of Law 222 of 1995, Law 964 of 2005, and Resolution 356 of 2007 of the Colombian General Accounting Office, hereby certify that:

1. The financial statements of ISA parent company, and the consolidated financial statements, at December 31, 2014 and 2013, have been faithfully taken from the books, and before making them available to you and to third parties, we have verified the following assertions therein contained:

a. That facts, transactions and operations have been recognized and carried out during the accounting period.
b. That the economic facts are disclosed in compliance with the provisions of the Public Accounting Regime.
c. That the total value of assets, liabilities, equity, revenue, expenses, costs and memorandum accounts has been disclosed in the basic accounting statements up to the closing date.
d. That assets represent potential services or future economic benefits while liabilities represent past facts that imply an outflow of resources in execution of its activities, at the closing date.

2. That the financial statements and other reports relevant to the public, related to the fiscal years ended December 31, 2014 and 2013, do not contain defects, inaccuracies or errors that prevent ascertaining the true financial position and operations of ISA and its companies.

Luis Fernando Alarcón M.
Chief Executive Officer
(See attached certification)

John Bayron Arango V.
Chief Accounting Officer
Professional Card No. 34420- T
(See attached certification)

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CERTIFICATION OF COMPLIANCE WITH INTELLECTUAL PROPERTY AND COPYRIGHT REGULATIONS

DECEMBER 2014	DECEMBER 2013

Medellín, March 12, 2015

The undersigned Legal Agent and Information Technology Director of Interconexión Eléctrica S.A. E.S.P., in compliance with Article 1 of Law 603 of 2000.

Certify:

1. That the corporation complies with all regulations regarding intellectual property and Copyrights, and that all software used is legal and the rights to use it have been paid for, either through purchases, usage licenses, or assignments. Supporting documents can be found at our central archives.

2. That the corporation's Information Technology Direction carries an inventory of all software used and controls its installation according to the type of license purchased.

3. That in accordance with corporate policies and institutional guidelines, employees are bound to observe all regulations regarding intellectual property and copyrights.

Luis Fernando Alarcón M.
Chief Executive Officer

Olga Lucía López Marín
IT Director



10 DIRECTORY

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