

Integrated Report

2015

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ISA and its companies are supported in an excellent organizational management that optimizes resources, transfers best practices and achieves synergies, led by a human team highly committed to the performance and projection of companies.

01 Message from ISA President

» Dear Shareholders:

For us it is very satisfying to present for the first time the Comprehensive Management Report, which shows ISA results and its businesses during 2015, the most relevant facts in the period and advances in the management of material business issues of Electric Energy Transport, which represents a step forward in the path to generate value over time to our stakeholders.

We proudly mention that we were included for the first time in the Dow Jones Sustainability Index (DJSI), in the category of emerging markets, the most important index that exists so far on sustainability issues. But beyond this recognition, it motivates us to strengthen our position in this matter in all our businesses and to include it to the entire value chain to make the company viable in the long term.

We understand sustainability as a business approach that allows in a responsible, transparent and ethical manner to manage opportunities, impacts, as well as economic, environmental and social risks; maintain competitive advantage and contribute to the development of societies where ISA is present. **[G4-1]**.

In that sense, this Report was prepared following the guidelines of the Global Reporting Initiative (GRI) G4 version, used to communicate the economic, social and environmental management, and taking into account the framework of the International Integrated Reporting Council (IIRC) in order to concisely know the process of creating business value. We have made progress, but we know that we still have major challenges for the development of future reports.

We proudly mention that we were included for the first time in the Dow Jones Sustainability Index (DJSI), in the category of emerging markets, the most important index that exists so far on sustainability issues.

In 2015, ISA revised and updated the material analysis for the Electric Energy Transport Business Unit, including INTERCOLOMBIA, REP and CTEEP. The following were identified as material issues: regulatory management; human rights; management with communities, suppliers and human talent; environmental licenses; biodiversity and economic impact. The Company advances progressively with this methodology to extrapolate it to other companies in this business.

From the economic point of view, and as a result of management, we include the financial results of ISA at the end of the financial year with the highest net profit in its history, COP 706,321,000, 37.3% more than the previous year. As for the consolidated figures, operating revenues reached COP 5,300,000 million, EBITDA accumulated COP 2.9 trillion and assets closed at COP 28,100,000 million.

It is important to note that from 1 January 2015, the financial statements are presented in accordance with the Accounting and Financial Reporting Standards accepted in Colombia (NCIF).

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In addition, ISA stock reached a peak quote of COP 8,600 and a closing quote of COP 7,380; and compared with other stocks comprising the COLCAP index, ISA's stock was 9.2% above it.

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. We highlight the major milestones of the work done in the previous year:

- In the Electric Energy Transport Business Unit, ISA and its subsidiaries obtained projects that will require investments close to USD 770 million, which will involve the design and construction of 1,080 km of high-voltage circuit and the installation of 2,080 MVA of transformation capacity.
- In the Telecommunications Transport Business Unit, INTERNEXA, to complement its offer of value, acquired an undersea transport infrastructure to link the United States with Colombia and Brazil, providing a range of services to more than 170 Latin American cities.
- In Real-Time Systems Management, XM, before the energy situation created by the presence of El Niño phenomenon, conducted an analysis of the different scenarios that were presented to the Ministry of Mines and Energy, to CREG and to industry agents, in order to take necessary measures to maintain the reliability of energy supply in the country.
- In Road Concessions Business Unit, Ruta del Maipo (Chile) goes ahead with the construction of a new lane between South access to Santiago and Angostura's toll, which are works that will expand track capacity and alleviate traffic congestion.

These actions combined with the management of each group's workers show us today that ISA 2020 strategy, planned in 2012, reached a compliance of 85%, confirming the strength of the competitive position of ISA businesses to continue generating value.

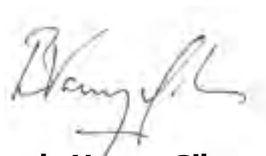
ISA and its companies are supported in an excellent organizational management that optimizes resources, transfers best practices and achieves synergies, led by a human team highly committed to the performance and projection of companies.

In the future we will continue participating in current businesses and in the countries where we operate, considering Latin America opportunities, where great investment opportunities in power infrastructure, roads and telecommunications are expected.



We do not want to end up without mentioning that these results are the product of the management of Luis Fernando Alarcon Mantilla and the current administration, who from a coordinated transition and as quickly as possible, verified the results we present. In addition, we highlight the participation of César Ramírez Rojas, Vice-President of Energy Transport, who was responsible for the General Management of the Company, achieving very positive results.

A very special thanks to you, our shareholders, for ratifying their confidence and investment in the company year after year; to our employees, who have faced with tenacity and responsibility the challenges of increasingly challenging environments; to societies of the countries where we operate; to the governments at different instances in Latin America, who trust us as responsible investors; to our clients, which encourages us to continue innovating to deliver products and services of better quality; and to our providers, who see us as allies to achieve their development. We deliver this document with the firm conviction that you will find the necessary information to contextualize the 2015 management.



Bernardo Vargas Gibsone

President

This report was prepared as per the international framework adopted by the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) G4 version.

02 Report Profile

ISA makes its first Comprehensive Management Report in order to improve the accountability to its stakeholders, presenting the factors that substantially may affect the creation of value over time.

This report was prepared in accordance with the international framework adopted by the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) G4 version, an essential option **[G4-32 A]**. This publication also serves as a Communication on Progress of the Global Compact of the United Nations.

Until 2014, ISA presents independently the results of its management in two reports: the Annual Report and the Sustainability Report. The first report showed results of the management of ISA and its business, the corporate governance report, and the consolidated and individual financial results. The Sustainability Report (GRI-G4) included results of the on-line management with the material affairs of ISA as a parent company of the group, and some indicators highlighting the most important aspects of the management of the most representative subsidiaries where included in annexes. **[G4-23]**.

This first report covers the period between 1 January and 31 December 2015 **[G4-28]**, on an annual basis. For comparison purposes, the Sustainability Report 2014, presented in March 2015, must be referenced. **[G4-29]** **[G4-30]**.

The Report addresses transparently results of ISA management and its

business: Electric Energy Transport, Telecommunications Transport, Road Concessions, and Real-Time Systems Management; It also presents the Company profile, its corporate governance, corporate strategy, risk management and future challenges; and finally it communicates the performance of the action, and the consolidated and individual financial results.

The material analysis was conducted for the Electric Energy Transport Business Unit, including ISA, INTERCOLOMBIA, REP and CTEEP, which represent 64.5% of consolidated revenues. For these companies, environmental, social and economic approaches are presented according to the defined material aspects. For other companies, results of their management and perspectives are only included.

It is important to note that the above subsidiaries for the first time are an integral part of the Report. However, all these companies have their respective management reports that can be found on their websites.

Both the materiality process as the Integrated Management Report were built in ISA by the Vice-President of Strategy and validated by the Corporate Committee to ensure that all material aspects will be addressed **[G4-48]**.

The Company hired Deloitte & Touche to conduct the verification of the Report according to the guidelines of ISAE 3000 standard, in order to guarantee the reliability and accuracy of the information published. **[G4-33]**. The scope and conclusions of the verification may be examined in the independent review Report included in Annexes **[G4-32 C]**.

To facilitate the consultation of indicators reported, the table of GRI indicators may be consulted in annexes **[G4-32 B]**, which also include compliance with the Principles of the Global Compact.

To share suggestions, opinions or concerns regarding this Comprehensive Management Report, please contact: **[G4-31]**.

Olga Patricia Castaño Díaz
Vice-President of Strategy
vicepresidenciaestrategia@isa.com.co

The Company is currently recognized as a Multi-latin leader with broad technical experience, which carries out its activities within the framework of corporate sustainability.

03 Company Profile

» ISA and its businesses

ISA, a parent company of the corporate group, operates in strategic sectors by focusing its business activities on Electric Energy Transport, Telecommunications Transport, Road Concessions and Real-Time Systems Management. The Company is currently recognized as a Multi-latin leader with broad technical experience which 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 progress and contribute to the advancement of the inhabitants of Colombia, Brazil, Peru, Chile, Bolivia, Ecuador, Argentina, Panama, and Central America.

The legal nature of Interconexión Eléctrica S.A. E.S.P. (ISA) [G4-3] corresponds to a mixed public services company incorporated as a limited joint-stock corporation, of commercial and national nature, linked to the Ministry of Mines and Energy, governed by Laws 142 and 143 of 1994 [G4-7] and headquarters in the city of Medellin (Colombia) [G4-5].

The Company has state and private investors, whose shares and bonds are traded on the Colombia Stock Exchange Market. It has Level I ADRs negotiated in the Over the Counter (OTC) market of United States. The company applies high standards of transparency, efficiency and corporate governance that provide protection and confidence to investors and allow sustainable growth.

Shareholder Structure (Dic 31 - 2015) [G4-9]

Shareholders	Shares	%
State Investors	**682.078.108**	**61,58**
The State	569.472.561	51,41
Empresas Públicas de Medellin	112.605.547	10,17
Companies with public and private capital	**77.391.530**	**6,99**
ECOPETROL	58.925.480	5,32%
Empresa de Energía de Bogotá	18.448.050	1,67%
Empresa de Energía del Pacífico	18.000	0,002
Private Investors	**348.208.256**	**31,44**
Institutional	191.315.857	17,27
Foreign Investment Funds	70.907.613	6,40
Natural Persons	67.259.558	6,07
Legal Persons	17.614.128	1,59
ISA ADR Program	1.111.100	0,10
Share and paid outstanding capital	**1.107.677.894**	**100**

To create value for its shareholders, ISA focuses its strategy on the search for new opportunities in the region, protected by the diversification of markets, sectors and currencies; increase of margins through an efficient operation, a solid capital structure and constructive relations with regulators. The company bets on an orderly growth and the entry to sectors in which it considers the possibility of developing competitive advantages.

In addition, it manages its business with a focus on corporate sustainability in a responsible, transparent and ethical manner. It manages opportunities, risks and impacts inherent to economic, environmental and social development, adding value to its stakeholders.

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 improve the quality of life and development of societies where it is present. To achieve this, ISA has a human team of 3,752 highly qualified and committed associates.



Electric Energy Transport Business Unit in Latin America [G4-4] [G4-6] [G4-8]

The meeting point between generation and demand, as well as the means through which electricity exchanges are made, are important for the functioning of an energy market.

Through its subsidiaries and affiliates, ISA expands, operates and maintains high-voltage power transmission systems, which positions ISA as the largest international transporter of electricity in Latin America, with 41,885 km of high-voltage circuit, 80815 MVA of transformation capacity and interconnections between Venezuela and Colombia, Ecuador and Colombia, and Ecuador and Peru.

The business provides a complete portfolio of services for electric energy transport for market agents; connection to the electrical system of generators, network operators, regional transporters and large consumers; creation of projects for third parties; and services related to maintenance, electric and energy researches.



Central America
- Interconexión Eléctrica Colombia - Panama, ISA investment by 50%
- EPR, ISA investment by 11.11%

Colombia
- ISA
- INTERCOLOMBIA
- TRANSELCA

Peru
- REP
- Transmantaro
- ISA Peru
- Proyectos de Infraestructura del Peru

Bolivia
- ISA Bolivia

Brazil
- CTEEP
- IEMG
- PINHEIROS
- SERRA DO JAPI
- EVRECY
- IENE, investment of 25% CTEEP through
- IESUL, investment of 50.1% through CTEEP
- IE MADEIRA, investment of 51% through CTEEP
- IE GARANHUS, investment of 51% through CTEEP
- ISA Capital do Brazil (Investment Vehicle)

Chile
- INTERCHILE

REVENUE	EBITDA	ASSETS	STAFF	OPERATING CIRCUIT
$3.8 trillion	$2 trillion	$18.8 trillion	2,828	41,885 km

Telecommunications Transport Business Unit in Latin America [G4-4] [G4-6] [G4-8]

ISA's participation in this business is materialized through INTERNEXA, a subsidiary company dedicated to the integral design of international, national and metropolitan connectivity solutions, which additionally provides data access to the best Internet in the region and big data services, web analytics, cloud computing and business mobility solutions.

ISA has an open network for all agents in the continent, offering a wide digital platform for Latin America, interconnected with each other and with the United States. ISA has 29,886 km of fiber optics at ground level and has wet infrastructures linking the United States with Colombia and Brazil, consolidating a network of 48,886 km.

INTERNEXA develops a range of services tailored to each customer segment, addressed to three strategic focuses:

- **Infrastructure:** It offers access to information transport infrastructure for telecommunication service providers and integrators (Business Process Outsourcing (BPO)).
- **Innovation:** It offers Internet access services to operators, cable companies, media, Over The Top -OTTs- and other agents.
- **ICT:** It offers integrated ICT solutions to specific industries and governments.



Central America
- REDCA, investment of 11.11% through INTERNEXA

Colombia
- INTERNEXA

Ecuador
- TRANSNEXA, investment of 5% through INTERNEXA and 45% through INTERNEXA (Peru)

Peru
- INTERNEXA

Brazil
- INTERNEXA
- INTERNEXA Participações (Investment Vehicle)

Chile
- INTERNEXA

Argentina
- INTERNEXA

REVENUE	EBITDA	ASSETS	STAFF	FIBER OPTICS
$283.8 MM*	$91.1 MM	$838.3 MM	330	48,886 km

*Amounts expressed in Billions -MM

Roads Concession Business Unit in Latin America

[G4-4] [G4-6] [G4-8]

It provides infrastructure solutions that contribute to the competitiveness of countries through the physical integration of production sites with the consumer sites, ensuring that users have roads with high standards of quality, safety and connectivity.

ISA through its subsidiaries, structures, designs, builds, operates and maintains road infrastructure. In Chile, ISA is the largest operator of interurban roads with 907 km of highways from Santiago to the city of Rio Bueno.

To assist users, ISA has emergency centers, SOS signposts, ambulances, control areas, service areas, and maintains a smooth and timely communication with users and the community.



Chile
- INTERVIAL CHILE
- Ruta del Maipo
- Ruta del Maule
- Ruta del Bosque
- Ruta de la Araucanía
- Ruta de los Ríos

REVENUE	EBITDA	ASSETS	STAFF	INTERURBAN ROADS
$1.1 trillion	**$0.8 trillion**	**$8.4 trillion**	**323**	**907 km**

Real Time Systems Management Business in Latin America [G4-4] [G4-6] [G4-8]

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

It offers intelligent solutions (to various sectors of the economy) based on technology and knowledge acquired:

- **Electric Sector:** In Colombia, XM is responsible of operating the National Interconnected System and managing the Wholesale Energy Market.
- **Financial Sector:** Derivex (a management company for energy derivatives markets in the country) operates with the Colombia Stock Exchange and participates as investor in the Counterparty Central Risk Chamber.
- **Mobility Sector:** The Networked Intelligent Systems subsidiary operates the Traffic Control Center of Medellin.



Colombia
- XM
- Derivex, investment of 49.95% through XM and 0.025% through INTERNEXA
- Counterparty Central Chamber, investment of 7.18% through XM
- Networked Smart Systems

REVENUE	EBITDA	ASSETS	STAFF	DEMAND ATTENDED
$116.1 MM*	$21.8 MM	$127.5 MM	271	66,174 GWh

*Amounts expressed in Billions -MM

ISA in Latin America [G4-6]



Colombia
- ISA
- INTERCOLOMBIA
- TRANSELCA
- INTERNEXA
- XM
- Networked Smart Systems

Ecuador
- Transnexa, investment of 5% through INTERNEXA and 45% through INTERNEXA (Peru)

Peru
- REP
- Transmantaro
- ISA Peru
- PDI
- INTERNEXA

Bolivia
- ISA Bolivia

Central America
- EPR, ISA's investment (11.11%)
- ICP ISA's investment (50%)
- REDCA, ISA's investment (11.11%) through INTERNEXA

Brazil
- CTEEP
- IEMG
- PINHEIROS
- SERRA DO JAPI
- EVRECY
- INTERNEXA
- ISA Capital do Brazil

Argentina
- Internexa

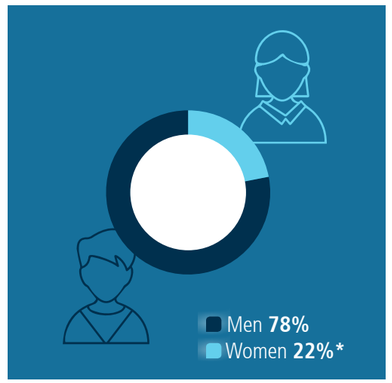
Chile
- INTERCHILE
- INTERNEXA
- INTERVIAL CHILE
- Ruta del Maipo
- Ruta del Maule
- Ruta del Bosque
- Ruta de la Araucanía
- Ruta de los Ríos

- Business Group Matrix
- Energy Transmission
- Telecommunications
- Road Concessions
- Management of Real Time Systems
- Investment Vehicle

» Relevant Figures [G4-9] [G4-11]



Presence in 8 countries



3.752 workers

58% in collective agreement

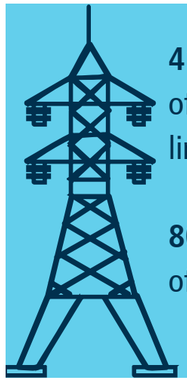
4 businesses



48,886 km of fiber optics



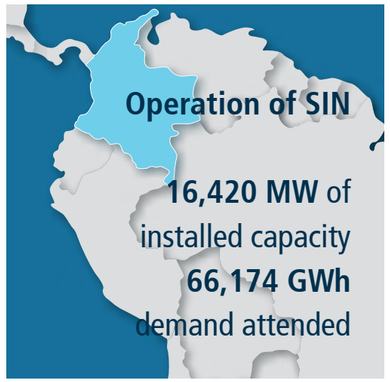
907 km of highways



41,885 km of high-voltage line circuits

80,815 MVA of capacity

33 companies, branches and subsidiaries



16,420 MW of installed capacity

66,174 GWh demand attended

* Further details in Table [G4-10].

2015 financial figures [G4-9]

CONSOLIDATED

Revenue
$5,3 BILLION
↗ **25%** compared to 2014*

EBITDA Margin
54,5 %
54.5% in 2014*

Assets
$28.1 TRILLION
↗ **9.8%** compared to 2014*

EBITDA
$2,9 TRILLION
↗ **25%** compared to 2014*

Net utility
$701.5 MILLION
↗ **37.6%** compared to 2014*

Liabilities
$16.7 TRILLION
↗ **10.2%** compared to 2014*

ISA

Net Income
$706.3 BILLION
↗ **37.3%** compared to 2014*

Consolidated Revenue per Business Unit %



- Electric Energy Transport **71.6**
- Roads Concessions **20.8**
- Telecommunication Transport **5.4**
- Real-Time Systems Management **2.2**

EBITDA consolidated per Business Unit %



- Electric Energy Transport **68.40**
- Roads Concessions **27.60**
- Telecommunication Transport **3.20**
- Real-Time Systems Management **0.80**

Consolidated assets per Business Unit %



- Electric Energy Transport **66.8**
- Roads Concessions **29.7**
- Telecommunication Transport **3.0**
- Real-Time Systems Management **0.5**

**Amounts expressed as per Accounting and Financial Reporting Standards (NCIF)*

» Accolades

- In 2015, ISA was included in the Dow Jones Sustainability Index (DJSI), after evaluating the economic, environmental and social dimensions of 36 companies in the emerging markets category. This index measures the quality of management, company's strategy and their performance in dealing with opportunities and risks of sustainability. According to the report of RobecoSAM - Sustainability Investing, the Company obtained outstanding results in issues such as biodiversity protection, transparency, accountability, risk management, and management with communities in the area of influence.
- ISA was chosen to be part of the Sustainability Yearbook 2016 in the Electrical Utilities Sector, according to Corporate Sustainability Assessment RobecoSAM, after evaluating the financial, environmental and social dimensions of more than 3,000 companies worldwide. This publication recognizes the most sustainable companies worldwide. An analyst firm of the Dow Jones Committee, expressed that "ISA achieved excellent results in its ability to modernize and develop innovative business models that fit to new political, economic and technical environments of its industry."
- ISA won the 2015 Portfolio Award in the Human Resources Management category, thanks to its outstanding relationship with its employees and commitment to their integral development. These awards highlight the efforts of organizations and individuals who have had an outstanding management, and who contributes to the economic, social and academic improvement of Colombia.
- ISA received the Foundation Sustainable Leaders Agenda 2020 -ALAS20- award in the Leading Company in Corporate Governance category. It was also nominated in the Leading Company in Sustainability category, Leading Company in Relationship with Investors, President of Leading Company in Sustainability and Member of the Leading Board of Directors in Sustainability. ALAS20 promotes and recognizes companies, investors and professionals who stand out for their leadership and actively contribute to sustainable development with regard to 2020.
- In the Corporate Reputation Business Monitor (MERCO) for Colombia, ISA was ranked in 15th place in the overall ranking (moving up eight places) and 2nd place in the ranking of energy sector, gas and water. The evaluation criteria were strength, work environment, commitment to corporate social responsibility, international dimension and innovation.
- ISA obtained the maximum score of 100 points in the measurement made by Corporación Transparencia por Colombia [Transparency for Colombia Corporation] on mechanisms and policies of transparency among public utility companies. This award was granted by the determined efforts to promote effective interaction opportunities with its stakeholders, good corporate governance practices and decision making with ethical sense.
- The Company was ranked at 26th place in the Ranking Multi-Latins 2015, of the business magazine AméricaEconomía, obtaining a score of 63.1 in the index that indicates the results of 100 Latin American companies with sales exceeding USD 250 million and relevant transactions in at least three countries.
- The Colombian Stock Exchange awarded ISA for the third consecutive time the "IR Recognition", an initiative that ratifies the Company's highest standards of transparency, corporate governance, and commitment to the stock market.

» Institutional Commitments

ISA follows principles and international agreements of which it is a signatory and assumes compliance and progress commitments, strengthening its institutional commitment as a major participant of sustainable development. **[G4-15]**.

Since 2005, ISA is signatory of the Global Compact, an initiative of the United Nations that through ten principles mobilizes companies towards a respectful performance of the **Human Rights, good labor practices, care for environment and anti-corruption practices.**

Due to the importance of **generating a contribution to peace** in the territories where ISA is present, since 2014 the company joined this initiative, a **business leadership platform** launched by the United Nations.

ISA in 2015 declared publicly in the General Assembly of the United Nations its commitment to work in meeting this global initiative, which addresses key axes such as **education, organizational strengthening, peace, Human Rights and contribution to poverty reduction.**

ISA 2020 strategy, planned in 2012, reached 85% of compliance, confirming the strength of the competitive position of ISA's businesses to keep generating value over time.

04 Strategic Framework

» Action Framework

Action Framework is the body of documents that integrate the principles, values and codes of conduct for ISA and its companies. They are the navigation chart of behaviors against which the organization declares its approach and commitments towards stakeholders **[G4-56]**.

Corporate Values

ISA and its companies work firmly on the 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.

- **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 search for improved standards of living for its employees and their families, the environment, and society in general.

Corporate Policies

Policies are corporate decisions based on declarations of principles by which frameworks for action that guide ISA's management and its companies in specific aspects are defined. Policy purposes 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.
- **Asset Management:** To manage assets with a comprehensive life-cycle vision, considering the optimization of cost, risk and performance to achieve maximum value and achieve goals sustainably.

- **Human Management:** To establish principles to attract, develop and retain 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 health and safety of 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.
- **Social:** To conduct a comprehensive social management as a fundamental part of corporate sustainability, which contributes to the viability and legitimacy of ISA and its companies, by linking as relevant actors in the creation of a favorable environment for development.

On its website, ISA publishes the whole text of the policies.

In 2015, a program of internalization of the Corporate Policies aimed at ISA workers and its companies was conducted in order to strengthen their content and foster opportunities for reflection on its daily application.

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. Thanks to ethics, it is possible to be consistent in decision making and in the relationship with stakeholders, in pursuit of business goals and the common good.

Some of the most relevant aspects of the Code are:

- Corruption and bribery.
- Discrimination.
- Confidentiality of information.
- Anti-monopoly practices.
- Asset laundering or insider trading.
- Environment, health and safety.
- Allegations of irregularities.
- Bribes in any form such as commissions or payments in kind.
- Direct or indirect political contributions

Likewise, the Code defines and describes the mechanisms of monitoring and control that must be implemented by companies in order to ensure and

verify compliance, the Ethics Committee being the advisory body that serves all inquiries and complaints from stakeholders.

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. Through ISA's Ethics Line, eight reports were received, which were timely addressed by the Ethics Committee, directly responsible for serving and solving ethical issues. **[G4-57]**.

Ethics Line (toll-free):
01 8000 941341
lineaetica@isa.com.co

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:

- A campaign internalizing the Code to strengthen understanding of ethics and its application in personal and professional spheres.
- In INTERVIAL CHILE and its concessionaires, a program of dissemination and commitment of the Model of Corporate and Ethics Integrity was developed (according to Chilean Law 20,393), achieving voluntary membership of workers and suppliers, by incorporating obligations, prohibitions and penalties in working contracts and service delivery.
- The third Energy Sector Ethics Forum organized by XM, the National Operations Committee (CNO), ISA, XM, INTERCOLOMBIA, and TRANSELCA signed the pact on anti-corruption, which constitutes a commitment with the implementation of the best practices of transparency and ethics in the behavior of the companies, thus reaffirming the principles governing the business group. On its website, ISA published the whole text of the Ethics Code. Also, the mechanisms and procedures for consultation, advice and allegation available to the Company to address its stakeholders, are presented **[G4-58]**.

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.

Additionally, the Money Laundering and Terrorism Financing Risk Administration System (SARLAFT, for its Spanish initials), allows increased security levels at ISA and its companies for risks related to the principles they refer to.

In 2015, ISA, INTERCOLOMBIA, TRANSELCA, XM and INTERNEXA joined the national day of money laundering prevention, an effort by the United Nations Office on Drugs and Crime, which seeks to coordinate public and private sectors in the prevention of money laundering and crimes source.

ISA's Anti-Fraud Code is published on its website.

Commitments to the Stakeholders

Stakeholders are the group of people, organizations and institutions with whom ISA and its companies build and share common interests. They are selected based on criteria of visibility and legitimacy, and have the ability to significantly impact the society and the company **[G4-25]**.

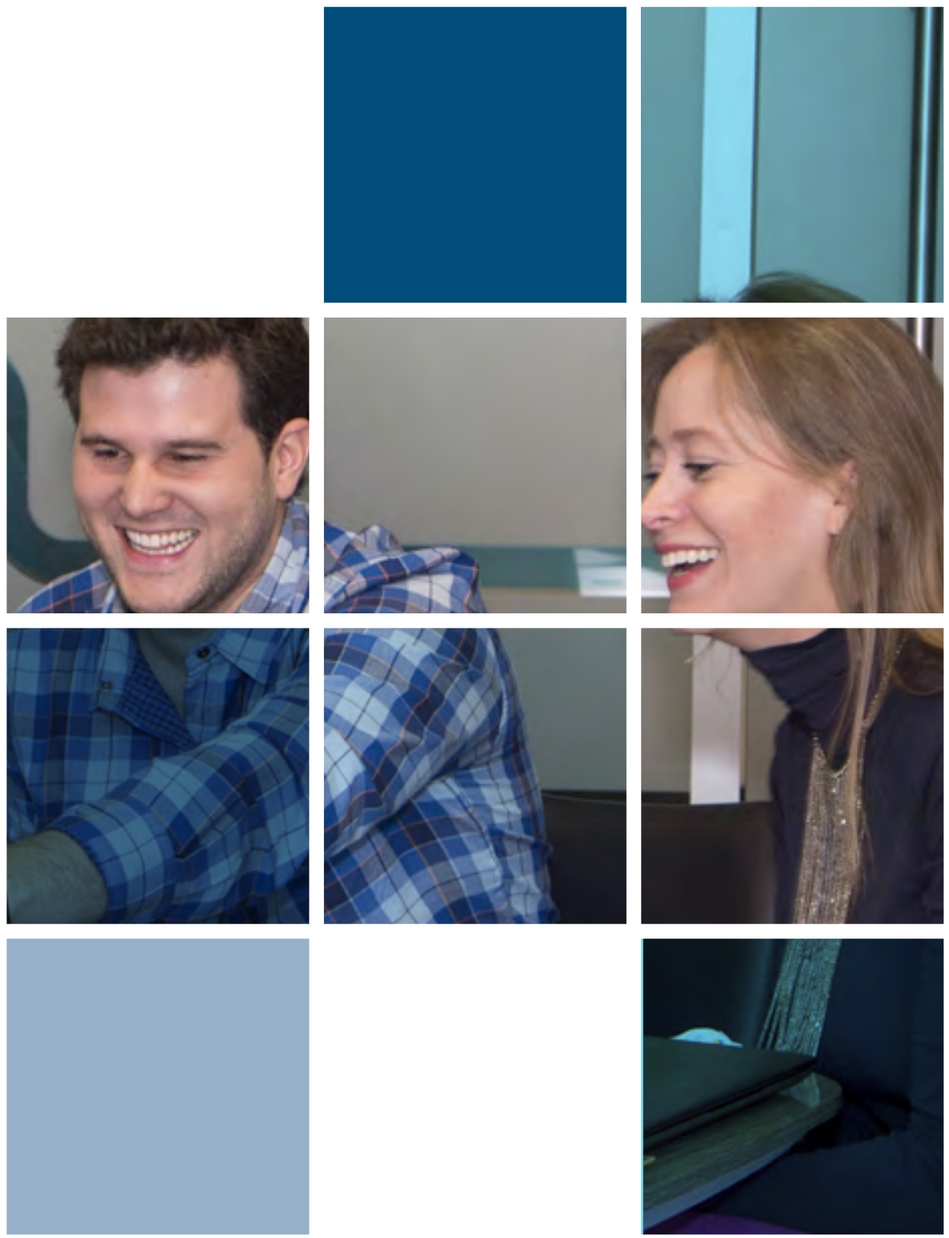
ISA respects, recognizes and values its stakeholders and incorporates them into its strategic model by formulating commitments to each of them, in order to generate value.

ISA is committed to develop, strengthen and promote mechanisms of relationship and commitment to its stakeholders to:

- Promote ethical, transparent, constructive and respectful human rights relations.
- Generate communication channels that provide information and ensure spaces for dialogue.
- Strengthen relationships based on trust and legitimacy.
- Provide timely information of public interest.
- Contribute to sustainable development and welfare of society.

Further information about the relationship with stakeholders is included on the website. **[G4-26]**.

ISA and its companies value dialogue as the scenario to know first the interests of its stakeholders and those improvement aspects for adding value to stakeholders. In 2015 the event of dialogues with stakeholders had a favourability rating of 80% **[G4-27]**.

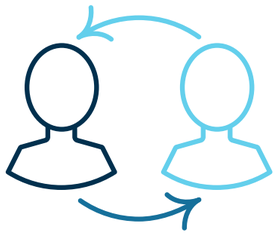


Commitment to Stakeholders [G4-24]



Shareholders and Investors

Grow with profitability, maintain good governance practices and ensure the sustainability of companies.



Suppliers

Provide a transparent and equitable treatment, based on criteria of efficiency and competitiveness.



Workers

Attract, develop and retain human talent, within a framework of clear, respectful, fair and just relationships that create an environment of trust and integral development.



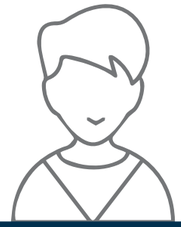
State

Respect and promote the Rule of Law, and contribute to create an enabling environment for the provision of services by promoting transparency and setting clear rules.



Society

Conduct a comprehensive social management and be linked as a major player in creating a favorable environment for development.



Clients

Providing quality services, opportunity and competitive prices, designed to meet their needs and create long-term relationships.

Mechanisms to relate [G4-26]

Dialogues with Stakeholders
Reputation Survey

Website: www.isa.co
ISA mailbox: isa@isa.com.co

Twitter *@ISA_Avanza*
Facebook */ISAAvanza*
Linked in *Interconexión Eléctrica ISA*
Youtube */CanalISAAvanza*

Ethics line (toll-free): 01 8000 941341
lineaetica@isa.com.co

Shareholders and Investors

- General Assembly
- Care Center
- Webcast
- Bulletin
- Quarterly Reports
- Meetings and Visits
- Support Line

01 8000 115000
(574) 4442555
accionesisa@isa.com.co

Suppliers

- Annual Meeting
- Performance
- Evaluation
- Field and Factory
- Visits
- E-mail:

proveedoresisa@isa.com.co

Workers

- Primary Groups
- Coffee with the President
- Evaluation of Working Environment
- Evaluation of Performance
- Internal Bulleting

State

- Workshops with state entities
- Application Letters
- Inquiries

Society

- Training Workshops
- Information and awareness-raining meetings
- Relationship Rounds
- Radio Program
- Survey on Closing of Agreements
- Meeting with residents

Clients

In Subsidiaries

- Annual Meeting
- Bulletin
- Visits
- Satisfaction Survey
- Client e-mail

Key Issues [G4-27]

Shareholders and Investors

- Profitability
- Sustainability
- Share Price

Suppliers

- Sustainability for the supply chain
- Structured process of local purchases
- Make formats adaptable
- Greater coordination

Workers

- Management of working environment
- Workload and compensation
- Innovation
- Telework
- Collaborative work

State

- Greater involvement and relationship

Society

- Favorable environments
- Greater community participation
- Greater recognition of ethnic minorities
- View social management and its transformations

Clients

- Reliability and availability of service

» Corporate strategy



Aspirations

- Ratification of countries and businesses
- Greater profitability
- Growth subject to profitability
- ISA's vocation: **generate value from operation and"excellent" development of infrastructure**



Mission

ISA's mission is to develop and operate highly efficient systems of linear infrastructure which has capabilities or differential advantages based on the development of human talent and capacity for innovation to create value for its shareholders and other stakeholders, and contribute to sustainable development of the societies where it operates.

Strategic Pillars

Vision

In 2020, ISA will have tripled its profits, by capturing the most profitable growth opportunities in its existing businesses in Latin America, the boost of operational efficiency and the optimization of its business portfolio.

1 To capture growth opportunities with greater profitability

2 Improve profitability of current businesses

3 Dynamic adjustment of business portfolio and geographies

In 2015, the Company was committed to the implementation of the strategic plan, which executes actions that are necessary to increase ISA's profitability and achieve the goal set in its vision.

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.

In 2015 around 22 business opportunities were analyzed and a success rate of nearly 60% was achieved, which will represent additional annual revenues of USD 78 million to the company.

The projects awarded in the Electric Energy Transport business unit represent additional revenues of nearly USD 770 million.

Meanwhile, in the Telecommunications Transport business unit operations were strengthened by means of the acquisition of undersea transport infrastructure between USA and Latin America. Finally, in the Road Concessions business unit in Colombia, ISA signed the shareholder's agreement and the company's incorporation for the Parques del Río Project (Medellin, Colombia).

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 in electric infrastructure, roads and telecommunications are expected for the 2016 - 2020 period.

Additionally, ISA will monitor and analyze new opportunities that arise from the implementation of the energy and telecommunications reform in Mexico.

Pivot 2 - Improvement in the return of business units

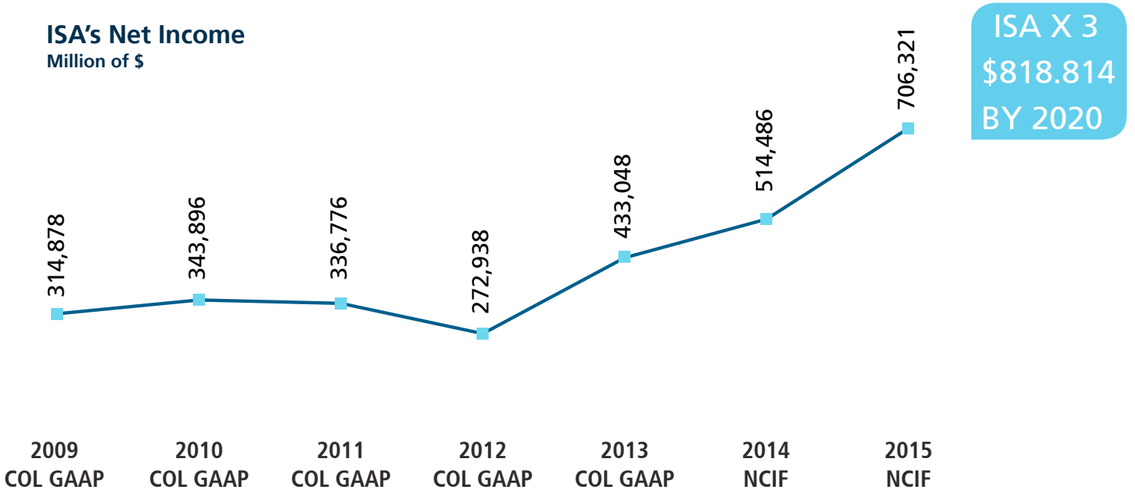
It comprises a set of initiatives among which those related to OPEX, CAPEX, procurement and support areas oriented to optimize processes, make a more efficient use of resources, maximize the generation of value throughout the life cycle of the assets, and incorporate the best global practices, among others.

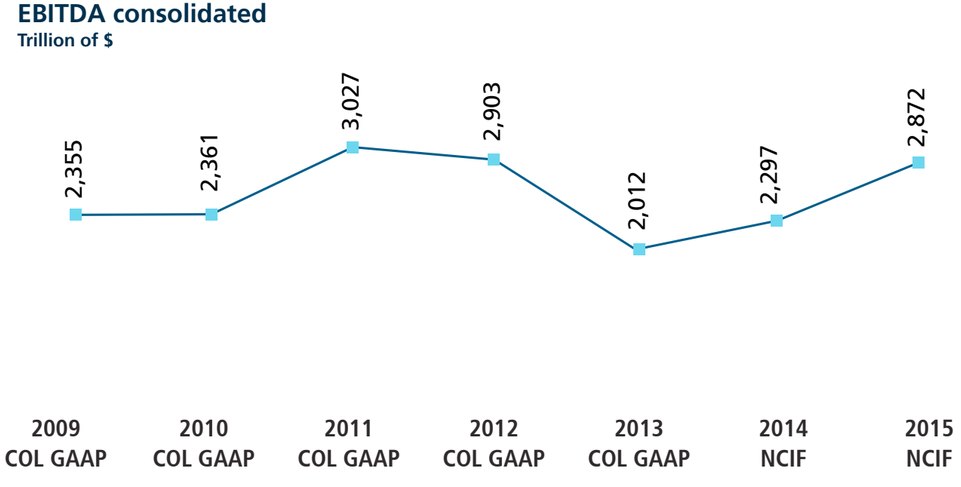
The results obtained in the optimization of the operational and maintenance model, project progress in the management of assets, and savings achieved with strategic purchases in several procurement categories are highlighted.

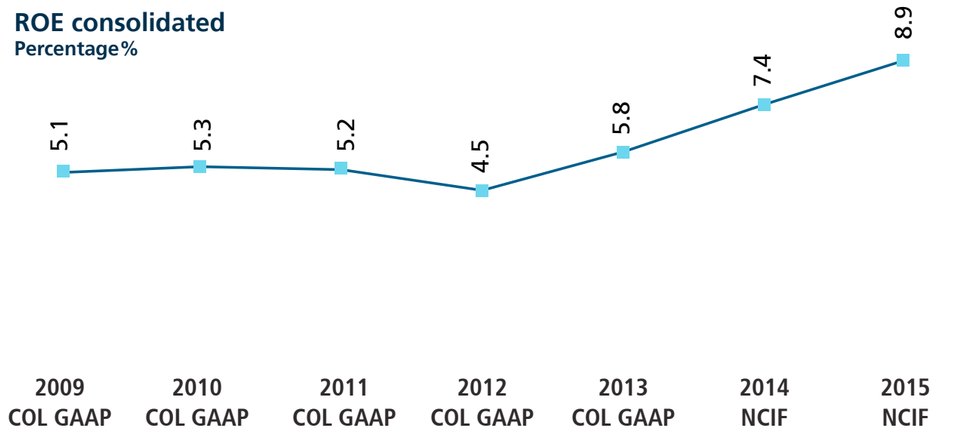
The efficiencies captured have exceeded expectations, without compromising either service quality or company's risk level.

Pivot 3 - Management of the business portfolio

ISA's portfolio was analyzed based on the attractiveness of the industry and the ability of ISA to extract its value; and actions that were incorporated into the strategic direction of the companies, to adjust their position of value in the coming years, were derived.







The results obtained in the three years after implementing the strategy allow reafirming the strength of the competitive position of ISA's businesses to keep the generation of value over time.

Strategic definitions that cleared the way of 2012-2020 period, and especially the assumptions on which they were created, are under constant review by the Board of Directors to validate or adjust its validity in light of current and emerging risks, as well as opportunities and signals from the environment (including political, economic, social, environmental, regulatory and technological aspects).

As a result of this exercise, the Board ratified the countries, the existing business units and the search for greater profitability. It also established new emphasis that collect continuing concern about the sustainability of businesses in the economic, environmental and social dimensions, and adding value to stakeholders.

Thus ISA's commitment to achieving the strategy will involve performing management on the following matters: **[G4-2]**

- For all business units, to strengthen the incorporation of sustainability criteria in decision-making and processes in accordance with international benchmarks adopted by ISA: Global Compact, Dow Jones Sustainability Index, Global Reporting Initiative.
- To work so that companies proactively manage with more determination the agenda of institutional relationships. The concern of governments, regulators and users to balance infrastructure needs and user's ability to pay are a reality which requires ever-closer, transparent and proactive interaction with governments and regulators to promote common interests to ensure the sustainability of business units.
- To strengthen risk management, especially in relation to regulatory issues given its high impact on the financial results and reliance on regulation and institutionalization of business units in each country.

- The proactive incorporation of trends that might reconfigure the sources of value creation of current business units.
- To strengthen the communication and joint work with 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.
- The constant interaction with providers should move towards a model that may lead to the creation of strategic alliances that foster the development and growth of business units, always seeking mutual development within a framework of respect for Human Rights.
- Promote regional electricity integration through participation in initiatives seeking technical, environmental, regulatory and economic feasibility of the infrastructure required and the harmonization of regulatory frameworks necessary for the development of a regional electricity market.
- Strengthen engineering capabilities to ensure the permanence and incorporation of new knowledge that will support the challenges associated with technological developments and the accelerated transformation of electricity and information technology sectors.
- 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.

» Comprehensive Risk Management

The Corporate Policy of Comprehensive Risk Management seeks to preserve the integrity of corporate resources, continuity and sustainability of business units. For this, ISA and its companies permanently perform the identification, analysis, evaluation, monitoring and communication of risks to which they are exposed, in order to minimize impacts on the financial resources and reputation.

As a result of this cycle, each company has its risk map, the assessment matrix (probability of occurrence versus severity of the consequences) and management measures for its administration. The corporate risk map consolidates 17 risk categories:



Strategic

- Legal and regulatory.
- Suppliers.
- Market, competence, mergers and acquisitions.
- Market, liquidity and credit.
- Human capital and labor relationships.
- Governance.



Of Environment

- Social.
- Political.
- Armed conflict, terrorism and vandalism.
- Natural phenomena.
- Deficiencies in the system or the electrical market.



Operational

- Environmental.
- Property.
- Errors or omissions.
- Equipment failures, spare parts or material failures.
- Information technology and communications.
- Fraud and corruption.

In 2015 the risk model was revised. For this, the general rational methodology and rating scales were updated. In addition, emerging risks were included and governance mechanisms (scaling criteria, monitoring scheme and periodic reporting to the parent company and the boards of directors of subsidiaries) were adjusted.

ISA relies on the benefits of risk management and its challenge is to incorporate it in a more rooted degree in the corporate culture, so that it supports strategic and operational decision-making of the companies.

Priority Risks

The results obtained by the Company towards meeting the strategy are threatened by risks, mainly arising from external events which, if they occur, could affect the goal proposed by ISA to triple its profits by 2020. The risks on which management and follow-up were focused were: [G4-2]

Regulatory risk in Colombia and Brazil

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 transfer of assets with a voltage under 230 kV (DITs) to the electricity distributors in Brazil, 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 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.

Impact on ISA and XM by El Niño phenomenon

Main administration actions:

> Communication and relationship strategy to inform the public and the sector about the system conditions before El Niño phenomenon.
> XM communications management to fix its position and provide appropriate signals (proximity to media).
> Daily follow-ups with the Ministry of Mines and Energy and the National Operation Council on the energy situation.
> Direct management with agents.
> Strengthening of operational controls.
> Recommendations to the Ministry of Mines and Energy and the Energy and Gas Regulation Commission (CREG).
> Manage communication in a timely and clear manner to respond to questions.

Affectation due to the land restitution law in Colombia

The Victims Law establishes the process of land restitution for victims of dispossession, which brings enhanced protection to property rights. For ISA, its implementation could mean that creation of new easements on properties affected is prevented or that existing easements registration is canceled.

Negotiations with various authorities involved are advanced, so that existing easements are respected and new easements on properties affected may be constituted, and thus enable the development of electrical infrastructure projects that benefit the country.

Emerging Risks

ISA performs an identification of events in order to be prepared in advance before potential opportunities or emerging risks that could affect the dynamics of its business units over time.

In this sense, global trends affecting current business units were identified:

- Lack of qualified human resources.
- Transformation of electric sector.
- Global economic crisis.
- Greater social and environmental requirements.
- Climate change.
- Technology evolution.
- More demanding, grouped and influential consumers.

Given these signals, the Company advances in the analysis of impacts and defining actions to anticipate properly. For ISA, this analysis is relevant because inadequate management of these risks could have an impact, significantly, in the various operations affecting the sustainability of business units.

Specifically, the electricity sector is undergoing a significant transformation where: technological development trends meet; regulatory changes with revisions of downward pricing structure; greater environmental requirements; more demanding and influential consumers in public decisions; judicialization of projects under pressure from communities; disruptive impacts on operations, resulting from global effects such as climate change; modification of the labor force; increased competition and finally the arrival of new business models in a historically monopolistic sector. All of them have begun to impact the business returns and margins.

ISA developed a new Code of Good Governance, under the highest standards of corporate governance.

05 Corporate Governance

» Updating of Corporate Government

By means of the issuance of External Circular 028 of 2014 of the Financial Superintendence of Colombia, in which a Code of Best Corporate Governance Practices, called Country Code, ISA undertook voluntarily a series of activities aimed at updating its rules and corporate governance practices to benefit from the highest standards in this area; considering its nature and legal regime and type of business.

At the Ordinary General Meeting of Shareholders of March 27, 2015, the amendment to the Company's bylaws and Succession and Remuneration Policies of the Board of Directors were approved.

For its part, the Board of Directors issued regulatory agreements on the functioning of the Assembly of Shareholders, the Board and its committees; approved procedures for managing conflicts of interest of Board's members and other ISA's managers, the Policy of ISA's Fiscal Auditor, and/or the external auditor with power on all companies of the business group.

Finally, in January 2016, the Board of Directors approved the new Code of Good Governance of ISA which includes regulations and establishes practices for the Company's adequate governance.

In compliance with provisions of the External Circular 028 of 2014, ISA performed and issued timely the report on implementation of best corporate practices of 2015.

» Board of Directors

Agreement 98 of 31 July 2015 regulates the functioning of ISA's Board and its content is available on the website of the Company.

Structure of the Board of Directors

ISA's Board is elected annually by the General Assembly of Shareholders and is comprised of nine core members, five of whom are independent in accordance with the provisions of Law 964 of 2005 and the Code of Good Governance of the Company **[G4-34]** **[G4-40]**.

[G4-40] For the nomination of candidates to make up the Board and seeking a reasonable balance, complementarity and diversity, in the interests of proper performance, it is necessary to consider that candidates are not involved in any disqualifications and incompatibilities of legal nature and have knowledge, experience, educational background, qualities, skills, independent judgment and enough availability to be a candidate for being a Board member. In the Succession Policy of the Board of Directors the principles applied in the nomination of the best candidates to make up ISA's Board, and the knowledge and experience required to ensure its effective functioning and contribution to achieving the objectives set, are established.

No member of the Board may hold executive positions in the Company **[G4-39]** and in order to do a better job as managers of the parent company, some members of ISA's Board are involved in the parent companies of related companies. Likewise, no employee of ISA may be a member of the Board of Directors and may not exist labor relationships between the board members and the Company.

Structure of ISA's Board of Directors [G4-38]

Main	Nominated for	Member Attendance (15 meetings)
Ministry of Mines and Energy Minister	Ministry of Mines and Energy	14
Ministry of Finance and Public Credit General Vice-Minister	Ministry of Finance and Public Credit	12
Ministry of Finance and Public Credit Director of Public Credit and National Treasury	Ministry of Finance and Public Credit	14
Carlos Mario Giraldo Moreno (*)	Ministry of Finance and Public Credit	14
Bernardo Vargas Gibsone	Ministry of Finance and Public Credit	3
Carlos Felipe Londoño Álvarez (**)		12
Jesús Aristizábal Guevara (*)	Empresas Públicas de Medellin	15
Henry Medina González (*)	ECOPETROL	15
Santiago Montenegro Trujillo (*)	Pension Fund and Severance Payment	14
Camilo Zea Gómez (*)	Pension Fund and Severance Payment	15

(*) Independent members, in accordance with the Code of Good Governance and Law 964.
(**) At the Extraordinary General Meeting of Shareholders held on July 13, 2015, Carlos Felipe Alvarez Londoño was elected replacing Bernardo Vargas Gibsone, who was appointed President of ISA.

The Board of Directors was elected by the electoral quotient system, taking into account the criteria of professional competence, suitability and recognized moral solvency, as established in the Succession Policy, and the resumes of its members can be found on the website of the Company.

After their election, the members expressed in writing their acceptance and that they are not in incapacities or incompatibilities to be members of the board. Independent members responded the questionnaire attached to Decree 2555 of 2010 which was sent prior to the shareholders Pension Funds of ISA.

The following members of the Board of Directors hold public positions within the central administration, and therefore they are related to La Nation, the majority shareholder of ISA:

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

From April 2015 to March 2016, the Board met on 15 occasions, 12 ordinary meetings, 2 extraordinary meetings and a written ballot.

The Board, in meeting 759 of 24 April 2015, appointed Santiago Montenegro Trujillo, independent member, as its President.

At meetings of the Board, priority was given to issues related to comprehensive risk management, corporate strategy, sustainability, financial results, share performance, growth opportunities, management of human resources and remuneration, among others.

[G4-41] When the board members consider that a conflict of interest in a specific topic discussed may have existed, they informed others about it and abstained from participating in the discussion and decision, withdrawing temporarily from the place where the Board was celebrated to deliberate and decide on the subject. During this period, no permanent conflicts of interest arose.

The definition of conflict of interest is included in the Bylaws, Code of Good Governance, and Code of Ethics. For the management of conflicts of interest arising from Board members and other ISA's managers, the Board approves the procedures to adopt.

At December 31, 2015, there were no trade links either between the Company and the Board members, their relatives to the second degree of consanguinity or affinity, or first civil degree, nor their spouses or permanent couple, and legal entities in which they have participation or perform management positions.

Commitments to ISA's Board of Directors [G4-38]

Description	Sector No. 1(*)	Sector No. 2	Sector No. 3	Sector No. 4	Sector No. 5	Sector No. 6	Sector No. 7	Sector No. 8	Sector No. 9
Name	**Tomás González Estrada**	**María Ximena Cadena Ordoñez**	**Ana Milena López Rocha**	**Carlos Mario Giraldo Moreno**	**Carlos Felipe Londoño Álvarez**	**Jesús Aristizábal Guevara**	**Henry Medina González**	**Santiago Montenegro Trujillo**	**Camilo Zea Gómez**
Company	Ministry of Mines and Energy	Ministry of Finance and Public Credit	Ministry of Finance and Public Credit	Grupo ÉXITO	Engineering School of Antioquia	Municipality of Medellin	Vitol Colombia C.I.	Colombian Association of Pension Funds and Severance Payment	Pronus
Position	Minister	General Deputy Minister	Director of Public Credit and National Treasury	President	University President	Deputy Mayor of Finance, Mobility, Infrastructure and Sustainability	Member	President	Member
Board Seniority	From 2013	From 2015	From 2015	From 2013	From 2011	From 1999	From 2014	From 2007	From 2013
Skills and experience related to economic, environmental and social impacts	YES	YES	YES	YES	YES	YES	YES	YES	YES
Skills and experience related to risk management	YES	YES	YES	YES	YES	YES	YES	YES	YES
Participation in other Boards	2	2	3	4	3	4	2	2	5
Shareholders of a provider or important customer	NO	NO	NO	NO	NO	NO	NO	NO	NO
Member or affiliated member of social groups with under-representation (minorities)	NO	NO	NO	NO	NO	NO	Global Council for the Responsible Mineral Resource Management of the World Economic Forum	Advisory Board on Science, Technology and Innovation (Colombia) of the Supreme Council of Universidad de Los Andes	Supervisory Committee of the Hispanic American Film Fund

(*) María Lorena Gutiérrez Botero was appointed Coordinating Minister of Mines and Energy in replacement of Tomás González Estrada from 9 March 2016.

Committee of the Board of Directors

As established by the Operating Regulation of the Board of Directors, the Board and the Corporate Governance Committees, the Business Committee and the Corporate Audit Committee operate institutionally at ISA. [G4-34] [G4-40].

Board and Corporate Governance Committee

The main responsibilities of this committee consists on assisting the Management on strategic, sustainability, risk, and human talent matters. In addition, in the corporate governance aspect, its responsibility is to study reforms to the Corporate Bylaws and recommend the appointment and remuneration of the Board and Senior Management members, as well as ensuring compliance with the Code of Good Governance, the action framework, and assessing the President of the Company. In 2015, the Committee met 12 times.

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. In 2015, it met 6 times.

Corporate Audit Committee

This body guides and facilitates internal control. It aims at ensuring availability to the organization of an effective corporate control system, which includes the evaluation of the accounting procedures, the relationship with the Fiscal Auditor, the audit to the risk management system, among others [G4-46]. 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. In 2015, it met 7 times.

Composition of the Board Committee [G4-38]

Board of Directors	Board Committees		
	Board and Corporate Governance	Businesses	Corporate Audit
Ministry of Mines and Energy Minister			
Ministry of Finance and Public Credit General Deputy Minister			
Ministry of Finance and Public Credit Director of Public Credit and National Treasury Nacional			
Carlos Mario Giraldo Moreno (*)	President		
Carlos Felipe Londoño Álvarez			
Jesús Aristizábal Guevara (*)			President
Henry Medina González (*)			
Santiago Montenegro Trujillo (*)		President	
Camilo Zea Gómez (*)			

(*) Independent Members, as per provisions of the Code of Good Governance and Law 964 of 2005

Remuneration of the Board of Directors

The Remuneration Policy of the Board approved by the General Assembly of Shareholders and published on the website of the Company, establishes the criteria for adequate remuneration of its members. Moreover, the Ordinary General Meeting of Shareholders is responsible for approving each year the fees expressed in terms of Unit Tax Value (UVT), consistent with the duties and responsibilities of the members, characteristics of the Company,

among other criteria. ISA does not use special mechanisms of payment or remuneration in Company's shares to Board members. Also, if members want to negotiate these actions, they must be authorized by the Board. By attending the Board meetings and its committees, the members received in 2015 a payment equivalent to 103 VAT per meeting [G4-51].

Evaluation of the Board of Directors

The Company conducts an annual evaluation of the Board of Directors to measure its effectiveness as a collegiate body, and welcoming the recommendation of best practices in this field, to alternate between methodologies such as self-assessment and evaluation by external consultants. In 2015, a qualitative self-assessment was executed. The following results were obtained with a sample of eight (8) persons:

- Individual performance of Board members, 92%.
- Individual performance of Committee members, 94%.
- Group performance of the Board of Directors, 93%.
- Group performance of Committees, 94%.
- Performance and participation of Management, 87%.

On individual performance, some Board strengths are assistance, impartial and objective support to discussions, commitment and contribution to the achievement of business strategy, confidentiality of privileged information and refrain from engaging in conflicts of interest.

With regard to the group performance, the appropriate balance of skills, experience and knowledge of its members is highlighted; as well as decision- making with full knowledge and independence of the administration; and an open, honest and productive dialogue between the Board members and the Management; spaces suitable for the participation of independent members; and commitment to fulfill commitments to stakeholders. Also, it is highlighted how the Board performs diligently to develop its strategy and promote better performance, always supported by its Board committees.

In 2014, an evaluation was performed with an external consultant (Spencer Stuart), who presented a series of recommendations to improve the effectiveness of the Board. The main measures implemented in 2015 are:

- The composition of the Board by nine leading members and no alternates.
- The appointment of independent members as board committee presidents.
- Active participation in the creation of agendas by the presidents of the Board and committees.
- The issuance of human resources in the Board and Corporate Governance Committee was further developed.
- The appointment of the Internal Auditor by the President, based on the recommendation of the Audit Committee.
- The publication of succession policies of the Board of Directors and the Fiscal Auditor.

» Compliance with the Good Governance Code

General Assembly of Shareholders

A national and a local newspapers published the calls for the Ordinary General Assembly of Shareholders of 27 March 2015, and for the Extraordinary

General Assembly of Shareholders of July 13, 2015 thus complying with the terms provided in the Bylaws.

The sole purpose of the Extraordinary Assembly was to elect the Board of Directors with the appointment of Bernardo Vargas Gibsone as President of ISA.

Through the national press, the Company reminded shareholders that the Ordinary Assembly will be held on March 22 and the Extraordinary Assembly on July 12.

In order to facilitate the right to information and encourage participation of shareholders, ISA published on its website the call notice, the agenda, the proposals, the resume of the candidates to form the Board and the information relating to the powers to be represented. Also, I made available to the shareholders (15 working days in advance) the documents required to exercise the right of inspection.

The assemblies had the quorum required by law. The items approved in the agenda were submitted for consideration by shareholders and the decisions were made in accordance with the majorities defined in the Bylaws.

The minutes were signed by the President and Secretary of the Assembly and by the respective committees, which included the issues presented, the approvals and authorizations granted by the Assembly, and the comments made by shareholders. The proceedings were recorded in the Chamber of Commerce of Medellin and the copies were sent to the Financial Superintendency of Colombia and the Domiciliary Public Services.

For information of shareholders, extracts of Minutes 104 and 105 corresponding to both assemblies were published on the website of the Company.

Management

The Shareholder's Meeting of March 28 elected the Board of Directors for the April 2015 - March 2016 period. The Extraordinary General Meeting held on July 13, 2015 elected Carlos Felipe Alvarez Londoño to replace Bernardo Vargas Gibsone. 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 and the Vice-Presidents are part of the Senior Management. Information about the professional qualifications and experience of the company's administrators is available on the website.

Senior Management

Dependency	Name
President (Chief Executive Officer)	Bernardo Vargas Gibsone
Vice-President of Electric Energy Transport	César Augusto Ramírez Rojas
Vice-President of Corporate Finance	Carlos Alberto Rodríguez López
Vice-President of Strategy	Olga Patricia Castaño Díaz
Vice-President for Legal Affairs	Sonia Margarita Abuchar Alemán
Vice-President of Corporate Audit	Carlos Ignacio Mesa Medina
Vice-President of Organizational Talent	Diana Cristina Posada Zapata
Vice-President of Information Technology	Olga Lucia López Marín
Corporate Management on Road Concessions	Jorge Iván López Betancur
Corporate Management on Communications	Carmen Elisa Restrepo Vélez

In its 27 February 2016 session, the Board of Directors evaluated the Chief Executive Officer:

"The evaluation took into account several issues that are part of his responsibility as director of the group. Significantly, these results are the product of the management of two presidents, doctors Luis Fernando Alarcon Mantilla and Bernardo Vargas Gibsone, who from a coordinated transition and as quickly as possible ensured that the results were effective and valuable for all stakeholders. It is important to highlight the participation of Mr. César Ramírez Rojas, who was responsible of the General Management of the Company, stabilizing the Company and obtaining positive results.

Bernardo Vargas has given continuity to the strategic direction of the Organization. He advanced a process of strategic planning with the Board, from which they began to implement a series of complementary measures that meet the current demands of the Latin American environment, a scenario in which our businesses are performed.

The Board and Corporate Governance Committee expressed its satisfaction with the soundness of financial results, and the main indicators that show performance above budget. Net income with superior budget compliance (108%), grew by 37.3% with respect to last year. EBITDA margin, operating margin and net margin had outstanding increases. Operating revenues achieved 97% compliance (25% more than in 2014). Operating costs and expenses achieved 89% compliance (25% compared to the previous year).

Advancement of implementation of ISA 2020 strategy approved by the Board of Directors is also here underlined, which had an additional complementary approach to foster performance and sustainable growth of ISA. This action led to the creation of new action scenarios, new businesses and two Vice-Presidencies, Growth and Business Development, and Institutional Relationship.

Also noteworthy are the results of the organizational climate evaluation, which improved compared to the previous year. The convening power, the creation of opportunities for joint construction and the opening to listen, associated with inspirational leadership, also stand out; especially in a period of transition and change of "leadership" in the Company's management. Organizational culture is undergoing a transformation towards strengthening collaborative networks, a feature that enhance the achievement of joint results.

In summary, the soundness of the consolidated financial results in 2015, the advancements in compliance with strategic initiatives, the new vision of business development and the management of the organizational climate are evidence of the managerial capabilities, the focus on achievements, the strategic vision, and the leadership of the Chief Executive Officer, Dr. Vargas, who, with his energy, proactivity and commitment, assumed the responsibility of running the business group.

Finally, the management of the executive team is valued, which is a human group characterized by commitment, dedication and sense of responsibility to contribute effectively to the achievement of the objectives."

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:

> General Comptroller of the Republic.

- 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. Its report published in national newspapers on June 7, 2015, stated that the internal control system is strong, that the company's risk level is low, and during the period between January 1 and December 31 of 2014, effectively complied with the control objectives established by the Administration and complies with the aspects established by Law 142 of 1994 and Resolution 053 of 2000, issued by the Energy and Gas Regulatory Commission (CREG)." The report was submitted to the Superintendency of Domiciliary Public.

During the period between April 2015 and March 2016, 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. In 2015, Standard & Poor's and Fitch Ratings ratified the BBB rating with stable outlook. Likewise, Moody's maintained its Baa2 ratings with stable outlook. Thus, the three top 3 international rating agencies worldwide positioned the company in investment-grade rating. 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 Medellin: presentation of financial statements, renewal of the mercantile register and single roster of proponents, filing of the minutes of the Ordinary and Extraordinary 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.

According to the annual plan, the Vice-Presidency of Corporate Audit 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.

Relations with Stakeholders

In this report, ISA publishes its commitments to stakeholders and presents in detail the mechanisms for compliance and key aspects of the relationship. On the website, news and relevant events of interest to these stakeholders are published.

In order to keep shareholders and investors with relationships based on the provision of timely and reliable information, ISA conducted the following activities:

- Quarterly, ISA published financial statements, which were presented to the financial community through face-to-face meetings and webcast.
- ISA participated in more than 40 meetings with local and foreign investors. ISA promoted two events with institutional investors of variable income.
- ISA participated in the committee of variable income issuers led by the Colombia Stock Exchange.
- ISA used relationship marketing strategies: emails, newsletters, and shipments of tax certificates and extracts.
- ISA has a shareholder service center that received about 16,000 cases which were resolved within three to six days.

Relations with the Controlling Shareholder

ISA has signed inter-administrative agreements with the State, its major shareholder. In 2015, the Inter-Administrative Contract GSA 57 of 2009 - ISA 4000763 between the State (Ministry of Mines and Energy) and ISA, which includes technical assistance for general administration and execution of FAZNI funds to construct the 115 kV Popayan-Guapi line and associated substations was signed on October 13, 2009, and extended by four addendums to reach a total value of COP 286,270 million.

Risk Management

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 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.

Verification mechanisms

Along 2014, the Good Governance Code 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:
National: 01 8000 115000
Medellin: (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.

Santiago Montenegro Trujillo
Chairman of the Board of Directors

Bernardo Vargas Gibsone
CEO

ISA will continue to promote consolidation for energy resources to be used optimally, users have access to efficient service rates and competitiveness of the region is strengthened.

06 Electric Energy Business Transport Unit

Electric Infrastructure

Country	Company	Operational Circuit Km	Operational MVA
Colombia	ISA	10,309	14,706
	TRANSELCA	1,586	3,983
Peru	REP	6,309	2,718
	Transmantaro	3,181	5,836
	ISA Peru	393	265
Bolivia	ISA Bolivia	587	470
Brazil	CTEEP	19,050	46,587
	IEMG	172	
	PINHEIROS	6	4,200
	SERRA DO JAPI	137	1,600
	EVRECY	154	450
Total		**41,885**	**80,815**



- Transmission lines in operation
- Transmission lines in 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 exchanges.

ISA and its companies are one of the largest international transporters of electric energy in Latin America, with 41,885 km of high voltage circuits and 80,815 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 almost 5,000 km of circuits and 11,000 MVA of transformation. Also, ISA has a 11.11% share in the Empresa Propietaria Red (EPR), which operates the Electric Interconnection System for Central American Countries (SIEPAC), which comprises a transmission line of 1,800 km that makes possible the operation of the Regional Electricity Market.

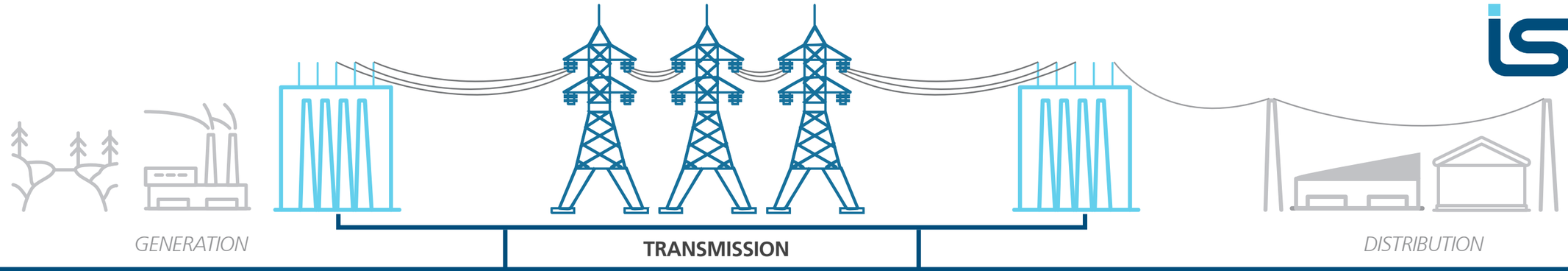
In countries where USA is present, energy transport (for being a natural monopoly) is a regulated and independent activity within the productive chain of the electricity sector, whose expansion is awarded through bid processes, preceded by the political will of governments to private investment; therefore legal stability conditions in different countries affect business management.

There are different business models: ownership of assets in Colombia and Chile, concessions in Peru (REP) and Brazil, and BOOT contracts in Bolivia and Peru (Transmantaro and ISA Peru).

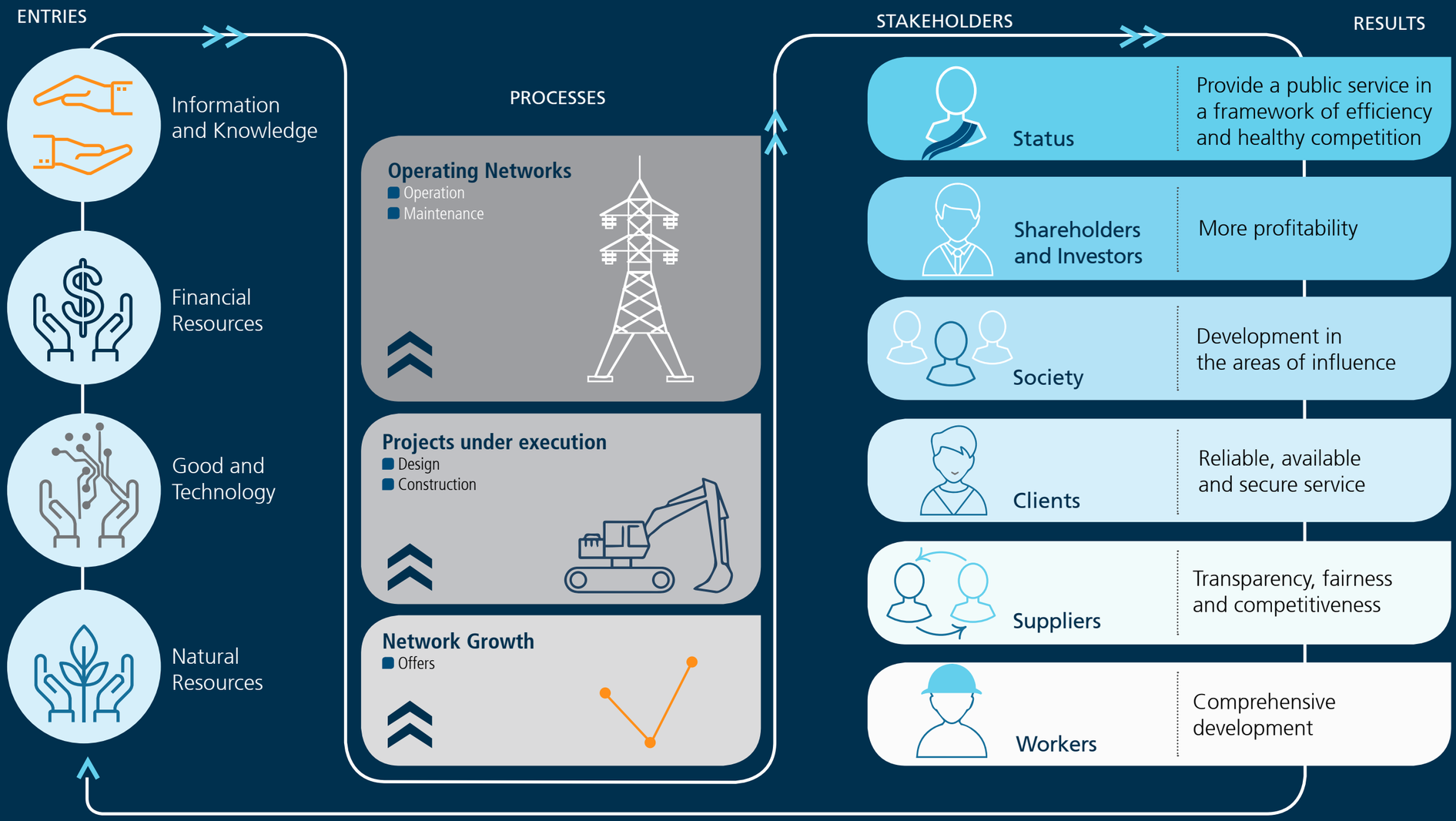
In general terms, revenues associated with the provision of energy transport are regulated and indexed to macroeconomic variables such as PPI, CPI (or their equivalents in different countries) or the exchange rate of the US dollar in Colombia.

The electrical infrastructure crosses various territories, so environmental, social and property taxes are critical issues during the stages of the asset lifecycle.





» Business Model



» Business Management

Commissioned Projects

During the year, several projects that were in the construction phase entered into operation, thanks to which the electric energy transport network of ISA and its companies increased by 340 km of circuit and 3,100 MVA of transformation capacity. These projects required investments of around USD 400 million.

The entry into service of these projects allows ISA and its companies to consolidate an outstanding share by revenues in the electricity transmission systems in the countries where it operates.

Colombia

In 2015, with an investment of USD 90 million, and through its subsidiaries in Colombia, ISA started service projects that allow consolidating a 77.18% share in the ownership of the National Transmission System (STN), thus maintaining its leadership in the Colombian electricity sector as the major energy transporter in the country and the only one with national coverage.

ISA, through its subsidiary INTERCOLOMBIA, put into operation the following projects:

- **Expansion of UPME STATCOM (Static Synchronous Compensator):** Installation of a static synchronous compensator at the Bacatá substation at 500 kV with a capacity of reactive power supply of (±) 200 MVAr. This device, besides being a unique technology in Latin America, can solve quickly and effectively the problems that arise in the STN due to overload or decompensation, providing a secure supply of energy in the center and east of the country. It also reduces the generation by restriction in the area, which means lower costs in the energy delivery.
- **UPME expansion of El Bosque substation at 220 kV:** Configuration was changed to connect a 220/66 kV transformer of ELECTRICARIBE, improving
- demand attention in the department of Bolivar.
- **UPME expansion of Termocol substation at 220 kV:** Installing a module of capacitive compensation of 35 MVAr which improves voltage and increases the reliability and safety of the system in the event of contingencies in the north of the country.
- **UPME 02 of 2013 of Copey substation at 500/220 kV:** Assembly of a second set of transformers (600 KVA), which improves system reliability and mitigates demand restrictions in the departments of Guajira, Cesar and Magdalena.
- **UPME 02 of 2014 of Reforma substation connection at 230 kV:** Expansion of the substation to connect the Guavio - Tunal line (owned by Empresa de Energía de Bogotá). This project improves system reliability and security in the east of the country in the event of any restrictions.
- UPME expansion of Reforma substation at 230 kV: Changes in configuration to connect a transformer of Electrificadora del Meta. The project improves the reliability and safety of the distribution system of the power company.

Meanwhile, TRANSELCA put into operation the expansion project of Sabanalarga substation 220 kV and the installation of a 220/110k/13.8kV power transformer of 90 MVA.

Peru

In 2015, with an investment of USD 180 million, the Peruvian energy transport companies started commercial operations to allow ISA maintaining its position as the largest energy transporter in this country:

- Machupicchu - Cotaruse call at 220 kV: construction of 396 kms of Suriray - Abancay - Cotaruse lines at 200 kV and Machupicchu-Suriray at 138 kV and installation of a transformer capacity of 345 MVA in the corresponding substations.
- The project improves the reliability of electric energy supply in the south of the country, solve overload problems, instability and congestion of the lines, and prepare the electrical system to allow connection of new hydroelectric developments in the south of the country.
- **REP expansion 15:** Repowering of San Juan - Chilca lines at 220kV, Ventanilla - Zapallal at 220 kV, and installation of a new circuit in the Ventanilla - Chavarría line at 220 kV. These works will meet the growth in generation and demand for electricity in the Lima area.
- **REP expansion 16:** Construction of Amarilis substation at 138 kV and repowering of the Paragsha - Huanuco line at 138 kV; thus improving demand attention in the central highlands and solving the problem of easement occupation around Huanuco substation.
- **Connection Projects:** Works in several substations were executed to connect the following power plants to the electric system: Eten (230 MW) in Reque at 220 kV, El Carmen (30 MW) in Tingo María at 138 kV, Talara (30 MW) in Pariñas at 220 kV and Santa Teresa (100 MW) in Suriray at 220 kV.

Bolivia

ISA Bolivia completed the expansion of the Sucre substation with the installation of autotransformers banks of 230kV/115kV (100 MVA) and the connection of Sucre - Padilla line at 115 kV. The project can increase the reliability of the electrical system in the south of the country.

Brazil

With an investment of almost USD 110 million, CTEEP and PINHEIROS added 800 MVA and 300 MVA of transformation capacity to the Brazilian electrical system, respectively.

Additionally, GARANHUNS, with an investment of CTEEP (51% of share), commissioned two substations at 500 kV, adding 2,100 MVA of transformation capacity to the system, as well as four transmission lines at 230 kV and 500 kV (800 km circuit), work-sites located in the Paraíba and Pernambuco states.

Projects awarded and under execution

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 2015, ISA and its companies were awarded projects demanding investments of approximately USD 770 million

that will entail design and construction of 1,080 km of high-voltage circuits and commissioning of 2,080 MVA of transforming capacity.

In addition to the projects granted during 2015 and arising from the management of previous years, ISA and its companies consolidated a project portfolio (design and construction) of 4,500 km of high-voltage circuits and 6,955 MVA of transforming capacity projects demanding investments of USD 2,655 million.

Electric infrastructure under construction

Countries	Colombia	Peru			Chile	Brazil	Total
Companies	ISA(*)	REP	Transmantaro	ISA Peru	INTERCHILE	CTEEP and subsidiaries (**)	
Approximate investment value (millions of USD)	880		675		980	120	2.655
Transmission (km of circuit)	1,530	10	1,060		1,900		4,500
Transformation (MVA)	1,950	130	1,550	115	2,250	1,000	6,995

(*) ISA: owner of assets. INTERCOLOMBIA: create, operates and maintains ISA's assets
(**) PINHEIROS and SERRA DO JAPI

Colombia

ISA was awarded the following projects:

- **UPME 05 of 2014 - Caribbean Coast Reinforcement at 500 kV:** construction of the 500 kV (352 km) Cerromatoso - Chinú - Copey transmission lines and expansion of associated substations. The project will increase the reliability of the National Interconnected System (SIN) to reduce the risk of neglect of demand and improve service delivery in the departments of Córdoba, Sucre and Cesar.
- **UPME 03 of 2014 - Ituango and Medellin substations and the associated transmission lines at 500 kV:** construction of the Ituango and Medellin substations at 500kV(900 MVA) and the associated transmission lines (686 km), as well as the expansion of Cerromatoso, Sogamoso, Porce III and Ancón Sur substations. This project (the biggest in the country) will connect Ituango hydraulic generation power plant (2,400 MW) to the STN, increasing this way the country's energy reliability.
- **UPME 08 of 2014 - Valledupar substation at 220 kV:** expansion of the substation and installation of a capacitive compensation (50 MVAr) to improve the energy reliability of SIN and reduce the dependence on safety generation in the departments of Guajira, Cesar and Magdalena.
- **UPME 09 of 2015 - Cartago substation at 230 kV:** it connects the Virginia - San Marcos circuit at 230 kV to the substation, in order to improve reliability and reduce the cost of SIN restrictions in the southwest region of the country.
- **Connection of a GECELCA 3.2 plant to the STN:** construction of a transmission line between Puerto Libertador - Montelíbano at 110 kV (30 km), expansion of the Cerromatoso substation at 500/110 kV (450 MVA) and construction of two new substations at 110 kV to connect the coal power plant (250 MW) to the STN.

Additionally, the following substations are under construction:

- **UPME 07 of 2013 - Montería substation at 230 kV:** construction of Montería substation, associated transmission lines (195 km) and installation of 450 MVA. These works will allow to meet the growth in demand in the department of Córdoba, improve the reliability of SIN an avoid energy entrapment in the Urrá plant.

- **UPME 07 of 2013 - Caracolí substation at 220 kV and related works:** constructions of the Caracolí substation and associated transmission lines (54 km) which will improve the reliability of the SIN in the department of Atlántico and reduce the risk of neglect of demand in the event of failures.
- **Expansion UPME - Betania - Mirolindo transmission line at 230 kV:** assembly of the second circuit in the transmission line (206 km) and expansion of the associated substations, which will improve the availability of the STN in the southwest region of the country.

Peru

ISA was awarded the call to build the Carapongo substation at 500/220 kV and the associated transmission lines. The work will be executed by Transmantaro subsidiary to guarantee supply in the city of Lima, which comes from the thermal power stations located at Chilca and hydroelectric stations of the Rimac river basin.

- For its part, REP signed a contract with the Ministry of Energy and Mines of Peru to execute the Expansion 17 which includes works at the Puno (220/138/60 kv), Combapata (138/66/24 kV), Paramonga Nueva (220/138/66/10 kV), Ica (220/60/10 kV) and Friaspata (220 kV) substations. These works will reinforce the Peruvian electric energy system. In addition, REP, Transmantaro and ISA Peru, through the PDI subsidiary, execute the construction of the following projects:
- Call for Mantaro - Montalvo transmission line at 500 kV and associated works: construction of the Mantaro - Marcona - Socabaya - Montalvo transmission line at 500 kV (920 km) and the expansion of the associated substations to allow the transmission of the energy produced from the center to the south of the country to meet the growth in demand and improve the reliability of energy supply.
- Call for La Planicie - Industriales at 220 kV: construction of transmission line (17 km) and expansion of associated substations in order to enhance the electric system of the Lima area to meet the growth in demand.
- Call for Friaspata - Mollepata transmission line at 220 kV: construction of transmission line (94 km) and the Orcotuna substation at 220/60 kV (50 MVA) to connect the electric system of Ayacucho to the SEIN, overcoming the limitations of the current transmission line at 66 kV.
- Expansion 3 of ISA Peru: repowering of Aguaytía - Pucallpa transmission line at 138 kV and the installation of 115 MVA to meet the growth in demand of energy in Pucallpa due to the economic development of the area.

Chile

INTERCHILE will be in charge of project construction:

- Cardones - Maitencillo - Pan de Azúcar - Polpaico transmission line at 500 kV: construction of three transmission lines at 500 kV (755 km in dual circuit) and the installation of autotransformer banks at 500/220 kV (2,250 MVA) in the associated substations. This project will reinforce the Central Interconnected System (SIC) of Norte Chico, between the Metropolitan and Atacama regions, timely ensuring in the medium term the coverage of electric supply with high quality levels, rendering it cleaner and cheaper, a key factor to develop the country and its inhabitants.
- Encuentro - Lagunas transmission line at 220 kV: construction of transmission line (174 km of dual circuit), which is part of the Interconnected System of Norte Grande and will allow to improve the quality and reliability of power supply in the North of the country.

Panama

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 between the Andean market and the Central American 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.

In 2014, the Environmental Licenses National Agency (ANLA) approved the environmental corridor through which the Environmental Impact Study (EIA) in Colombia must be executed.

By its part, the Ministry of Environment of Panama, prioritized in 2015 as solution for the project, an environmental corridor through Kuna Wargandí and Guna Yala regions. However, this route requires an undersea cable (130 km) between the two countries, which will imply a greater investment value and it will impact on the financial feasibility of the project.

While the Government of Panama is supporting infrastructure solutions in the region, the corridor must have the approval of the highest authorities of the two regions (General Congresses), to which the information and authorization processes (under their legislation framework) must be developed, which are demanding more time than expected. Thus, it is only possible to start the execution of the EIA and the detailed design of the transmission line when there exists an environmental corridor approved in Panama.

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 (%)	99.94	99.83	99.52	99.75	99.83	99.55	99.96
Energy not supplied (ENS) (MWh)	3,351	6,188	3,876	89	339	0	602

(*) ISA: owner of assets. INTERCOLOMBIA: builds, operates and maintains ISA's assets.

These indicators met the established goals, set in accordance with the regulatory requirements of each country and comply with the standard of excellence worldwide.

In 2015, we continued with the development of strategic projects in energy transport companies:

- **Optimization of the operation and maintenance model:** It seeks to increase the efficiency of processes ensuring reliability in service delivery. The structure of working groups in the areas of operation and maintenance in CTEEP was revised, and training and staff certification activities (which will continue in 2016) were executed.
- **Operational safety for control centers:** The optimized model for training, qualification and certification; the Operator Training Simulator (OTS) and Energy Management System (EMS) tools; and the virtual training platform (requirements for physical and virtual spaces) were defined.
- **Implementation of gap-closing project in assets management, according to PAS 55 and ISO 55001 standards:** the Corporate Policy of Asset Management, the maintenance strategy strengthened with cost-risk performance management practices of the whole assets life cycle and the prioritized competences that should be developed. Progress was also made in the definition of strengthening processes of project implementation, procurement, bids, design and engineering, among others.
- **Caribbean reliability:** ISA and TRANSELCA initiated this project with the aim of improving the reliability and security of service provision in the ISA grid in the north of the country.
- **Referencing:** In order to improve business profitability, the companies maintain their participation in international referencing processes to be compared with world leaders, identify gaps in cost and quality, and adopt the best industry practices. In particular this year, INTERCOLOMBIA, REP and CTEEP participated in ITOMS (The International Transmission Operations & Maintenance Study) whose final results will be submitted in the first semester of 2016.



Supply Chain [G4-12]

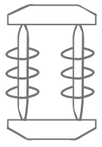
Main goods and raw materials



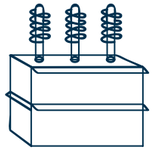
Conductor cables
Aluminum, Steel



Galvanized metal structure
Steel, Zinc



Insulators and Connecting Material
Fiberglass, polymers, porcelain, galvanized steel



Equipment for highvoltage substation
Copper, other metals, oils



Purchases made to local providers, see table [G4-EC9].

» Analysis of Materiality

ISA recognizes that its operational context includes risks and growth opportunities that are dynamic and need to be monitored to adapt its strategy and create sustainable value. In 2015, ISA revised and updated its materiality analysis, considering those relevant aspects to the implementation of the strategy or to influence the decisions of its stakeholders.

The scope of this analysis includes those companies whose size and manageability can perform this exercise: ISA, INTERCOLOMBIA, REP and CTEEP, four companies that represent about 91.3% of the Electric Energy Transport Business Unit revenues. The Company will advance progressively with this methodology to extrapolate it to other companies in this business.

The issues identified and prioritized in this analysis, not only become the key issues addressed in the Comprehensive Management Report, but guide ISA's management towards achieving its strategy and sustainability goals.

This review and updating process was carried out according to the standard Global Reporting Initiative -GRI- on its G4 version and included the participation of an independent consulting firm. **[G4-18]**

The steps taken for the definition of business materiality were:

Step 1
Identification

For the definition of relevant issues, it was considered:

- Key issues for the achievement of the strategy.
- Relation results with stakeholders.
- GRI requirements and the supplement for the electric sector.
- Dow Jones Sustainability Index (DJSI) requirements.

Step 2
Prioritization

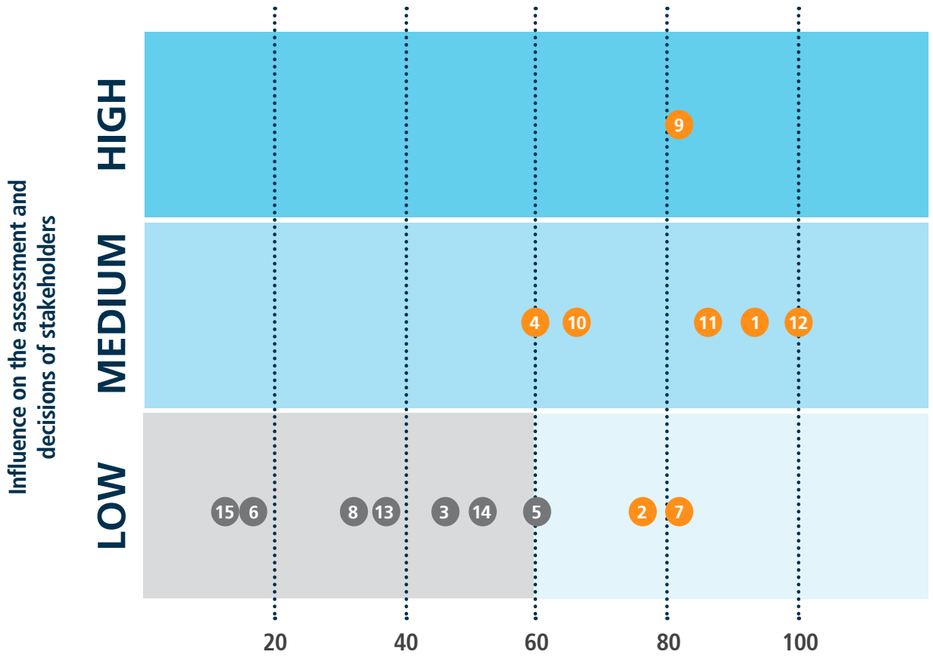
Evaluación y valoración de los asuntos materiales relevantes de acuerdo con:

- Relevance to stakeholders.
- Impact on the strategy.
- Alignment with corporate risk.
- Alignment with associations of which ISA is a member (Global Compact and DJSI).

Step 3
Validation

Review and adjustment with the senior management of the results of materiality and relevance analysis of each issue in the sustainable management of companies.

Materiality Matrix



Significance of economic, social and environmental impacts.

1 Economic Impact
2 Biodiversity
3 Climate Change
4 Environmental License
5 Efficient use of resources
6 Waste management
7 Training and development of human talent
8 Welfare, health and safety
9 Social management
10 RRHH
11 Suppliers management
12 Regulatory management
13 Client management
14 System efficiency
15 Access to energy

The graphic shows the analysis of materiality and relevance of each issue for the sustainable management of ISA and its companies (X axis) and the importance for stakeholders (Y axis). Eight material issues are showed in the defined threshold.

Material aspects of the business [G4-19]

- **Regulatory management:** Actions aimed at generating the most appropriate conditions for business operation and promote business growth through effective relationships with governments.
- **Human Rights:** Behaviors in accordance with the principles of respect and promotion of Human Rights of people affected by business activities.
- **Social management:** Programs, plans and activities to promote social and community development in areas where it operates. It includes management aimed at mitigating the impacts on communities and to avoid opposition to the construction of these new projects.
- **Suppliers management:** Purchase and outsourcing processes to help mitigate the impacts associated with social, environmental and economic risks that may be generated by third party activities and jeopardize the development of operations.
- **Training and development of human talent:** Practices and activities aimed at strengthening the knowledge and acquire new skills and competencies to improve the performance of workers and achieve the strategy.
- **Management of permits and environmental licenses**: Actions aimed at compliance with environmental requirements necessary for timely obtaining the environmental license of projects.
- **Management of impacts on biodiversity:** Actions to manage the impacts generated by companies on biodiversity, in order to protect ecosystems (flora and fauna).
- **Economic impact:** Business performance of revenue and remuneration to its stakeholders. It includes other items with financial impact.

Coverage and limits of subjects [G4-20] [G4-21]

Subjects	Internal Limits	External Limites
Regulatory management	ISA INTERCOLOMBIA REP CTEEP	State Society
Human Rights		Workers Society Suppliers
Social management		Society Suppliers
Provider management		Suppliers
Training and development of human talent		Workers Suppliers Clients
Management of permits and environmental licenses		Society Suppliers State
Management of impacts on biodiversity		Society State
Economic impact		Shareholders and Investors Workers Society State

» Social Dimension

Regulatory management

ISA recognizes the importance of regulatory management as the instrument that allows to promote the most appropriate conditions for business operations and to ensure business growth.

In this sense, ISA assesses the risks, opportunities and impacts and evaluates the possible consequences of regulatory changes that occur in each country and, therefore, under the principle of citizen participation established in the constitution and law, it creates direct relationships with public authorities in order to inform its proposals, comment on public affairs and enforce rules.

From this perspective, the President of ISA, the Vice President of Energy Transport and the General Managers of subordinate enterprises are responsible for regulatory management, understood as the right to participate in those areas where policy and regulatory decisions that affect community are taken.

ISA, in the different countries where it operates, advances in structuring relationship schemes with government bodies and private sector stakeholders to achieve its objectives.

On regulatory management the most relevant events were held in Colombia and Brazil, therefore the Company had to permanently work with regulators to minimize the impact of such measures:

Colombia – Compensation Scheme

The Energy and Gas Regulation Commission (CREG) published the Resolution project 178 in 2014 together with the methodological proposal

to remunerate the transmission activity (assets not subject to call), passing from a compensation service scheme based on New Replacement Value (VRN) to an asset remuneration scheme based on the Depreciated Replacement Cost (CRD).

ISA, INTERCOLOMBIA and TRANSELCA, actively participate in forums for discussion with the regulator in order to ensure that the revision of the scheme will result in a strong and stable regulatory framework, in which transmission companies can continue delivering a reliable and secure service.

Brazil – Compensation for unamortized assets

With respect to early termination of the Concession Contract 059 of 2001, it is still pending the definition of the amount and compensation payment method for unamortized assets (prior to May 31, 2000).

In 2014, the firm Delos Consultoría submitted to the Agencia Nacional de Energía Eléctrica (ANEEL) an appraisal at BRL 5,186 million (December 31, 2012 base)

Subsequently, on 08 January 2015, CTEEP received from *Superintendencia de Fiscalización Económica y Financiera* (Economic and Financial Fiscalization Superintendency), an internal body of ANEEL, the Audit Report in which they consider the company is entitled to receive BRL 3,605 million, to which CTEEP presented an appeal for reversal to dispute this value.

In December, ANEEL notified a new compensation value at BRL 3,896 million, an amount a value that does not consider some aspects in assets as encapsulated substations and underground cable tunnel. As a result, CTEEP filed an appeal for reversal on the unrecognized values.

Brazil – Transfer of DITs (Other Transmission Facilities)

In March 2015, ANEEL notified that the transmission companies should transfer to distributors the Other Transmission Facilities (DITs) (assets with a voltage under 230 kV), which would represent for CTEEP the delivery of 66 substations (59%) and 10,588 km of circuit (56%).

In June, ANEEL opened the public hearing against which CTEEP initiated judicial and administrative proceedings to protect its rights and as a result, the General Federal Attorney's Office determined that ANEEL has no competence to advance the transfer process and that the regulator can only execute it through a power granted by the Ministry of Mines and Energy.

On the other hand, in 2015 no fines were received for breaking the rules or legislation concerning the provision and use of products and services in ISA and INTERCOLOMBIA. Meanwhile, ANEEL fined CTEEP by COP 657 million, due to a nonconformity

For ISA and its companies, Human Rights (HR) are universal and undeniable moral attributes inherent in each person.

in its operation and maintenance process; and the Supervisory Agency for Investment in Energy and Mining -OSINERGMIN- fined REP by 179,567 New Soles due to a breach of the technical regulation of operation in real time [G4-PR9].

Table [G4-16] shows those associations to which ISA and its companies belong to.

Human Rights

For ISA and its companies, Human Rights (HR) are universal and undeniable moral attributes inherent in each person, therefore, it is necessary to respect them in a moral and ethical manner, and this respect is ratified by policies, daily life and active participation in discussion areas at local, regional and national levels.

ISA, INTERCOLOMBIA, REP and CTEEP have instruments to promote compliance and non-violation of Human Rights (HR), such as Corporate Social Policy, Code of Ethics, adherence to the Global Compact and corporate guideline on Respect and Promotion of Human Rights, through which they commit to honor freedom of association, prohibit child or forced labor, promote fair treatment, not tolerate any discrimination, and ensure understanding of the norms and values of ethnic groups.

That is how in operation centers represented by administrative offices, power transmission centers (including substations), rights are not infringed on freedom of association, child exploitation and forced labor. [G4-HR4] [G4-HR5] [G4-HR6].

Operations centers subject to evaluation of HR [G4-HR9]

	ISA	INTERCOLOMBIA	REP	CTEEP
Number of Operation Centers	2	5	5	6 (*)
% of centers that have been subject to exam or evaluation in HR matters.	100	100	100	100

(*) It includes Control Center

The above instruments are extensive to suppliers and contractors and are complemented by mechanisms such as contractual clauses, verifications, audits and evaluations.

Given the complexity of the territories in which it operates, ISA applies the principle of due diligence on new projects during the operation, in contracting services, in property management, and in socialization of projects with ethnic or vulnerable groups. These practices are aligned with international benchmarks such as the Voluntary Principles on Security and Human Rights, the Global Compact and the United Nations Principles for Companies and Human Rights.

Before embarking on a new project or investment, existing conflicts on the environment and the possible effects should be identified, rules and other relevant issues in Human Rights should be cataloged, and the impact of works or activities on the communities involved should be dimensioned. In this regard, in 2015, due diligence was implemented to social risk and Human Rights in three projects in Colombia, and provided recommendations to subsidiaries of Peru and Chile. [G4-HR1]

HR Education promotes awareness of instruments and enforcement mechanisms by the communities, which is why training to workers, suppliers and the community is provided. [G4-HR2]

On electricity infrastructure security, ISA and INTER-COLOMBIA have an agreement with the National Army of Colombia, which stipulates that the money received should be spent on human rights education, and arms purchase is prohibited. **[G4-HR7]**

In 2015, no cases of discrimination occured in ISA, INTERCOLOMBIA and REP. In CTEEP, five events took place, to which a corrective plan supporting people involved was defined, ensuring that events are not repeated. RAP (just like INTERCOLOMBIA) has working groups with employees and union representatives. **[G4-HR3]**

To promote ethical, transparent, constructive and respectful relations on Ethics and Human Rights, there exist indicators to monitor events related to possible violations or infringements of Human Rights.

Indicator	Goal 2015	Result 2015	Compliance Status	Goal 2016	Goal 2020
Verified events of violations or infringements of Human Rights.	0	0	Goal accomplished.	0	0
all claims processed by the ethical line	100%	100%	Managed reports: ■ ISA (eight) ■ INTERCOLOMBIA eight ■ REP seven ■ CTEEP four All were analyzed, investigations were made when appropriate, internal actions were taken for certain cases, and answers were given.	100%	100%

Social management

The complexities of the Latin American socio-political environment, the social and environmental conflicts attributed to the mining and energy sector, and the expectations of communities to participate in decisions to implement infrastructure projects, are manifested in the rejection of the development of projects by community and local governments, thus generating significant cost overruns and delays.

In Table **[G4-SO11]** claims for social impacts that were addressed with formal mechanisms in ISA and its companies are disclosed.

Corporate Social Policy promotes integrated management as a fundamental part of corporate sustainability, which contributes to the viability and legitimacy of ISA and its companies, by linking as relevant actors in building a favorable environment for development.

Social programs take from their referents those global initiatives such as the Sustainable Development Goals (ODS), addressing key factors as education, organizational strengthening, peace and Human Rights, and contributing to poverty reduction. In order to strengthen this commitment, ISA (through the Vicepresidency of Strategy) publicly stated in the General Assembly of the United Nations in New York its adherence to the ODS, mainly to goals 1, 4, 13, 15 and 16.

Likewise, in 2015, it was involved in the dissemination of the ODS and made a strategic alliance to promote the transition in Colombia of the Millennium Development Goals (ODM) to the ODS. To disseminate it, five regional dialogues and a virtual course for government officials and civil society were made.

To meet the challenges of the environment and the commitment to make social management a major issue for the company, adjustments to the framework for action were made and the following programs were developed:

Peace and Human Rights

Since 1998, ISA has promoted the creation of Regional Peace and Development Programs (PDP), which include initiatives of organizations and institutions of civil society, aimed to arrange and coordinate public, private and community efforts to jointly build a peaceful nation. To date, the Company is a founding partner of five PDP, and INTERCOLOMBIA at the same time supports seven PDP, benefiting about 3,000 people in 2015.

In the same year, ISA (together with other organizations) promoted the creation of the REDPRODEPAZ Foundation as a strategic ally of the Government for the implementation of peace agreements in Colombia.

Education & Culture [G4-EC-7]

ISA (in alliance with the Antonio Restrepo Barco Foundation), develops a program on Educational Transformation for Life, which helps ensure the right to education in primary and secondary schools, adjacent to the electrical infrastructure. In 2015, ISA benefited 1,275 children and 71 teachers, improving the quality of education by 17% for 16 educational institutions intervened. Likewise, this alliance was consolidated with the Fundación Pies Descalzos [Barefoot Foundation] to support education in Colombia. CTEEP with the Guri project provides socio- educational support to nearly 8,000 teenagers in the city of São Paulo.

Institutional strengthening [G4-EC-7]

This program promotes the creation of capacities and empowerment of communities and beneficiary organizations. ISA and INTERCOLOMBIA benefited 392 organizations by implementing educational plans, meetings with residents in the territory, political education and citizen participation, work and training to government officials responsible for social development in localities, and support for community media.

By means of institutional strengthening, ISA has benefited nearly 4,000 people, 259 social organizations and 16 educational institutions.

Contribution to reduce poverty [G4-EC7]

This aspect works on the promotion and creation of scenarios of economic development through sustainable income generation for vulnerable communities in the area of influence of the infrastructure.

In Colombia, models of local economic development in vulnerable areas are executed through PDP. INTERCOLOMBIA (together with JUANFE foundation) develops projects that contribute to labor protection and insertion of underage pregnant women.

REP (with its Huertos en Línea [Online Gardens] program) transforms arid and desert spaces located below the lines, turning them into productive plots. It also has an alliance with the Labor Ministry in Peru Responsable [Peru Responsible] and Jóvenes a la Obra [Young people get to work] programs, which support young entrepreneurs. The company has benefited about 100,000 people with these development, solidarity and coexistence programs.

CTEEP, along with 15 other solidarity foundations of São Paulo, has benefited about 12,300 people with programs Amigos de la Energía [Friends of Energy] and Energía Solidaria [Solidarity Energy].

Effectiveness of social management of the asset life cycle

The Direction of Corporate Sustainability is responsible for defining the model of social management for ISA and its companies. In 2015, ISA launched an initiative to set this framework for action to the new realities of a more complex business environment, incorporating global trends and contributing to achieve social viability, minimize risk, and create value for society.

As improvement opportunities, the development of a comprehensive social management plan for the life cycle of the asset and the design of a methodology to measure the performance of social management under criteria of effectiveness and efficiency are highlighted. In 2015, progress was made in the creation of this tool and its implementation is expected for 2016.

Social impact and social risk in projects [G4-EC7]

The need for complementary social management in projects, in order to minimize the social risks that occur during the life cycle of the asset, was identified to seek acceptance by social stakeholders and the viability of the project.

As support for the licensing process, initiatives with community organizations aimed at providing the population with access roads, schools, development centers, among others, were developed. These projects seek co- management of organizations, their strengthening and relation to local authorities to create favorable conditions to projects.

INTERCOLOMBIA fully supported families in 61 villages through community benefit plans aimed at upgrading and creating facilities. It also contributed to raise the capacity of social, economic and institutional management of 178 community organizations that bring together 1007 beneficiaries; and income and quality of life of families improved in 20 municipalities of the area of electric infrastructure influence.

Table [G4-EC7] shows a description of infrastructure investment and the types of services for ISA and its companies.

To join as a relevant actor in the foundation of a favorable environment, ISA and its companies aim to make social investment in the most affected municipalities, located in areas of influence, through programs that contribute to the development of societies where it is present.

Indicator	Goal 2015	Result 2015	Compliance Status	Goal 2016	Goal 2020
Social investment in critical municipalities	To implement indicator	Indicator implemented	Progress identifying critical municipalities in Colombia, Peru and Brazil	40% of critical municipalities in Colombia, Peru and Brazil	80% of critical municipalities in all subsidiaries

Development programs, impact evaluations and participation of local community [G4-SO1]

	ISA	INTERCOLOMBIA	REP	CTEEP
Percentage of territories where development programs, impact evaluations and participation of the local community have been executed.	22%	44%	75%	100%

Suppliers Management

Suppliers are critical to the proper functioning of the business because they help to mitigate the impacts associated with social, environmental and economic risks that can be generated by third party activities during the development of operations.

Corporate Procurement Policy extends to providers certain principles and practices on environmental protection, respect and promotion of labor rights, and the implementation of standards in occupational health and safety.

Also, to ensure transparency and manage risk in the supply and specifically in the contractual process, companies have other instruments such as procurement contracts approved by Boards of Directors, guidelines and instructions on procurement, Code of Ethics, Anti-Fraud Code, and SARLAFT, which also help to avoid deviations and failures in labor, safety and occupational health issues, and those related to socio-environmental management.

Corporate Procurement Directorate develops and strengthens the supply chain for ISA and its companies, and defines the provisioning model aligned with the strategy and goals in sustainability.

The risks in the supply chain are managed from the structuring of projects to the evaluation of the provider.

At the stage of project structuring, it is executed the identification, evaluation and definition of risk management measures for purchasing requirements, such as those related to the volatility of raw material prices and exchange rates, dependence on providers, and those associated with fraud and corruption.

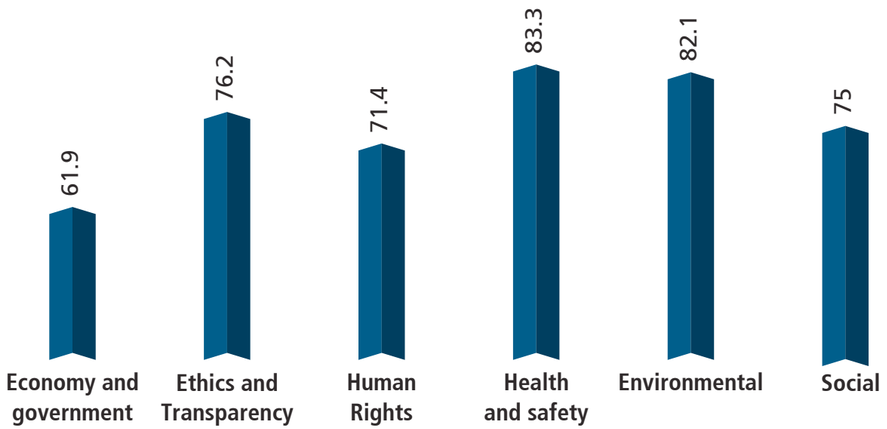
Then, for each particular contract, specific risks are analyzed and mechanisms to mitigate these are implemented, including the transfer through contractual clauses, financial instruments or the insurance market.

In the Management Manual for Contractors, general requirements in environmental, labor, and occupational health and safety issues are defined. According to the type of service, requirements are adjusted and validated to authorize activities. Also, regarding some critical contracts, field monitoring is executed to validate compliance. These requirements are in addition to environmental management plans, legislation in force, technical specifications and other standard documents that are applied. The results of the evaluation of these contracts are included in the indicators **[G4-LA15]** **[G4-HR11]** **[G4-EN32]** **[G4-SO9]**.

In evaluation, a unified guide of performance evaluation of suppliers was developed. This tool allows verifying quality, timeliness, provider management during contract performance, compliance with the requirements of occupational health and safety, and environmental issues. It also identifies non-compliant behaviors with Ethics and Anti-Fraud codes. The guide will be implemented in 2016. As a complement, work has been done to define an indicator that measures the management together with providers.

In addition to the above, in 2015 a performance evaluation on sustainability issues was held for seven strategic ISA providers (of twelve potential providers) to identify critical issues. The average performance was 75.3% Overall results were positive and providers that have potential for improvement must submit a plan to close their gaps in one year.

Evaluation of Suppliers %



To monitor deviations and failures in labor, occupational health and safety issues, as well as those related to socio-environmental management of providers and contractors, the following indicator was defined:

Indicator	Goal 2015	Result 2015	Compliance Status	Goal 2016	Goal 2020
Strategic providers evaluated as per corporate guidelines	ISA 50%	ISA 84%	ISA exceeded the goal	ISA, REP, CTEEP and INTERCOLOMBIA 50%	All subsidiaries 50%

Training and development of human talent

The Corporate Human Resources Policy establishes the mutual commitment between companies and workers to create a work environment of mutual trust, based on respectful, clear, fair and just labor relationships in order to achieve the integral development of people.

Through the management of human talent, ISA and its companies seek the skills, talents and know-how needed to develop the activities required to achieve the strategy. Also, they commit to professional and personal development of its employees, as part of a strategy to attract, retain and develop the best human talent.

Training and development of human talent is a strategy designed to protect ISA and its companies from the risk of loss of knowledge and talent drain that prevents the achievement of business objectives.

Training Program

Professional development and training of workers promote innovation and create space and conditions to acquire, apply, share and transfer experiences and knowledge. The main programs developed in 2015 were:

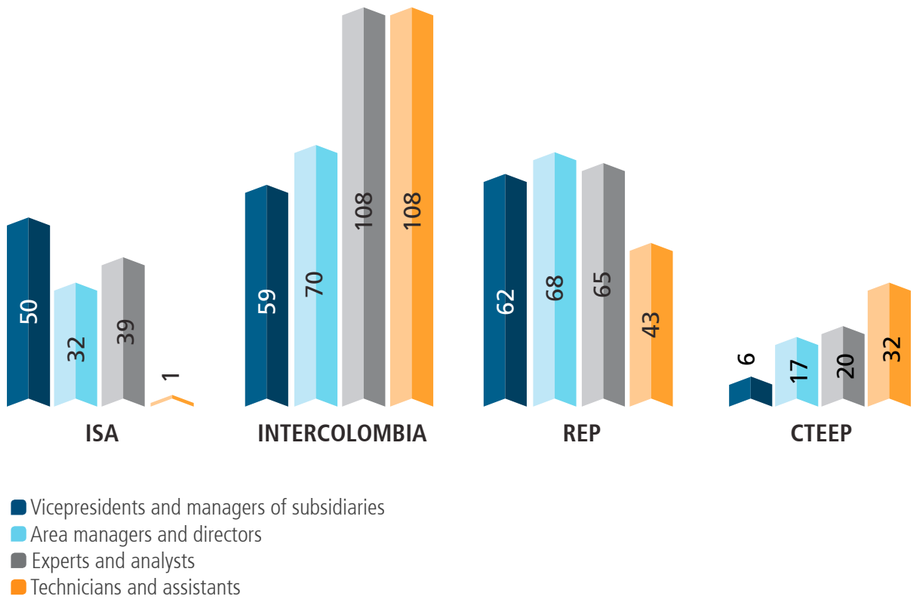
- Within the project for closing gaps in asset management, in order to strengthen the skills and knowledge required, two courses were conducted: Organization context and key concepts in asset management, in which workers involved in this initiative of INTERCOLOMBIA and TRANSELCA participated.
- With the support of ESIME (Middle Management Unit of INALDE Business School), the Management Program in Strategic Capabilities was developed in order to strengthen skills of ISA, INTERCOLOMBIA, XM and INTERNEXA workers in areas such as strategic thinking, project management, communication, financial management, managerial and leadership skills, among others.
- Workers of supply areas of ISA and its companies were trained in the new methodology of strategic procurement, which seeks to capture value in the purchase process and boost operational efficiency.

> In order to develop the communication skills of workers, English, Spanish and Portuguese classes are provided.

Instruments for measuring training and development of workers revealed the following results:

> More than 80,000 hours of training.
> The average time of training man hours amounted to 912.
> Training investment was around COP 30,000 million.

Training average hours per year [G4-LA9]



Innovation

Innovation at ISA is a forethought, structured and systematic process which develops capabilities to transform knowledge and ideas into competitive advantages, efficiency, value generation and sustainability.

In order to align the strategic direction, critical business knowledge, sources of innovation and asset management, 13 workshops and six R+D+i projects covering all stages of the life cycle were formed and they promote the creation of new businesses. Each source of innovation has internal knowledge networks, funding and research centers, in addition to providers and sources of knowledge identified. By 2016, there is an internal budget of USD 274,000 and a particular project obtained a support of USD 500,000 from international external networks.

In 2015, the sixth version of the Technical Conferences under the topic "Innovation for efficiency" was held. These conferences (with a biennial cycle) arise as a strategy to share practices and experiences oriented to the integration of processes and as an enabler that leverages the achievement of corporate strategy. This event, considered the main stage of recognition of the work done by employees of all companies, has become a natural driver in knowledge management and innovation for the business group.

The academic space was attended by 22 international lecturers and 480 workers, experts, suppliers and customers. Also, 151 projects in nine categories were presented. The challenge for the future is the development of networks that leverage knowledge management and innovation in order to make ISA a benchmark for the electricity sector.

Talent mapping and succession planning

ISA and its companies drive the development of managerial and technical talent through actions to contribute to the achievement of the strategy and securing corporate sustainability. For this purpose, they identify high potential staff (208 key talents) and perform proactive actions of retention and development, thus ensuring they perform successfully in the current role and are prepared for future roles.

Under the direction of Empresas de Madrid IE [Madrid Business Institute IE], a program designed to 20 high potential managers of ISA and its subsidiaries was conducted, in which issues of strategic vision, innovation and leadership were discussed.

Performance and development management

The performance evaluation is a comprehensive participation program that includes actions oriented to employees commitment with the results expected both by ISA and its companies, and the development of technical and human skills. **[G4-LA11]**

It is also one of the most important participation processes of the company, which explains why the performance leader is required to dialogue with the partner about the outcome and personal objectives to be developed, identifying the contribution of each person to achieve business objectives.

Table **[G4-LA11]** shows the percentage of workers whose performance and developments are evaluated regularly.

Organizational climate

The measurement of organizational climate is the quintessential participation mechanism and it is applied to the entire ISA staff and its companies.

The issues discussed allow measuring the sense of belonging, satisfaction, organizational health, productivity and life balance.

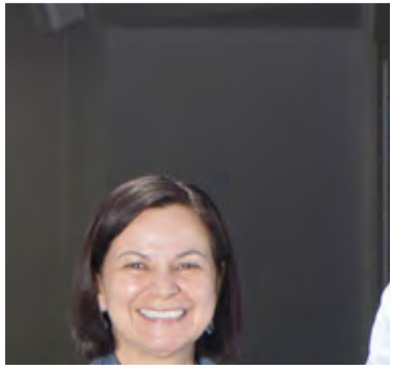
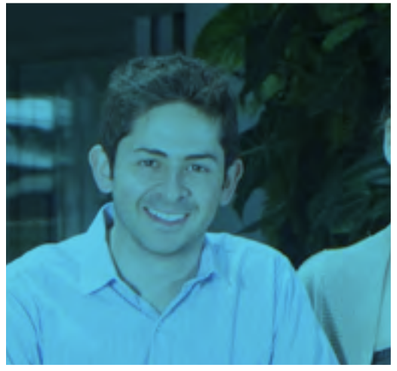
The measurement for ISA and energy transport companies reached an average score of 74%, with a participation over 90% of workers.

Outcome Scale classifies in: clear strength, exceeding 75%; opportunity for improvement, between 50% and 75%; and critical aspect, less than 50%.

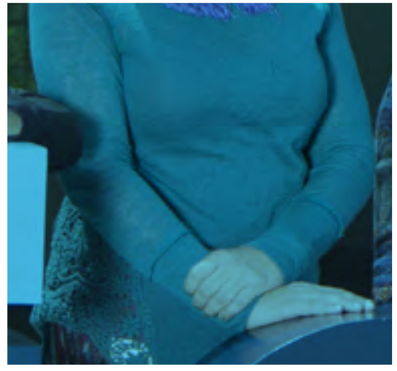
Evaluation of organizational climate

Companies	2013	2014	2015
ISA	73	80	79
INTERCOLOMBIA	73	75	74
CTEEP	58	63	69
REP	71	73	73
Total	**69**	**73**	**74**



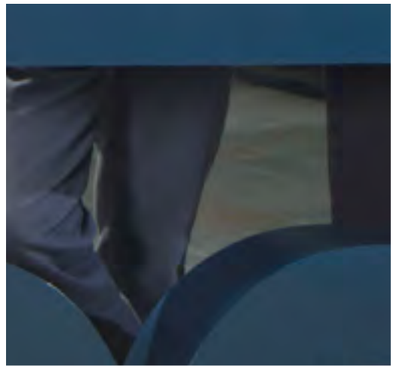












Through the management of human talent, ISA and its companies seek the skills, talents and know-how needed to develop the activities required to achieve its strategy.








» Environmental Dimension

ISA seeks to prevent, control, mitigate and compensate the environmental impacts during the life cycle of the business.

In this regard, ISA strengthens its Corporate Environmental Policy from the development and implementation of tools and environmental management systems that contribute to continuous improvement in the life cycle of assets, developing sustainable and efficient use of natural resources, controlling impacts and ensuring compliance with environmental performance objectives and goals **[G4-14]**.

In 2015, ISA advanced in determining the criteria to develop responsible environmental management with the use of natural resources demanded by the business. This is done proactively and diligently against impacts and risks generated during the life cycle of assets, ensuring that not only the processes and operations are aligned with sustainable development and the implementation of commitments with stakeholders, but also help to achieve a competitive advantage.

These criteria were translated into specific environmental actions aimed at projects to be licensed without delays, to reduce intervention on biodiversity from design, and to minimize and manage carbon footprint

Management of permits and environmental licenses

ISA develops projects in increasingly complex environments where the greatest environmental, social and property demands are translated into incremental risk, both in the environmental licensing process and in the negotiation of easements, affecting compliance with the date of commissioning and ultimately compromising the viability of projects.

ISA and its companies are oriented by the Environmental Corporate Policy, promoting a responsible management of the use of natural resources, their impacts and risks, in order to ensure that the processes are aligned with the pursuit of sustainable development; as well as they are very committed to abide by and respect the laws established in each of the countries where they operate.

During the construction phase of projects, the process to obtain environmental licensing and negotiation of land and easements are affected by causes often outside the companies management, such as:

> Weak institutional coordination.
> Deficiencies in environmental and social planning by energy authorities.
> Delay in obtaining licenses by weak institutional capacity.
> Greater requirements in the environmental assessment.
> Excessive paperwork.
> Difficulties in property negotiation due to regulatory gaps.
> Conflicts over land use.

In 2015, the companies continued to implement the recommendations of the initiative called *Ventaja Competitiva Ambiental y Predial* [Competitive, Environmental and Property Advantage], which seeks to minimize the risk of sanctions and payment of penalties due to non-compliance of the entry into operation of the project. As a result, improvements in legal proceedings were carried out and the management with the competent authorities was strengthened. In ISA, the environmental legal analysis by external advisors

was reinforced in the structuring of bids for new projects, and the design of a legal strategy applicable to each project is implemented.

INTERCOLOMBIA developed a manual for the legal management of asset life cycle, which establishes the procedure to monitor and assess compliance with legal requirements in each stage. To timely obtain the environmental license, technical capacity was strengthened through framework contracts in communication, resettlement, forest compensation, rescue and monitoring of flora and fauna, projects of community benefit, rescue and archaeological monitoring.

CTEEP revised its negotiation property process and reduced the number of court proceedings.

REP carried out audits to contractors in the field, homologated suppliers against environmental requirements, and the Ministry of Energy and Mines conducted workshops for proper control over the licensing of projects regarding environmental and archaeological issues.

In terms of institutional management, spaces for dialogue with energy and environmental authorities were promoted in order to improve understanding of the constructive problems of energy transmission projects, unify the interpretation of applicable rules, minimize the application of irrelevant information, achieve an adjustment to the call schedules to include the times relevant to the environmental licensing, and in some cases make proposals for improving the existing regulations.

In Colombia, ISA proposed UPME a number of recommendations aimed at improving the time entry of projects, such as: strengthening the early warning system of calls with more comprehensive information for investors; adjusting schedules;improving coordination with authorities such as the Autoridad Nacional de Licencias Ambientales [National Authority of Environmental Licenses] (ANLA), Victims Unit, Ministry of Internal Affairs, among others.

Likewise, the Company, through the Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones [National Association of Public Utility Companies and Communications] (ANDESCO) held a workshop on the feasibility of transmission projects, where recommendations on the alignment of expectations and requirements of the projects were generated, which were forwarded to the ministries of Environment and Sustainable Development, and the Ministry of Mines and Energy.

REP met with entities of Peru, such as the Sociedad Nacional de Minería, Petróleo y Energía [National Society of Mining, Petroleum and Energy], the Dirección General de Asuntos Ambientales Energéticos [General Directorate of Energy Environmental Affairs] and the Dirección General de Concesiones Eléctricas [the Directorate General of Electricity Concessions] to make clearer and effective the licensing process of projects and the imposition of forced easements.

CTEEP managed before ANEEL an adjustment to project schedules and introduced a regulatory proposal on the property issue. To monitor compliance with the objectives regarding environmental permits and licenses, the following indicators were established:

Indicator	Goal 2015	Result 2015	Compliance Status	Goal 2016	Goal 2020
Weighted compliance with the project deadline (compared to schedule)	Greater than or equal to 95%	INTERCOLOMBIA: 96.6% REP: 96.6% CTEEP: 103.6%	Goal accomplished.	Greater than or equal to 95%	Greater than or equal to 95%.
Delays in obtaining environmental licenses (compared to schedule)	Define methodology	Defined methodology	A monitoring and measurement methodology was defined.	Apply the methodology to companies	Obtaining an environmental license as per the schedule
Penalties and fines due to environmental violations [G4-EN29]	No fines	No fines	No sanctions of any kind were received due to breach of environmental legislation in ISA, INTERCOLOMBIA and REP.	No fines	No fines

INTERCOLOMBIA, as a company to build, operate and maintain ISA's assets, executes the corresponding legal management before the environmental authorities. In the last three years, six environmental investigations against ISA have been opened, but no court has ruled against ISA because of the absence of merit to impose any sanction.

In REP, two processes started and closed in 2015 without sanctions.

CTEEP received from the environmental authority five judicial decrees infractions which include potential monetary fines (BRL 170.157), four civil investigations (without monetary value), two judicial decrees infractions (without penalties) and 12 notifications including cleaning of land requirements and environmental non-compliance at project (without monetary value). However, all of them correspond to possible or potential violations to the environmental regulation and in the exercise of the right to defence, they are currently being administratively debated, and sentences have not been yet issued establishing the responsibility of the company by the corresponding environmental authority in Brazil.

Non-monetary sanctions for non-compliance with environmental regulations [G4-EN29]

	2013	2014	2015
INTERCOLOMBIA	4	2	0
REP	0	2	0
CTEEP	ND	ND	18

Management of impacts on biodiversity

ISA and its companies generate direct and indirect impacts on biodiversity during construction and operation of its electrical infrastructure. To mitigate these impacts, ISA fulfills the Corporate Environmental Policy.

Prevention, minimization and compensation of impacts on biodiversity are critical elements for the feasibility and licensing of projects. For this, management measures that reduce construction and maintenance costs, generating greater competitiveness and efficiency, are developed.

Clearing and maintenance of the easement and substations areas produce major impacts on biodiversity of natural ecosystems and secondary vegetation where they are located [G4-EN12]. These impacts occur despite analyze and assess environmental, social (and technically the best) alternative for each project. Proper management is crucial to the CAPEX and OPEX of the projects, which influences the business profitability and competitiveness of bids for new projects.

From the project planning stage, necessary environmental studies are conducted to assess the potential impacts on relevant areas for biodiversity conservation; and alternatives for the optimum and viable line corridor are defined from the environmental, property, social and technical perspective.

For licensing, databases on endangered species, such as the Red Books of the International Union for Conservation of Nature, are consulted. Additionally, companies have manuals, procedures and instruments (Environmental Management Plans (PMA), Forest Compensation Plans and Management Plans for Lifting a Ban) to manage the impacts identified in the Environmental Impact Study (EIA). The latter can be consulted on the websites of the companies and responsible environmental licensing authorities in each country.

In 2015, ISA improved the quality of designs with the implementation of unconventional technologies that are required by the area to be intervened, thus minimizing the impact on vegetation cover:

- Geodetic network with Real Time Kinematic technology in UPME 07 project of 2013 in Monteria substation at 230 kV.
- Laser Imaging Detection and Ranging system: It is implemented in UPME 05 of 2014, Caribbean Coast reinforcement at 500 kV and UPME 03 of 2014 in Ituango and Medellin substations at 500 kV.

Progress is made in quantifying the economic benefits of the implementation of these technologies.

INTERCOLOMBIA, conducted the following actions:

- It continued with the installation of flight diverters in transmission lines to
- reduce the risk of bird collision by 50%.
- It invested COP 3.492 million to rescue fauna and flora.
- It allocated COP 10,452 million for forest compensation in projects: UPME 05 of 2014, UPME 07 of 2013, and UPME 06 of 2013, in Caracolí substation at 220 kV.
- Contributes to the protection and restoration of the following ecosystems: mangrove in the Cienaga de La Virgen (Cartagena), tropical dry forest (San Juan Nepomuceno), and wetlands in Caños Chucua Negra and Zulia (Villavicencio). **[G4- EN13]**
- It entered into agreements to facilitate and enhance environmental compensations with protection and restoration measures of habitats with entities such as National Parks, Caribbean Protected Areas Subsystem, among others. **[G4-EN13]**

Regarding Gas Emissions Greenhouse (GEI), ISA and INTERCOLOMBIA, for the third consecutive year, compensated with the purchase of carbon credits in the restoration project of degraded areas and reforestation with native species (Cáceres, Department of Antioquia), and compensated with the purchase of carbon credits in the restoration project of degraded areas and reforestation with native species (Cáceres, Department of Antioquia). This is the first reforestation project with native species certified under the Verified Carbon Standard and The Climate, Community and Biodiversity Standard, which not only verify the forest carbon, but the benefit of projects in relation to biodiversity, climate and local communities. **[G4-EN13]**

The reduction of business impact on vegetation cover is one of the goals in sustainability. To achieve this, there exist a plan of gradual work that is verified annually.

Eco-efficiency

The intensity in the consumption of natural resources and the generation of emissions and waste constitute less relevant impacts for the energy transport industry when compared with the energy generated by the mining sector. In this sense, eco-efficiency (for ISA) is not a material aspect. However, companies manage the main environmental impacts generated during asset life cycle, as these primarily affect biodiversity.

Aware of the global commitment to mitigate climate change, ISA and its companies contribute to eco-efficiency through programs and projects aimed at reducing its direct and indirect Greenhouse Gas Emissions (GHG) inventories. For this, goals related to measurement and annual compensation of these emissions are established.

In the maintenance strategy, ISA and its companies have implemented actions to control and minimize leakage of SF6 into the atmosphere. This gas is used as an isolating medium for switches.

In 2015, ISA for the first time was part of the research conducted by the Carbon Disclosure Project (CDP) on the management of climate change, among the largest companies worldwide, to learn about the best practices on greenhouse gases emissions, consumption energy, etc.

In addition, in 2015, the companies obtained the following results:

ISA

It compensated 100% of GHG emissions (405,29 TonCO2e) generated in its operations during 2014.

INTERCOLOMBIA

It compensated 90% of GHG emissions (3,937.71 ton CO2e) generated in its operations during 2014. In addition, it used 17% of the waste generated and sold 1,232.49 tons of recyclable waste and industrial surplus, which represented an income of COP 466.9 million.

CTEEP

It reduced consumption of fossil fuels by replacing its fleet of vehicles with ethanol-based vehicles, with an increase in ethanol consumption of 106.8% and a reduction in the consumption of gasoline and diesel by 60% and 8.5%, respectively; which represents a decrease of 24.5% compared to 2014 regarding GHG emissions associated with fuel consumption.

On energy efficiency matters, the lighting and cooling system of some substations improved, achieving a reduction in power consumption by 7% compared to 2014. In addition, it sold 4,426 tons of waste from maintenance activities that generated an income of COP 1,537 million

REP

It achieved a decrease in energy consumption of 30% compared to 2014, through actions to improve stabilization systems of electric energy by avoiding consumption by power failures. Also, it developed an awareness program to turn off lights, supported by training on care of renewable and nonrenewable resources of eco-efficiency for ISA and INTERCOLOMBIA.

Detailed information on eco-efficiency indicators for ISA and INTERCOLOMBIA can be found on the website of the Company.

» Economic Dimension

Economic Impact

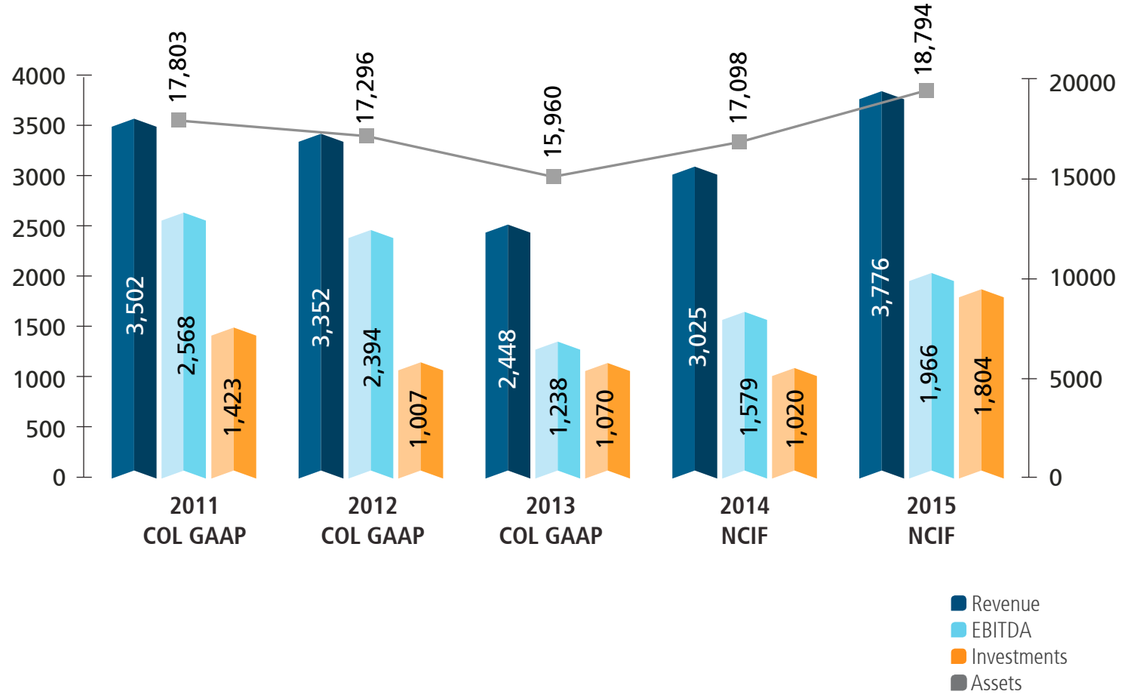
For ISA and its companies, generating sustainable value over time is one of the main strategic objectives reflected in the mission, scope and strategic areas. Consistent with this aspiration, we emphasize our commitment to shareholders and investor stakeholders, in which we declare a profitable growth to ensure the sustainability of enterprises.

For the Company, economic impact goals are set in terms of compliance with net income and EBITDA. The subsidiaries report quarterly the performance of these indicators to their boards and to the parent company; and from the latter to the ISA's Board, which evaluates the progress in the implementation of corporate strategy and establishes future contributions that each company must perform to meet the goals of the business group.

Indicador	Goal 2015	Goal 2016	Compliance Status	Goal 2016	Goal 2020
Net income of ISA (million of $)	659,811	706,321	The result was 7% above the goal set	733,528	818,814
EBITDA weighted compliance of companies (%)	Comply with 100% of the value budgeted by companies	104.8%	The result was above the goal set	Comply with 100% of the value budgeted by companies	Comply with 100% of the value budgeted by companies

ISA, INTERCOLOMBIA, REP and CTEEP represent about 65% of consolidated revenues. During the last two years, their results have contributed significantly to achieving the goals. In particular, the results for the management of the Electric Energy Transport Business Unit representatively contribute to the growth of net income, which in 2015 presented a historical increase of 37.3% compared to 2014.

Evolution of the Electric Energy Transport Business Unit
Thousand Million $



The management of economic impact encompasses all dimensions of the business, as well as risk management and opportunities that can affect the perception of ISA and its companies as attractive options to bring new capital, and thus have the financial resources required by projects and operation of enterprises.

For this business, the profitable growth is the result of the application of best practices that guarantee adequate and timely financial returns for other stakeholders:

- **Workers:** In addition to wages and benefits under collective agreements, the companies have a variable compensation system linked to the fulfillment of indicators, including some financial ones. To the extent that the established goals are met, the payment of variable compensation is made.
- **Society:** ISA and its companies make mandatory and voluntary social investment, thus contributing to the development of communities in the areas of influence. Social investment in at least 80% of the surrounding critical municipalities to the electricity infrastructure has been set as a goal. Additionally, in 2015 a methodology was designed to evaluate the performance of corporate management, based on criteria of effectiveness and efficiency, which is expected to be implemented in 2016.
- **State:** Through tax management, the companies conduct a transparent and timely payment of contributions to the State, and additionally they provide the information required by the surveillance, inspection and control authorities.
- **Suppliers:** Through the development program for providers, companies in the Electric Energy Transport Business Unit contribute with financial and human resources, to improve the skills of critical agents involved in the supply chain and thus ensure that goods and services meet ISA requirements.

In 2015, the performance of companies allowed to generate and distribute value to suppliers, employees, society and the State. **[G4-EC1]**

Perspectives

In the mid-twentieth century, the Colombian electricity sector's vision regarding its immediate future was the integration of local systems into a national interconnected system as key factor to the reliable attention of a growing electricity demand. Thus ISA is created in 1967 and materializes this vision in 1971 with the entry into operation of its first 1,075 km of high-voltage circuit.

Today, nearly five decades later, ISA annually transports 250,000 GWh that supply electricity to 130 million people, through the operation of 41,885 km of high-voltage networks, which support power supply in Colombia, Peru, Brazil and Bolivia, and currently builds more than 4,500 additional km (including Chile), which will enter into service in the next years.

In the next twenty years, Latin America, our natural environment, will need about 300,000 additional kilometers of transmission networks to maintain the reliability of electricity supply. Sustainable development of this infrastructure requires a solid, consistent and stable regulation; efficiency improvements in planning the electricity sector in each country; and availability of an institutional framework to ensure compliance.

ISA and its energy transport companies will be protagonists of this development, loyal to ISA's integrationist vision, aware of their role in the

electricity markets of the region and supported by accumulated experience in planning, construction and operation of networks. Today, we understand the needs of learning and adaptation to a changing environment that every day poses new challenges.

However, the future presents latent uncertainties such as changes in regulations, in the political orientation of some governments and their energy policies, which while impacting the legal stability of companies, at the same time they could provide opportunities for new investors. Given this reality, ISA must strengthen its corporate governance in order to foster its participation to create stable regulation frameworks, consistent with the reality where ISA develops the activity to maintain high standards of reliability in providing services of energy transmission at efficient prices.

The connection of new sources of non-conventional renewable energy (in addition to the need to optimize the performance and use of existing infrastructure) encourages the incorporation of new technologies, such as Flexible Alternating Current Transmission Systems (FACTS), Static Compensators (STATCOM), energy storing devices, network services to meet demand and networks in High-Voltage Direct Current (HVDC). The policy development that would facilitate its incorporation will be a sectoral challenge, as well as the attention to environmental and social requirements that will facilitate its development.

The process of energy integration in Latin America, which is quite dynamic at the beginning of this century, has slowed in recent years by the lack of consensus on its benefits, national policies and the economic crisis. However, by its integrationist vision, ISA will continue to promote consolidation so that energy resources are used optimally, users have access to efficient service fees, and competitiveness in the region is strengthened.

All these future business challenges of the Electric Energy Transport Business Unit transcend the technical context of the core processes of construction, operation and maintenance, and impose new challenges in environmental, property, social and administrative matters; encourage the search for new funding sources to support future growth, and lead us to review business processes to incorporate international practices such as asset management during life cycle. Adaptation to new conditions and innovation in the search for solutions, to optimize the use of existing infrastructure and that to be developed, are challenges that will allow ISA move towards its vision in 2020.

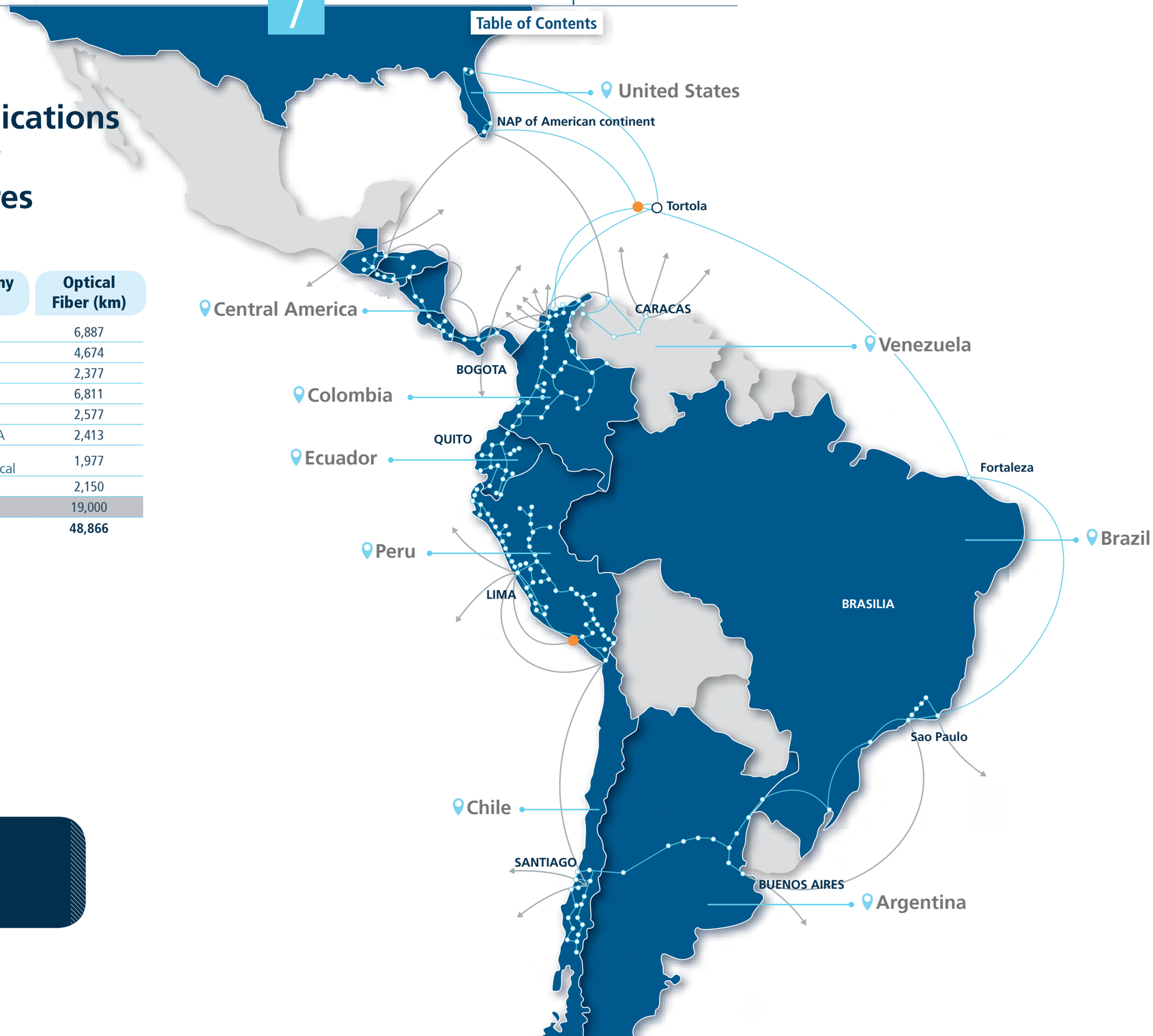
Telecommunications market is constantly changing, this scenario is challenging and presents tremendous opportunities.

07 Telecommunications Transport Business Unit

Table of Contents

Telecommunications Connectivity Infrastructures

Country	Company	Optical Fiber (km)
Colombia	INTERNEXA	6,887
Peru	INTERNEXA	4,674
Chile	INTERNEXA	2,377
Brazil	INTERNEXA	6,811
Argentina	Internexa	2,577
Ecuador	TRANSNEXA	2,413
Venezuela	Asocio con operador local	1,977
Central America	REDCA	2,150
Undersea Cables		19,000
Total		**48,866**

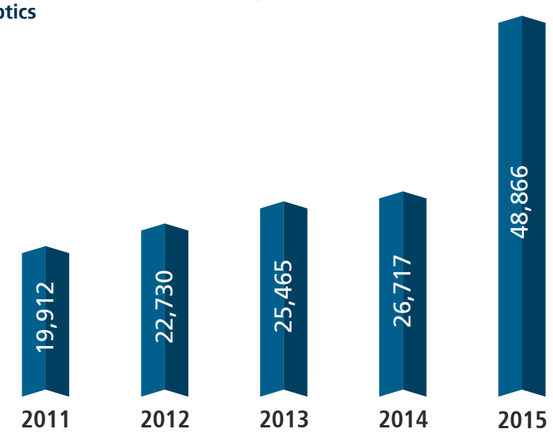


- Current network
- Undersea cables capacity
- Crossconnection Point
- Regeneration Point

With a history of 15 years, INTERNEXA is dedicated to the comprehensive design of international, national and metropolitan solutions, provides the best Internet access in the region and offers value-added services, such as security and unified communications.

Its primary role in the value chain has been having an open network for all actors in the continent, offering a wide connectivity platform for Latin America and in connection with the United States. Thus ecosystem actors operating on INTERNEXA materialize their initiatives and accelerate the pace of realization of their business, regardless of the chosen destination.

Telecommunications Connectivity Infrastructure
Km of fiber optics

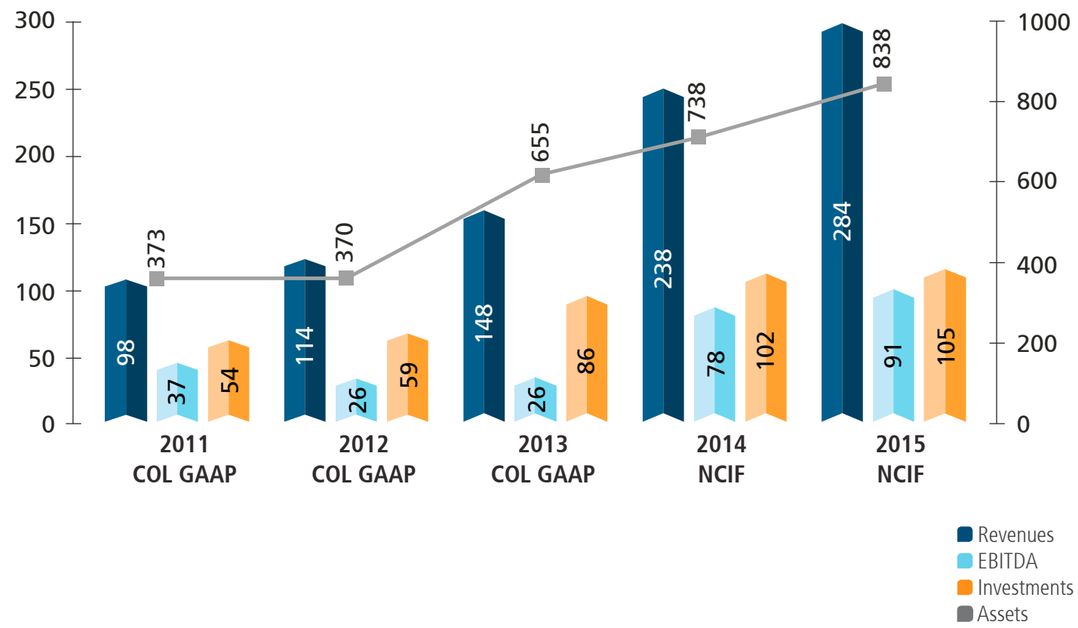


Currently, the company operates in Colombia, Venezuela (by agreement with CANTV), Ecuador, Peru, Chile, Argentina, and Brazil. It also provides services in Central America through REDCA(*). In addition, it has own underwater infrastructures (19,900 km) linking the United States with Colombia and Brazil, and other leased used as a support.

for the information transferred, thus multiplying the offer of services in more than 170 Latin American cities and all the possibilities provided by the connection with the United States. The total length of its network is 48,866 kilometers of terrestrial and undersea fiber optics.

Thus INTERNEXA is presented as the best option for multilatin actors wishing to expand into the United States (and from there to the rest of the world), and naturally for the Over The Top (TTO) and companies that wish to operate in Latin American region.

Evolution of the Telecommunications Transport Business
Thousand Million $



REDCA(*) is a company responsible for fiber optics assets in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama.

» Business Management

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

Innovation

It offers Internet access to operators, cable companies, media, OTTs and other actors, with the maximum availability of regionally-located digital content, thanks to agreements with all world class Content Delivery Networks (CDNs), peering agreements with other operators, access to the Network Access Points (NAPs) of each country, and the own undersea infrastructure. In 2015, the following issues stand out:

> The acquisition of undersea transport infrastructure by which INTERNEXA complements its value offer by connecting (without relying on third parties) with the main data centers worldwide, located in Florida (Collogix and NAP of the American continent) and becoming a new Tier-1 of Latin America (those companies that have traffic exchange agreements with other similar companies, access to national NAPs and also their own undersea infrastructure to bring the region international localized content).

> The company manages to deliver 3.8 Terabytes/second in its IP ecosystem, which due to its unique components it managed to solve 60% of content searching within the same regional ecosystem. And through its undersea infrastructure, the remaining 40% was approached directly to the user due to the own infrastructure and to US data centers that concentrate the greatest content in the world.

> To enhance access to content, new partnerships with leading world providers in the world were created. Likewise, the node of contents of Rio de Janeiro was inaugurated, and it reuses facilities for customers who want to purchase high quality Internet was made, but with prices adapted to the conditions of its own demand.

Infrastructure

INTERNEXA provides access to information transport infrastructure, data center and integrated management of third-party equipment for telecom operators, BPOs integrators and OTTs, that require reliability and permanent availability. In 2015, the following stands out:

> Inauguration of the first co-location infrastructure for content and telecommunications equipment in Brazil. At the same time, a second regional control center network was implemented to support (from Rio de Janeiro) the central base in Colombia.

To complement its value offer, INTERNEXA acquired undersea transport infrastructure to link the United States with Colombia and Brazil, providing a range of services to more than 170 Latin American cities.

- Participation in projects to build new physical infrastructure in Peru and Brazil, taking advantage of the natural synergies that unite INTERNEXA with the business of Electric Energy.
- Increased capacity and extension of Backbone networks (transport between cities), incorporating equipment to transmit up to 100 lambdas of Gbps in Colombia and Ecuador, and network adequacy of Rio de Janeiro to support DWDM technology, and thus guarantee safer and faster transmission standards in the market.

ICTs

It offers integrated ICT solutions (autonomously or in alliance with integrators) to specific industries and governments, distributed in a synergistic manner regarding the INTERNEXA network. In 2015, the following stands out:

- Development of solutions for protecting the bandwidth of their clients and prevent cyber attacks, repelling unwanted traffic or inoculation of virus that manipulate critical information.
- Integration of web analytics and big data to the management, operation and maintenance of customer assets, through data collection and statistical analysis of the information produced by the client devices, to implement preventive maintenance and reduce the probability of events.

» Perspectives

The telecommunications market is constantly changing. Innovation cycles deepen their frequency and intensity, introducing strong volatilities. This scenario is challenging and presents tremendous opportunities. The risk is determined by the trend towards commoditization of connectivity and infrastructure, while continuing a growing demand for it.

Changes in supply answer important revolutions in demand, the world of applications, social networks, Internet of Things, wearables and changes in consumer habits of content, migrate from traditional to mobile devices, deepening demand.

In this context, structural changes in INTERNEXA have occurred. Its infrastructure loses the differentiating character of exclusivity due to the multiplicity of new players who are redefined according to each business. Its network reliability, efficiency and reputation should take action to discourage the self-supply of the main market actors.

At the same time, the great opportunities of the new era of "digital economy" provide real growth options for the company through the evolution of its value offer and the attention of new markets, becoming a relevant actor in addressing demands of OTTs and those of large companies and government institutions.

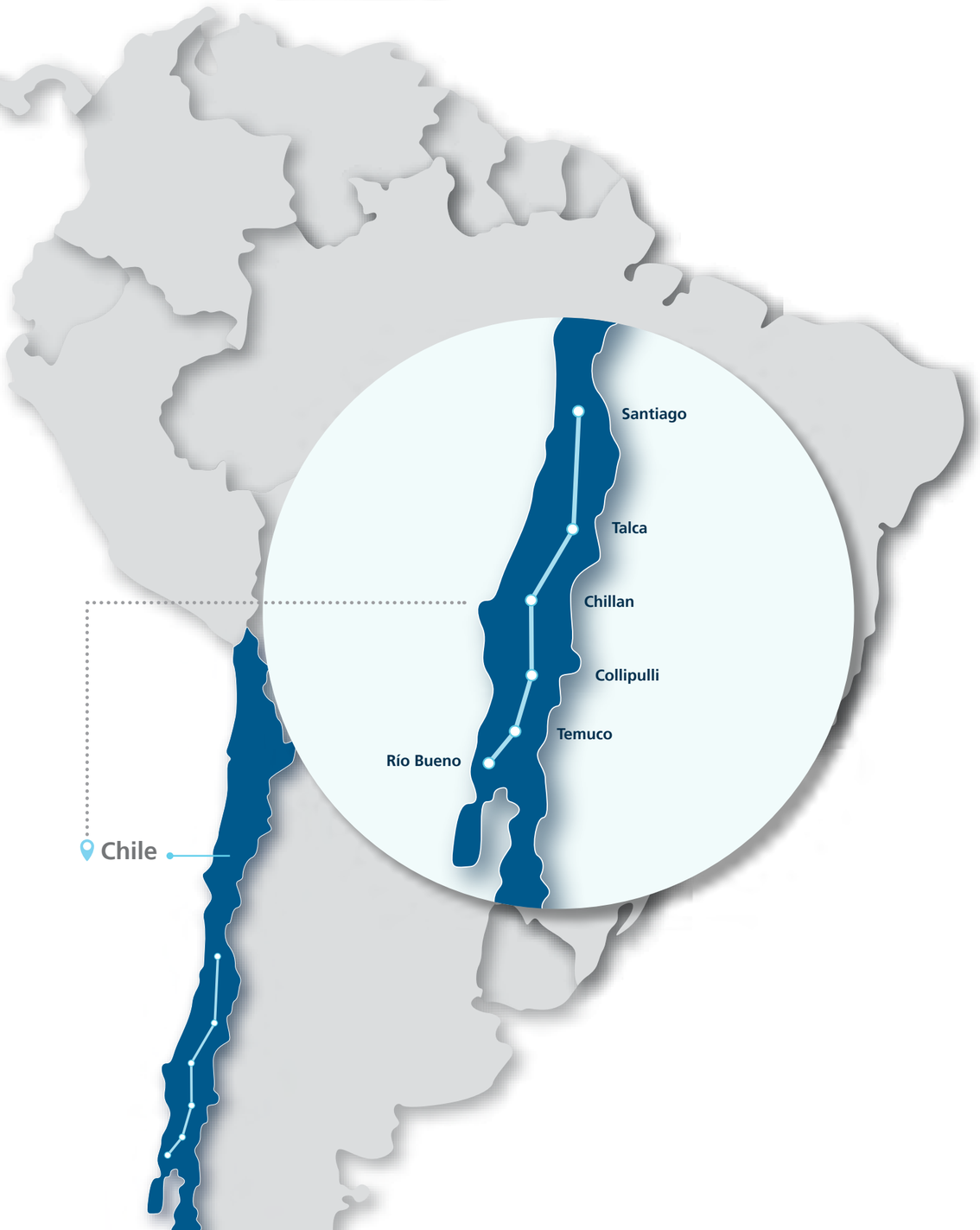
Against this backdrop, the company is prepared as an enabler of the digital economy. The ability to integrate with business strategies of clients, innovation and speed of response to the threats, and opportunities of an environment of rapid disruptions, determine the strategic guidelines of the future regarding an INTERNEXA that captures the opportunities of the digital economy.

ISA continues its firm intention to grow and consolidate its business Road Concessions Business Unit and leveraged in the technical "know-how", acquired in recent years to analyze different growth opportunities, either by the potential acquisition of operating companies (brownfield) or participation in projects under expansion plans in the region.

08 Road Concessions Business Unit

Road Infrastructure

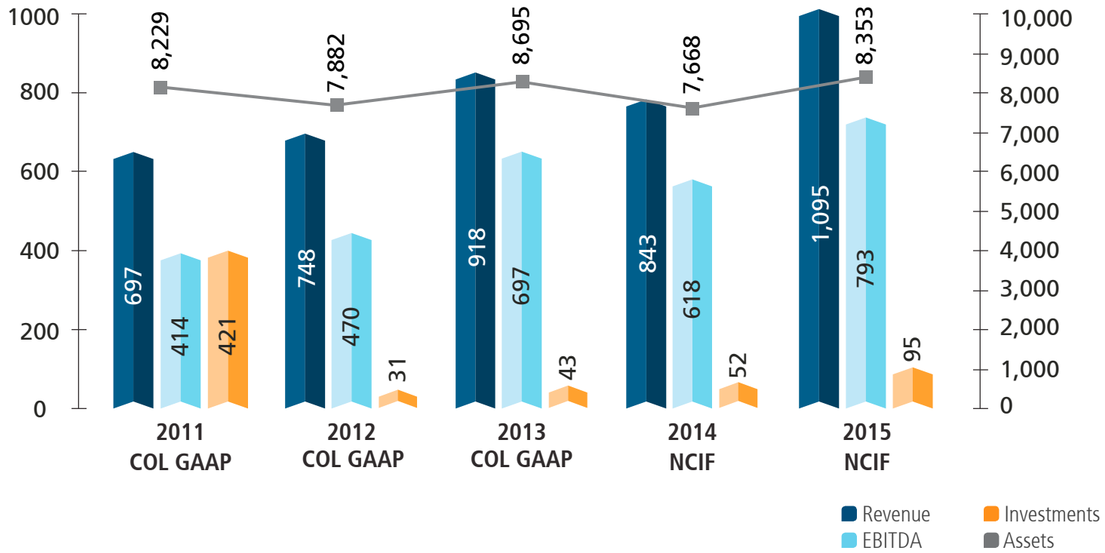
Country	Concessions	Road KM in operation
Chile	Ruta del Maipo	237
	Ruta del Maule	193
	Ruta del Bosque	161
	Ruta de la Araucanía	144
	Ruta de los Ríos	172
Total		**907**



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
Billions of $



» Business Management

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.

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

In order to help users, concessionaires have available services and infrastructure such as emergency centers, SOS signposts, tow trucks, ambulances, patrols, control areas, and service areas, etc. They also maintain fluent and timely communication with users and the community through campaigns in mass media, real-time information panels, website, mobile applications (APP), Twitter accounts, among others; which provide information about the state of traffic and roads, weather conditions, safety campaigns, contingency plans in periods of highest traffic and specific advice for a safer trip.

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.

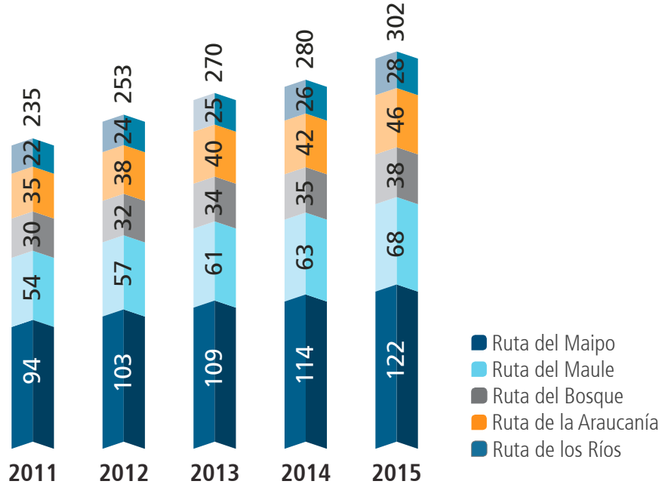
In the case of Ruta del Maule, in accordance with the provisions of its mechanism of MDI, tariff adjustment by PSV ends in 2016.

Road Safety Business (PSV) %

Concessionaires	Year of application				
	2012	2013	2014	2015	2016
Ruta del Maipo	5	5	5	5	5
Ruta del Maule	5	5	5	5	N/A
Ruta del Bosque	4.2	3.1	3.6	4.1	4.4
Ruta de la Araucanía	2	3.4	5	4.3	4.8
Ruta de los Ríos	0.5	1.4	2.1	1.4	0.8

In 2015, traffic in the five concessionaires increased by 7.8% with respect to 2014, and Ruta de la Araucanía was the concessionaire with the highest growth (10.4%). Vehicle category had the highest increase. Among the five concessionaires, light vehicles category experimented the highest increase (12.5%).

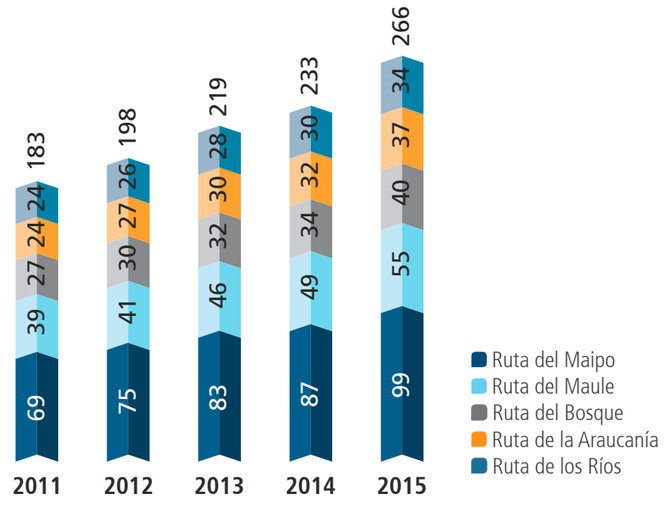
Traffic Growth (TDME)
TDME: equivalent daily average traffic (thousand)



Traffic Composition
Percentage %



Revenue Growth
Millions of Chilean Pesos



Revenue Growth
Percentage %



Concessionaires' revenues, in their original currency, increased by 14.2% compared to 2014, showing the largest increments in Ruta de la Araucanía (16.4%) and Ruta del Bosque (15.4%).

Third lanes project

Ruta del Mapo advances the construction of a new lane between the Santiago South access (km 51) and Puente Peuco (km 58), and the relocation of the Angostura toll. These works will permit expansion of the roads capacity and mitigate congestion of vehicles. The works will be operational at the beginning of 2017 and will demand investment close to USD 80 million.

» Other projects

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.

In 2015, Parques del Rio company was established with the share participation of ISA (33%), Medellin (24%), Empresas Publicas de Medellin (33%), and Metro de Medellin (10%). This company will be responsible for the design, construction, maintenance, operation and commercial use of the project.

It is noteworthy that at the end of the year, the Municipality requested to change the road stretch to include a future multipurpose rail corridor adjacent to the road system. Once the design of the corridor is defined, the company will be responsible of adjusting studies to determine the impacts on the project, and define the final scope and the implementation schedule.

Fourth Generation projects in Colombia

ISA, jointly with its partner, evaluates the possibility of participating in five projects, but there were not attractive profitability conditions to advance these calls.

» Perspectives

The difficulties and backwardness currently faced by Latin America in road infrastructure matters, compared to other regions of the world, will provide this economy sector with excellent future prospects, mainly because the government leaders of the region have understood that this aspect plays a key role in the development of the economy of a country, while boosting connectivity both nationally and internationally, promoting competitiveness, growth and improving the quality of life of the inhabitants.

An example is the increasing attempts to close the gaps by Latin American governments, who have made significant progress by including in their development plans, strategies, policies and budgets, so they can strengthen their infrastructure plans with ambitious road concessions boosting the economy and development of the region, in the short, medium and long term.

For this reason, ISA continues its firm intention to grow and consolidate its Road Concessions Business Unit, leveraged in the technical "know-how", acquired in recent years to analyze different growth opportunities, either by the potential acquisition of operating companies (brownfield) or the participation in projects under the expansion plans of the region, which investments by USD 15,000,000 million are projected.

In particular, in 2015 to boost the Chilean economy, MOP presented a concession plan that includes projects for COP 4,600,000 million to tender in the next five years. The government expressed that for its implementation it is fundamental to have public-private alliances, streamline processes for awarding concessions, and modernize the institutional framework with the creation of the Directorate General of Concessions.

Additionally, INTERVIAL CHILE and its concessionaires are working on analysis and proactive proposals to the MOP, to expand roads capacity and improve road conditions by safety regulations works, pedestrian connectivity and installation of security cameras.



XM undertook a series of actions and special measures to track the energy and hydro-climatic situation, to provide to the electricity sector appropriate signals in order to maintain the reliability of power supply in the country.

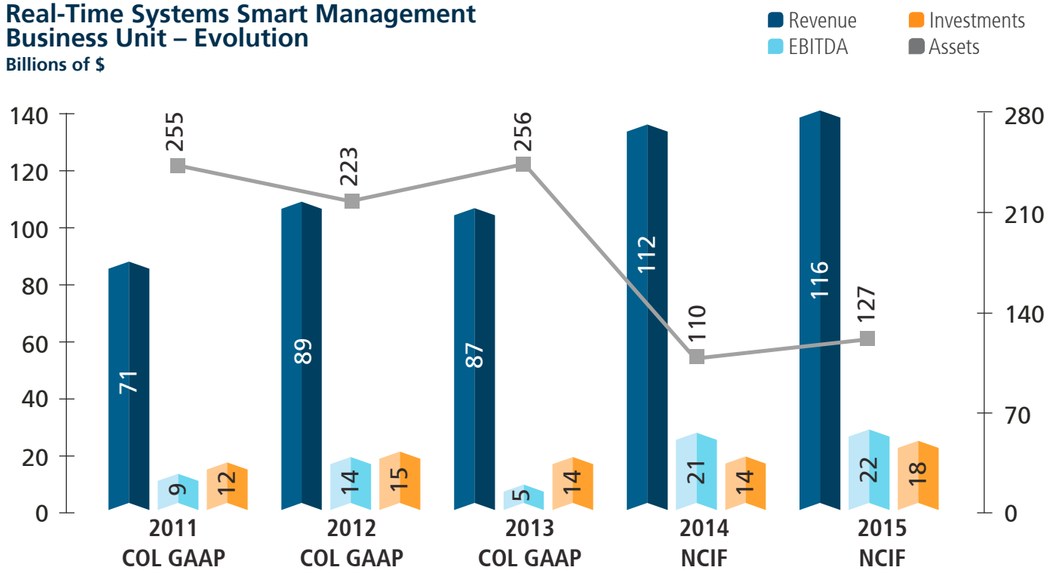
09 Real-Time Systems Smart Management Business Unit

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.

XM is a knowledge-based organization aimed at creating value from innovation and technology, and as part of its commitment, delivers intelligent solutions and consolidates long-term commercial relationships with its clients.

Real-Time Systems Smart Management Business Unit – Evolution
Billions of $



» Business Management

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.

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 2015, 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 close to 50% of the annual historic average, which shows an increase in thermal generation by 31%.

Energy generation

Resources	2011 (GWh)	2012 (GWh)	2013 (GWh)	2014 (GWh)	2015 (GWh)	%	% Variation
Hydraulic	45,583	44,924	41,836	42,158	42,464	63.8	0.7
Thermal	9,384	11,506	16,839	18,406	20,631	31	12.1
Minor	3,337	3,213	3,170	3,293	2,927	4.4	-11.1
Co-generators	317	347	352	472	526	0.8	11.5
Total	**58,620**	**59,989**	**62,197**	**64,328**	**66,548**	**100**	**3.5**

As of December 31, the SIN had an effective net installed capacity of 15,489 MW, with an increase of 6% compared to 2014, mainly due to the entry into operation of power stations El Quimbo, Huila (400 MW); Gecelca 3, Córdoba (160 MW); Tasajero II, Norte de Santander (160 MW); Carlos Lleras Restrepo (78 MW) and San Miguel (44 MW), Antioquia; and Cucuana, Tolima (55 MW).

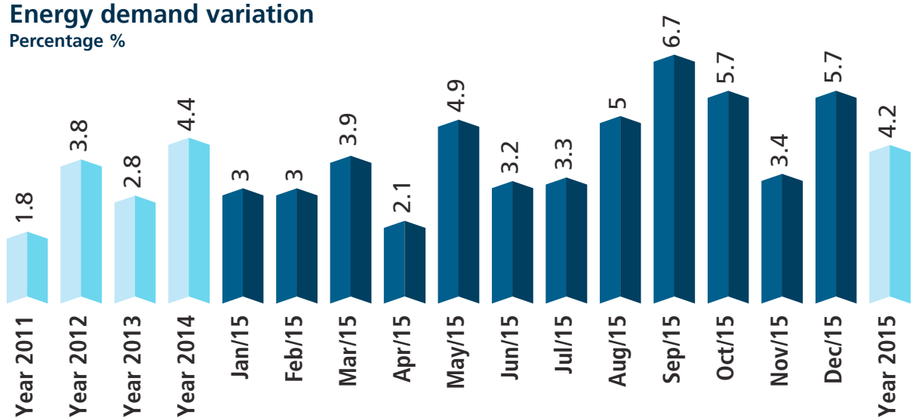
Effective net capability of SIN

Resources	2011 MW	2012 MW	2013 MW	2014 MW	2015 MW	%	% Variation
Hydraulic	9,185	9,185	9,315	10,315	10,892	66.3	5.6
Thermal	4,545	4,426	4,515	4,402	4,743	28.9	7.7
Minor	635	693	662	695	698	4.3	0.5
Cogenerators	55	57	66	77	87	0.5	12
Total SIN	**14,420**	**14,361**	**14,559**	**15,489**	**16,420**	**100**	**6**

Energy demand

Electric energy demand reached 66,174 GWh (4.4% more compared to 2014), due to the 5,5% increase of regulated demand (residential consumption and small businesses) and 1.7% in unregulated demand (industry and commerce).

Energy demand variation
Percentage %



Behavior of the electric market

The Administrator of the Commercial Settlement System (ASIC) provides services to 62 generators, 96 traders, 12 transporters and 31 network operators.

Commercial borders

Borders	2011	2012	2013	2014	2015	% Variation
Regulated consumers	5,024	7,189	8,872	9,670	8,957	-7
Unregulated consumers	5,058	5,422	5,672	5,546	5,461	-1.5
Public lighting	414	403	406	393	372	-5.3
Total	**10,496**	**13,014**	**14,950**	**15,609**	**14,790**	**-5.2**

Total energy traded in the MEM (sales and purchase) was COP 15,200,000 million, more than in 2014 (COP 13,300,000 million).

Total purchases in the pool showed an increase of 14.5% compared to 2014; and average pool price increased 67.8% due to the uncertainty in the market due to the behavior of El Niño Phenomenon.

Invoice collection for accounts administered by XM for the Commercial Settlement System (SIC) and Account Settling and Clearing (LAC) totaled COP 5,600,000 million, showing an increase of 13% compared to 2014 (COP 5,000,000 million).

Market behavior	2011	2012	2013	2014	2015	Variation	% Variation
Wholesale Energy Market (MEM) transactions							
Total market transactions (Thousand million $)	9.5	10.9	12.4	13.3	15.2	1.9	14,4
Purchases in the energy pool (Thousand million $)	1.3	1.9	2.7	3.5	3.9	0.4	13
Average pool price (COP / KWh)	76.2	116	178.9	225.5	378.3	152.8	67,8
Average contracts price (COP / KWh)	118	120.7	125.9	131.5	143.4	12	9,1
Account Settling and Clearing (LAC)							
STN use charges (Thousand million $)	1.35	1.25	1.26	1.33	1.52	0.18	13,8
FAER, FAZNI, FOES, PRONE Funds (Thousand million $)	194.7	196.6	199.0	203.6	218.2	14.6	7,2

Worth mentioning is MEM's safe and efficient administration of funds totaling COP 4,400,000 million in 2015, and of bank guarantees and prepayments to secure liabilities totaling COP 4,500,000 million. By 2015 closing date, collection of such liabilities was 100%.

Energy Situation

During most of 2015, the climate in the Tropical Pacific was characterized by the presence of El Niño phenomenon. In Colombia, the impacts of El Niño are associated with deficient rainfall over most of the country, increased ambient temperature, frost in the early morning hours, propensity to increase the number of forest fires, and in particular a severe reduction in runoff of basins, being of particular interest those associated with the Colombian electricity sector.

With regard to the management of the presence of this phenomenon, XM conducted several analyzes of the energy situation, for which it considered different scenarios, which were presented to the Ministry of Mines and Energy, to the CREG and industry actors, in order to take the necessary actions to prevent a neglect of demand during the months in which the phenomenon had its maximum impact.

XM undertook a series of actions and special measures to track the energy and hydroclimatic situation in order to provide power sector with appropriate signals in order to maintain the reliability of energy supply in the country:

> In various forums and committees of gas and electricity sectors, as well as in the Ministry of Mines and Energy, it monitored the energy situation and the results of the analysis of medium-term energy planning with deterministic simulations that consider different scenarios of water inputs.

- Weekly energy newsletter tracking the main variables (water inputs, water reserves, generation, gas consumption and demand) and the result of the energy landscape that considers assumptions according to the expected evolution of the variables for the coming months.
- Interdisciplinary daily meeting for monitoring the energy situation to assess information on actual operation and expected information, as well as the behavior of electrical and energy variables (availability of resources, hydroclimatic behavior, maintenance, analysis of regulations, project execution, among others). Based on the above, actions to maintain reliable electric energy supply are defined.
- Through active participation in CACSSE, CNO and CNO Gas, appropriate signals were provided so that by coordinating the different agents participating in these forums, the energy sector maximizes the availability of primary fuels for thermal generation, preventing the delivery of energy is not affected during the maintenance of the gas industry.
- Through generators, it was coordinated the maximization of the availability of thermal plants during periods of low delivery levels, especially during the summer (2015 - 2016).
- Daily Report for the Ministry of Mines and Energy that consolidates the follow-up to the main water variables, as well as the monitoring of the behavior regarding generation, demand and market variables.
- Active participation in the Operational Planning Subcommittee of the National Operation Council, in which the required AE indicator is defined to determine the system status as set out in Resolution CREG 026 of 2014.

The results of the energy simulations have allowed to inform the energy sector about the amounts of thermal generation and fuel needs (coal, gas and liquid) to satisfactorily meet the energy demand under poor water supply conditions.

» Other sectors

Financial

Derivex administers in Colombia a trading and registration system in case of electricity events that permits generators, traders and consumers hedging against price volatility in the energy pool, avoiding the risk of default.

This way, 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, 459.5 GWh have been traded between monthly futures contracts for 360,000 kWh-month and contracts for 10,000 kWh-month.

For its part, the Cámara de Riesgo Central de Contraparte (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 2015, the CRCC recorded a monthly average of 6,213 contracts (14% more than in 2014); additionally, the open interest at year's end was COP 25,400,000 million, 190% more than the previous year.

Mobility

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 2015, 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.

» Perspectives

Globalization, technological developments and changes in consumer habits bring a high dynamism in the context of business, leading organizations to face a more complex and uncertain environment. The electricity sector is no stranger to this reality and therefore XM faces new challenges as operator and manager of the energy market.

The technology is driving significant changes in the electrical industry, impacting the interaction and connection of users with the environment. Also paradigms are being reconsidered, such as the competitive electricity generation from non-conventional renewable sources, distributed generation, electric vehicles, active participation of demand, and energy storage, among the most outstanding ones.

Likewise, the evolution of social and business areas involves a growing pressure for the electricity sector in order to seek new methods of production, transportation and delivery of energy to enable a sustainable development of society.

The current situation in the electricity sector has shown some structural problems in the system and in the market, which have been revealed due to insufficient availability of natural gas, conditions of low water availability in the last two years, and particularly the effect of El Niño phenomenon, which has led to increase electricity generation from liquid fuels.

Therefore, XM is preparing to face the sustainable development of the sector and shall operate the electrical system with greater flexibility after the incorporation of unconventional sources of renewable energy, smart management of demand, and energy storage in the SIN; which requires to rethink processes, capabilities and update the real asset of the organization: human talent.

ISA and its companies in Colombia prepared from January 1, 2015 their financial statements as per the Standards on Accounting and Financial Information (NCIF) accepted in Colombia.

10 Financial Results

Pursuant to the provisions of Law 1314 of 2009 and its regulatory decrees 2784 of 2012 and amended, the International Financial Reporting Standards (IFRS) in Colombia for companies that are part of Group 1 were adopted. In addition, the General Accounting Office issued Resolution 743 of 2013 and its resolutions amended to this effect, with respect of the entities and businesses under its jurisdiction.

Consequently, ISA and its companies in Colombia prepared from January 1, 2015, their financial statements in accordance with the Generally Accepted Standards on Accounting and Financial Information (NCIF)(*) in Colombia. In addition, to have a comparative equivalent in

the opening balance (1 January 2014), figures under this same standards were restated. [G4-22].

The statement on financial position presents a comparative analysis of three years under NCIF: closures of 2015 and 2014, and the balance in NCIF on January 1, 2014. It also includes historical information with closing figures of 2011 and 2012 under the previous accounting principles which applied in Colombia.

The income statement presents a comparative analysis of two years under NCIF: closures of 2015 and 2014. It also includes historical information with closing figures of 2011 to 2013 under the previous accounting principles applied in Colombia.

NCIF correspond to authorized IFRS and officially translated by the Council of International Accounting Standards Board (IASB, for its acronym in English) as of December 31, 2012.

» Consolidated Results

Consolidated Results for the Period **Millions of COP**	**2015 NCIF**	**2014 NCIF**	**Variation**	**% Variation**
Results				
Operating revenue	5,270,649	4,217,494	1,053,155	25
AOM costs and expenses (excluding pensions)	2,399,034	1,920,945	478,089	24.9
EBITDA	**2,871,615**	**2,296,549**	**575,066**	**25**
Provisions, depreciation, amortization and pensions	611,851	482,322	129,529	26.9
Operating costs and expenses	**3,010,885**	**2,403,267**	**607,618**	**25.3**
Other net income	145,205	91,702	53,503	58.3
Operating income	**2,404,969**	**1,905,929**	**499,040**	**26.2**
Net financial expenses	(924,637)	(772,793)	(151,844)	-19.6
Income before taxes	**1,480,332**	**1,133,136**	**347,196**	**30.6**
Income tax provision	440,785	376,614	64,171	17
Income before minority interest	**1,039,547**	**756,522**	**283,025**	**37.4**
Minority interest	337,999	246,809	91,190	36.9
Net income	**701,548**	**509,713**	**191,835**	**37.6**
Balance Sheet				
Assets	28,112,870	25,614,055	2,498,815	9.8
Liabilities	16,719,817	15,167,121	1,552,696	10.2
Equity attributable to owners of the parent company	7,840,224	6,881,482	958,742	13.9
Non-controlling interest	3,552,829	3,565,452	(12,623)	-0.4
Equity	11,393,053	10,446,934	946,119	9.1
Indicators				
EBITDA margin (%)	54.5	54.5		
Operating margin (%)	45.6	45.2		
Income before minority interest (%)	19.7	17.9		
Net margin (%)	13.3	12.1		
Return on assets after minority interest (%)	2.5	2		
Return on equity (%)	8.9	7.4		
Leverage (%)	59.5	59.2		
Net debt / EBITDA (times)	3.56	3.88		
EBITDA / Interest (times)	3.89	4.39		

The consolidated financial statements of ISA show very positive results closing the year with net income of COP 701,548 million versus COP 509,713 million in 2014, equivalent to 37.6% increase.

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 makes that the effect of translation into Pesos of the subsidiaries abroad represents a result of 6.3% in net income.

Exchange Rate Variation

Tasas	Year Average			Year End		
	2015	2014	% Variation	2015	2014	% Variation
Peso / Dollar	2,746.47	2,000.68	37.3	3,149.47	2,392.46	31.6
Peso / Real	824	850	-3	807	901	-10.5
Peso / Chilean peso	4.20	3.51	19.7	4.43	3.94	12.5
Real / Dollar	3.33	2.35	41.6	3.90	2.66	47
Chilean Peso / Dollar	654.07	570.37	14.7	710.16	606.75	17

Consolidated income statements

Operating revenues closed at COP 5,300,000 million, 25% up in 2014 (4,200,000 million), due to:

- **Colombia:** Higher revenues from the entry into service of power transmission projects and the effects of devaluation and higher Producer Price Index (PPI); by growth in sales of telecommunications; and by the information management project to the Superintendency of Ports and Transport.
- **Peru:** Higher revenues due to commissioning of projects and expansion of the electric grid.
- **Brazil:** Higher revenues from the annual review of the remuneration of transmission assets, construction revenues of electrical infrastructure and impact of the positive variation of Índice Geral de Preços do Mercado (IGPM).
- **Chile:** Superior financial returns of concessions and higher construction revenues from works on the third lanes project in Ruta del Maipo.

Consolidated revenue by country (%)



Consolidated revenue by business unit (%)



In turn, operating costs and expenses, in turn, increased 25.3% with respect to previous year. This result is due mainly to:

- Higher construction costs in Peru, Chile and Brazil, which have their corresponding revenue, and explain about 50% of the growth.
- Higher amortization for projects that started operations in Peru and Colombia.
- Increased spending of provisions for labor contingencies in Brazil.
- Higher costs for leasing communication equipment and dark fiber to serve new customers.
- Wealth tax, as per Colombian tax reform (Law 1739 of 2014).

As a result, EBITDA grew 25% after close at COP 2,900,000 million versus COP 2,300,000 million registered in 2014; and the EBITDA margin remained at 54.5%.

Consolidated EBITDA by country %



- Brazil **17**
- Colombia **34.1**
- Chile **27.5**
- Peru **19.6**
- Bol, Arg, Ber **1.8**

Consolidated EBITDA by business unit %



- Electric Energy Transport **68.4**
- Road Concessions **27.6**
- Telecommunications Transport **3.2**
- Real-Time Systems Smart Management **0.8**

Excluding the effect of macroeconomic variables by converting into Colombian Pesos the financial statements of foreign subsidiaries variables, as well as revenues and construction costs of road concessions in Chile, and energy transport in Brazil and Peru, growth of operating revenues (9%) was higher than the operating costs and expenses (7%).

Other net income totaled COP 145,205 million against COP 91,702 million in 2014 (an increase of 58.3%), mainly due to earnings per equity method of the companies where CTEEP has joint control and arising from the compensation adjustment made in July.

Finally, revenues of operating activities closed at COP 2,400,000 million, 26.2% more than in 2014, and the operating margin passed from 45.2% to 45.6% in 2015.

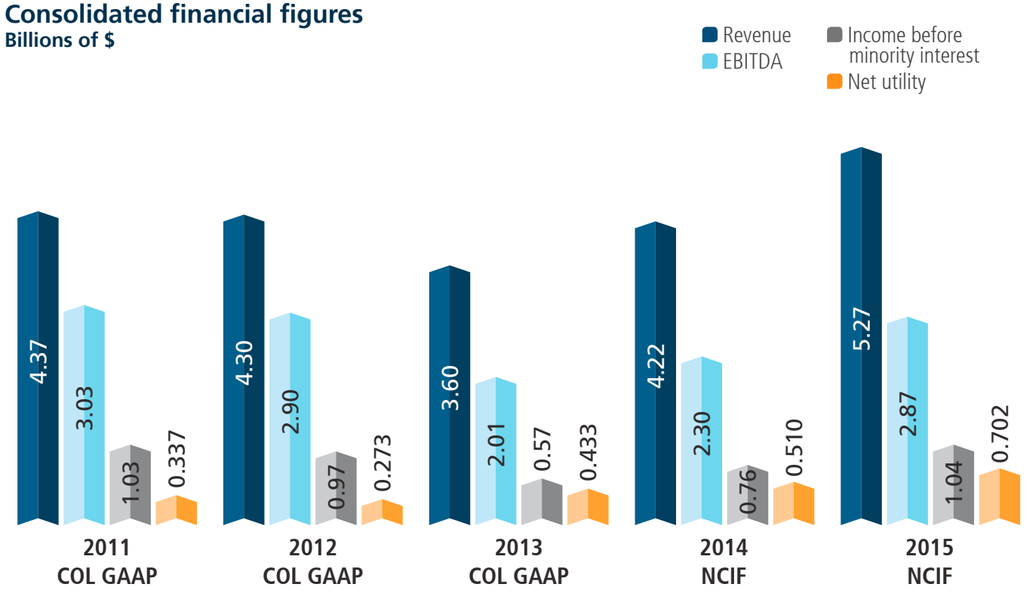
Meanwhile, net financial expenses amounted to COP 924,637 million, 19.6% more than in 2014, explained by the impact of macroeconomic variables in the group's debt, especially in Brazil and Chile.

The expense for income tax was increased by 17%, going from COP 376,614 million to COP 440,785 in 2015. This variation was mainly due to higher taxes in Colombia by the tax reform (CREE surcharge) and in Brazil and Peru for the best results. This is partly offset by lower spending on deferred taxes of Chile due to recognition in 2014 of the rate increased from 20% to 27%. The consolidated revenue before minority interest amounted to COP 1,040,000 million, of which COP 337,999 million (32.5%) corresponds to the minority ones.

Finally, net income reached COP 701,548 million, 37.6% more than in 2014 and net margin passed from 12.1% to 13.3% in 2015.

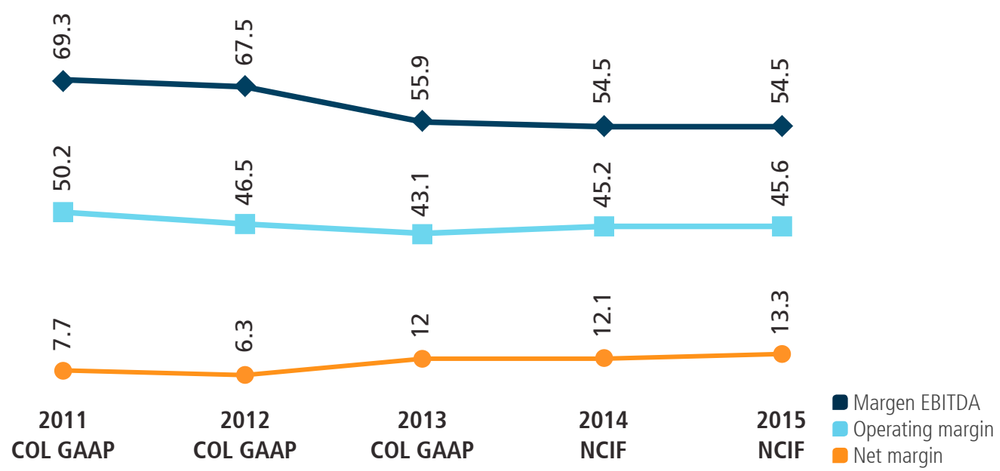
Consolidated financial figures

Billions of $



Consolidated financial ratios

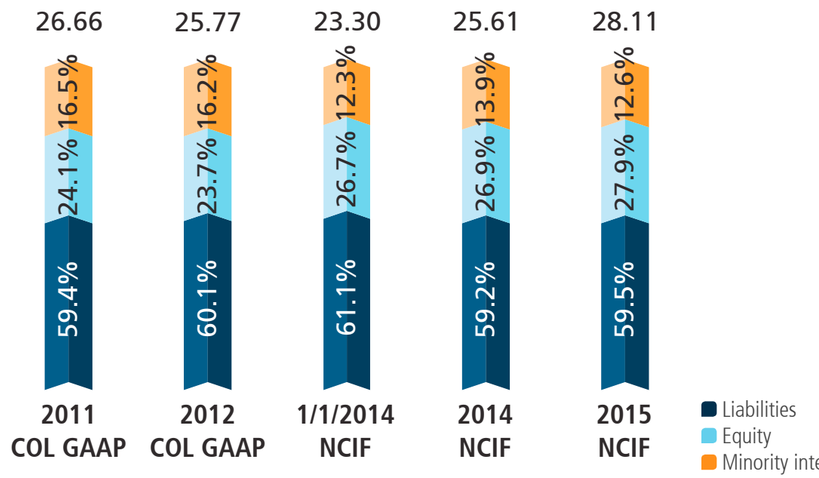
%



Consolidated balance sheet

Consolidated balance sheet structure

Thousand Million $



Assets

Assets closed at COP 29,000,000 million, 13.4% up on 2014, resulting from the conversion into Pesos of the financial statements of foreign subsidiaries; of the higher values of construction projects (Colombia, Peru and Chile), of inventories in Peru, and to the increase of the financial results of investments in joint control companies in Brazil.

Liabilities

Liabilities went from COP 15,200,000 million in 2014 to COP 16,700,000 million in 2015 (10.2%) due to the conversion effect into pesos of the financial statements of foreign subsidiaries and to the debt growth in Colombia and Peru (countries implementing investment projects with returns that far exceed the cost of debt); the above offset by the net repayment of debt in Chile and Brazil.

Minority interests

At COP 3,600,000 million, 0.4% less in 2014, as a result of a lower conversion effect of the financial statements of the companies in Brazil (revaluation of the Peso against the Real) and the payment of dividends to minority shareholders, offset by better results of the companies in Brazil.

Equity

It closed at COP 8,700,000 million, 13.9% more than in 2014, 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 2015.

Consolidated assets by country %



- Brazil **22.3**
- Colombia **25**
- Chile **32.5**
- Peru **19.4**
- Bol, Arg, Ber **0.8**

Consolidated assets by business unit %



- Electric Energy Transport **66.8**
- Road Concessions **29.7**
- Telecommunications Transport **3**
- Real-Time Systems Smart Management **0.5**

Consolidated liabilities by country (%)



- Brazil **16.4**
- Colombia **25.6**
- Chile **35.9**
- Peru **21.5**
- Bol, Arg, Ber **0.6**

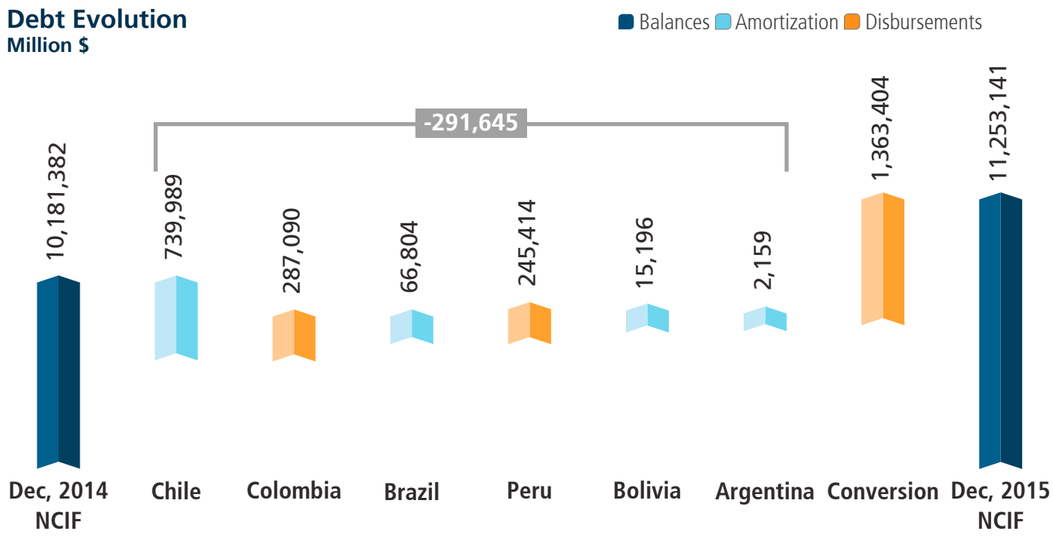
Consolidated liabilities by business unit (%)



- Electric Energy Transport **60.1**
- Road Concessions **35.3**
- Telecommunications Transport **4**
- Real-Time Systems Smart Management **0.6**

Financial Liabilities and Bonds

Debt Evolution
Million $



At the end of 2015, consolidated financial liabilities amounted to COP 11,300,000 million with 1.5% increase with respect to previous year (COP 10,200,000 million), due to the conversion effect resulting from the devaluation of the Peso versus the currencies of the companies abroad.

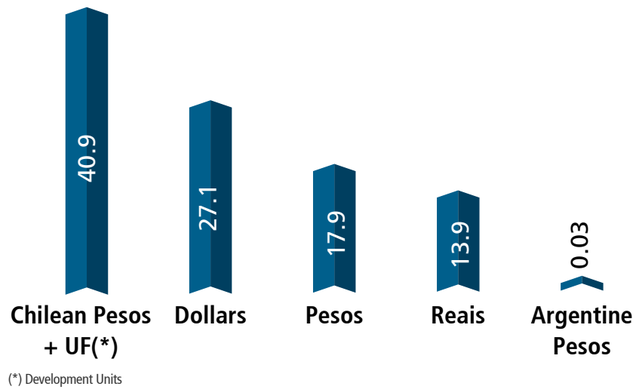
It is worth mentioning that companies reduced their net debt by COP 291,726 million.

During the period, the companies made deposits to their debt, thus meeting their payment schedules. Movements made during the period:

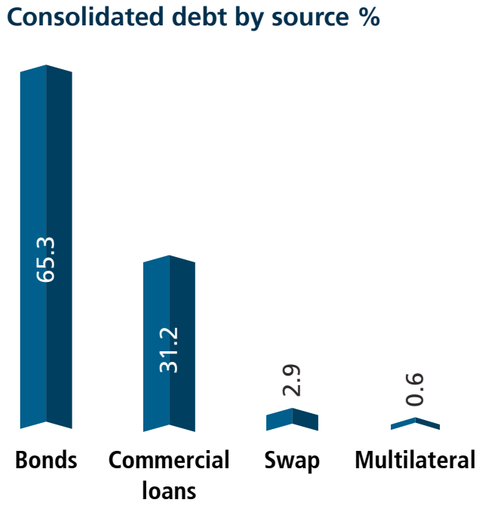
- **Colombia:** TRANSELCA canceled credit with Banco Colpatria by USD 3.2 million; received COP 45,000 million investment from BBVA Bank; modified the term and the rate of credit with Banco de Bogota by COP 82,500 million; and replaced the credit with BBVA (COP 5,500 million) by one credit with Banco de Bogota, improving term and rate. ISA's debt movements are explained in the individual financial statements.
- **Chile:** Ruta del Maule rescued local bonds issued in 2005 and 2006 in an operation financed with own resources and a loan from BBVA by CLP 33,695 million; which allowed the concessionaire to terminate the reinsurance relationship with Municipal Bond Insurance Association (MBIA) (with the signing of an agreement for the termination of financial contracts and securities supporting the obligations) and have greater flexibility to agree on the implementation of new works, reduce financing costs and deliver resources to its shareholders. For its part, INTERNEXA received a disbursement of BBVA by CLP 3,116 million to its cash flow.
- **Brazil:** CTEEP amortized BRL 21.4 million to the second series of debentures, received a disbursement of BNDES by BRL104 million; and paid BRL 43,524 to Eletrobras. INTERNEXA in Brazil absorbed ITX Capital Partipacoes and NQT, and consequently all its debt contracts; and received disbursements of BICBANCO and ITAU by BRL 5 million and BRL 3 million, respectively, for operation.
- **Peru:** Transmantaro subscribed USD 250 million loan with Banco de Crédito, of which received USD 45 million to fund its investment projects; and modified the term and rate of a credit with Bank of Nova Scotia to receive a USD 20 million disbursement. REP amortizes the fourth issue (series A) of the second bond program by USD 1.9 million and a loan with the Bank of Credit by USD 5 million. ISA Peru received disbursements by USD 5 million from the Bank of Nova Scotia, and USD 1.7 million from the International Bank to pay the debt, finance its cash flow and for Expansion 3 project.

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 longterm, a large part of their debt is obtained in the capital markets (bonds) at competitive rates.

Consolidated debt by currency %



(*) Development Units



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.

In 2015, Standard & Poor´s (S&P) and Fitch Ratings maintained ISA's rating in BBB with stable outlook, as well as Moody's maintained rating in Baa2 with stable outlook.

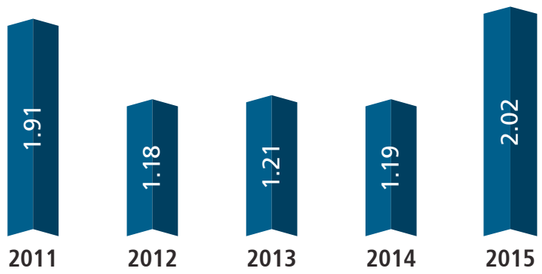
This way the three most important international rating agencies worldwide have the company rated in investment grade.

COMPANY	Rating Type	S&P	Moody's	Fitch	Feller-Rate	Support and Members	Pacific Credit Rating	Equilibrium
ISA	Corporate	BBB (Stable) Aug. 2015	Baa2 (Stable) Oct. 2015	BBB (Stable) May. 2015				
	Local bond issues			AAA (Stable) May. 2015				
	Commercial papers			F1+ May. 2015				
TRANSELCA	Local bond issues			AAA (Stable) Abr. 2015				
ISA Capital do Brazil	Corporate			BB+ (Stable) Aug. 2015				
	International bond issues			BBB- (Stable) Aug. 2015				
	National rating			AA- (Stable) Aug. 2015				
CTEEP	Corporate			AA+ (Stable) Aug. 2015				
	Local bond issues			AA+ (Stable) Aug. 2015				
Transmantaro	International bond issues		Baa3 (Stable) Jun. 2015	BBB- (Stable) Dec. 2015				
	Commercial papers					CP-1+ (Stable) Dec. 2015	p1+ (Stable) Jan. 2015	
REP	Bond issues					AAA (Stable) Dec. 2015		AAA (Stable) Nov. 2015
	Commercial papers					CP-1+ (Stable) Dec. 2015		EQL1 (Stable) Nov. 2015
Ruta del Maipo	Bond issues	BBB- (Stable) Dec. 2015	Baa3 (Stable) Oct. 2015		A (Stable) Jul. 2015			
Ruta del Maule	Bond issues		Baa2 (Stable) May. 2015		A (Stable) Jul. 2015			
Ruta del Bosque	Bond issues	BB+ (Stable) Oct. 2015	Baa3 (Stable) Oct. 2015		A (Stable) Jul. 2015			

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.

Cash investments
Thousand Million $



In 2015, ISA and its companies carried out investments worth COP 2,020,000 million, in accordance with their expansion plans:

Colombia

Investments by $877,788 million

- **ISA:** COP 765,351 million for construction of transmission projects, assets replacement and contributions to corporations.
- **TRANSELCA:** COP 46,445 million for the renovation of assets and construction projects.
- **INTERNEXA:** COP 47,577 million for expansion of its infrastructure and contributions to subsidiaries in Brazil and Argentina.
- **XM:** COP18.415 million in new technological developments and capitalizations in Derivex.

Brazil

CTTEP made investments by COP 287,218 million for grid reinforcements and capital contributions to the companies where it has stakes. Additionally, affiliates PINHEIROS, SERRA DO JAPI, EVRECY and IEMG invested COP 32,953 million for expansion of their networks. On the other hand, INTERNEXA invested COP 43,500 million for expansion of its fiber optics network.

Peru

COP 443,802 million invested by TransMantaro in execution of projects awarded by the Peruvian government, while REP invested COP 178,775 million in expansion of its electric grid.

Bolivia

COP 19,935 million for expansion of its infrastructure and asset renovation.

Chile

Investments for COP 97,272 million most of them by Ruta del Maipo in the third lanes project.

Investment per country %



Investments by Business Unit %



» Results ISA

ISA's results during the period (COP million)	2015 NCIF	2014 NCIF	Variation	% Variation
Results				
Operating revenue	848,082	762,932	85,150	11.2
AOM costs and expenses (excluding pensions)	129,476	111,451	18,025	16.2
EBITDA	**718,606**	**651,481**	**67,125**	**10.3**
Provisions, depreciation, amortization and pensions	179,670	175,198	4,472	2.6
Operating costs and expenses	309,146	286,649	22,497	7.8
Other net income	410,540	221,951	188,589	85
Income per operating activities	**949,476**	**698,234**	**251,242**	**36.0**
Net interest expense	(55,878)	(41,247)	(14,631)	-35.5
Income before taxes	**893,598**	**656,987**	**236,611**	**36**
Income tax provision	187,277	142,501	44,776	31.4
Net income	**706,321**	**514,486**	**191,835**	**37.3**
Balance Sheet				
Assets	11,393,622	10,113,421	1,280,201	12.7
Liabilities	3,543,851	3,222,574	321,277	10
Equity	7,849,771	6,890,847	958,924	13.9
Ratios				
EBITDA margin (%)	84.7	85.4		
Operating margin (*) (%)	66.6	53.5		
Net margin (%)	83.3	67.4		
Return on assets (%)	6.2	5.1		
Return on equity (%)	9	7.5		
Leverage (%)	31.1	31.9		
Net debt / EBITDA (times)	1.94	1.41		
EBITDA / Interests (times)	5.63	6.84		

(*) Income from equity method from income by operating activities are debugged.

Income Statement

The company posted highly positive results closing the year with COP 706,321 million net income (*) versus COP 514,486 million in 2014, equivalent to 37.3% increase.

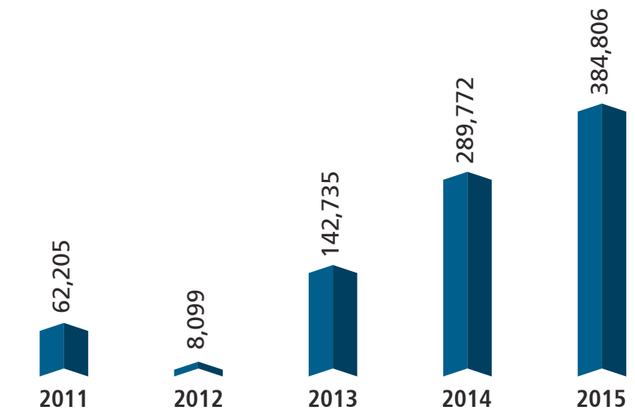
Starting in 2014, INTERCOLOMBIA as general partner of the partnership in commendam entered into with ISA, recognizes in its financial statements the totality of operating revenues and expenses derived from the execution of the contract. ISA, in turn, recognizes in its financial statements the income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

The income of the contract amounted to COP 807,753 million, 14.2% more than the previous year, and resulted from increased revenues obtained in the UPME bids which entered into operation at the end of 2014 and 2015, the positive behavior of the Producer Price Index (PPI) and lower operating costs.

Accordingly, EBITDA increased 10.3% and income by operating activities amounted to COP 949,476 million, 36% more than in 2014, mainly due to higher revenues from subsidiaries (equity method), to recoveries from changes in the estimate of actuarial calculation and provisions of disputes and claims.

(*) Net income for the individual financial statement differs from the consolidated net income because the latter includes the amortization of trade credit.

Revenue from equity method
Million $



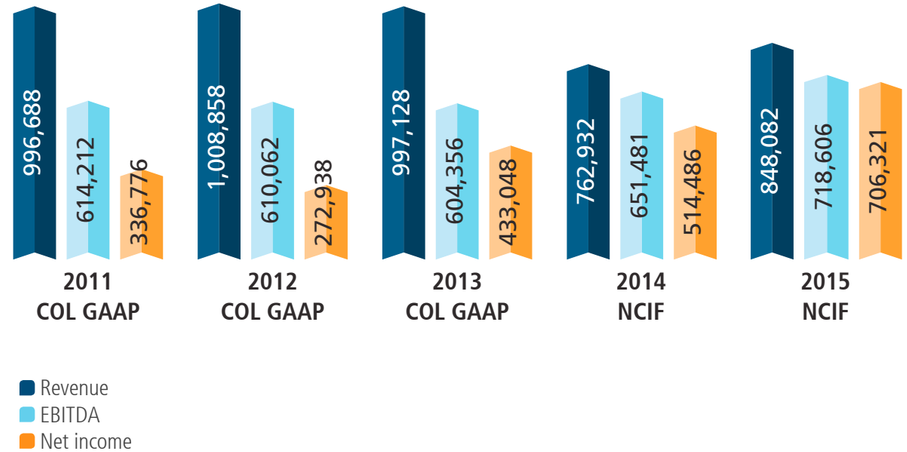
Revenue from equity method by country
Million $

Countries	2011 COL GAAP	2012 COL GAAP	2013 COL GAAP	2014 NCIF	2015 NCIF	Variation	% Variation
Colombia	52,813	61,327	49,866	169,681	131,397	(38,284)	-22.6
Peru	42,288	34,810	40,229	55,752	83,625	27,873	50
Brazil	48,587	31,139	(110,362)	23,184	26,659	3,475	15
Chile	(79,888)	(113,632)	161,562	38,674	130,533	91,859	237.5
Bolivia	(839)	(465)	2,096	4,142	12,628	8,486	204.9
Panama - Bermuda	(756)	(5,080)	(656)	(1,661)	(36)	1,625	97.8
Total	**62.205**	**8.099**	**142.735**	**289.772**	**384.806**	**95.034**	**32,8**

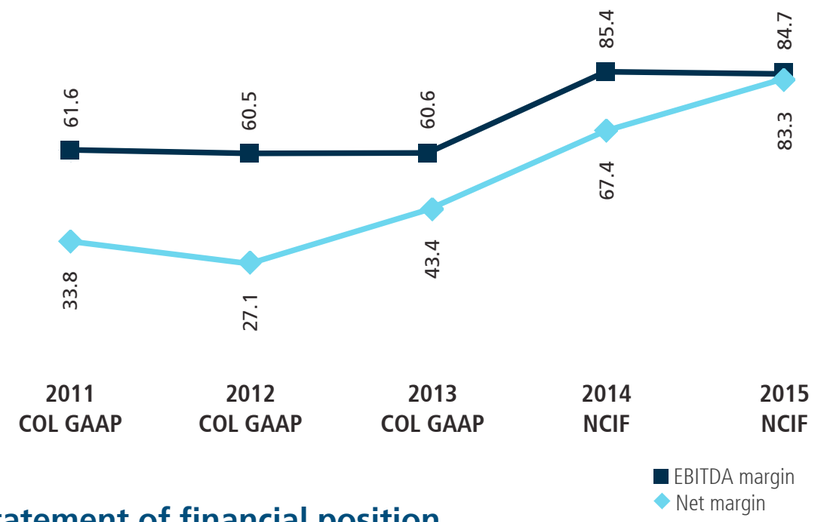
For its part, net interest expense was COP 55,878 million, 35.5% more than in 2014, due to an increase in debt to finance investment projects.

The income tax expense showed an increase of 31.4%, going from COP 142,501 million to COP 187,277 in 2015, due to higher taxable income and the increase in deferred taxes resulting from growth in the tax rate that went from 34% (2014) to 39% (including CREE surcharge), according to the new tax reform.

ISA's financial figures
Million $

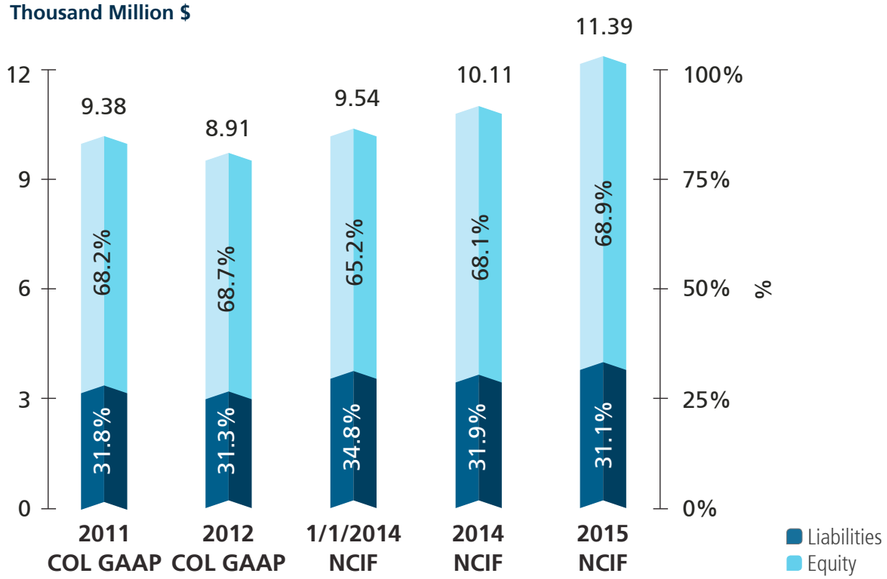


ISA's financial indicators %



Statement of financial position

ISA's balance sheet structure
Thousand Million $



Assets

COP 11,400,000 million, 12.7% higher than 2014 as a result of investments in the subsidiaries and joint businesses (improved results and conversion effect from devaluation in Colombia) and of an increase of assets (accounts receivable to clients and economic indicators).

Liabilitiess

Liabilities closed by COP 3,500,000 million, 10% more than in 2014 (COP 3,200,000 million), as a consequence of an greater increase in debt.

Equity

Equity amounted to COP 7,800,000 million (13.9% more than in 2014), resulting from subsidiaries' equity variations and improved results of the period.

Financial liabilities and bonds

At December 31, financial debt stood at COP 1,700,000 million (23.5% more than in 2014). Movements made during the period:

> ISA paid COP 150,000 million for the corresponding maturity of the series A bonds of the sixth stretch of the program for issuance and placement of domestic public debt securities, and additionally ISA amortized loans with BNP Paribas by COP 3.8 million with Banco de Bogota by USD 16 million.

> The Company under its security program placed bonds by COP 500,000 million distributed as follows: COP 100,000 by 10 years, COP 120,000 by 15 years, and COP 280,000 by 20 years. These resources will fund its cash flow and investments.

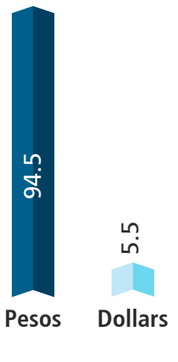
> To improve time and cost of financing, ISA held an operation to manage internal public debt by COP 222,432 million to replace the loan with Banco Bilbao Vizcaya Argentaria Colombia by a new one with Banco de Bogota.

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.

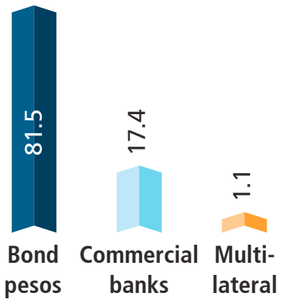
In the same manner, since most of revenues are indexed to the PPI, and there exists an average correlation between CPI and PPI, most of the debt hired is indexed to the CPI.

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.

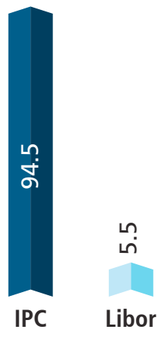
ISA's debt by currency %



ISA's debt by source %



ISA's debt by interest rate %



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.

Disputes and claims

During 2015 no litigations or contingencies that could materially affect the situation of ISA were presented. Judicial and administrative actions instituted against ISA were timely and adequately addressed in defense of the interests of the Company and in compliance with the duties and responsibilities incumbent upon it.

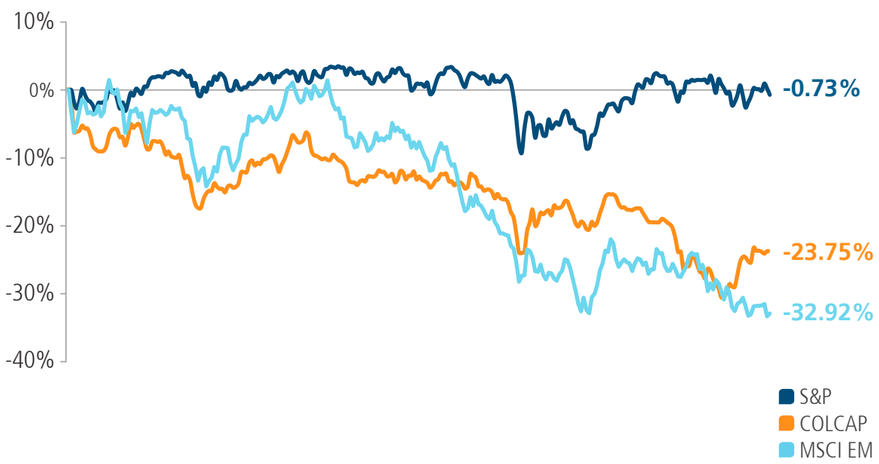
In turn, and on its own behalf, the Company promoted judicial and administrative actions necessary for the development of its corporate purpose and defend its interests, in compliance with current standards.

Additional information about disputes and claims to the Company is contained in the Notes to the Financial Statements of ISA.

» Performance of the stock

Stock Market

Main variation of stock indexes %



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 32.92%, in line with the negative variation of 23.75% presented by the COLCAP rate in Colombia.

The difference between the revenues of the S&P and MSCIEM is explained in external events such as:

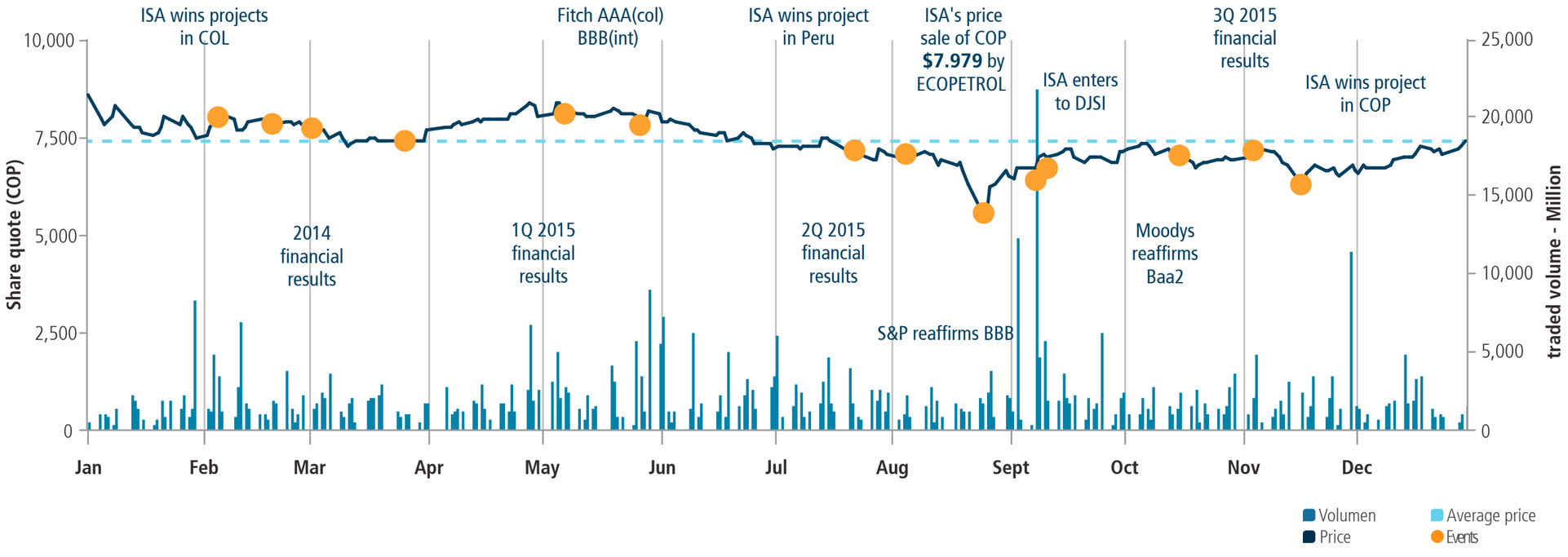
> The deterioration of economic indicators from China, Europe and (to a lesser extent) Japan showed forecasts of contraction in domestic production.
> Low economic performance of China led the government to devalue its currency to boost competitiveness.
> The expectation of a lower demand for raw materials from producer countries, which in turn impacted the income of Latin American economies as Colombia and Brazil, highly dependent on the export of raw materials.
> Expectations of slower global economic performance and low fuel demand led to an oversupply of oil and a reduction of crude oil prices, decreasing revenues of the oil companies leading stock exchange sessions.
> Also, mild signs of recovery in the US economy and the continued expectation of increase in interest rates by the Federal Reserve, pushed the movement of capital towards dollar assets.

These events encouraged investors to seek refuge in US Treasury bonds as an alternative to the assets with variable income.

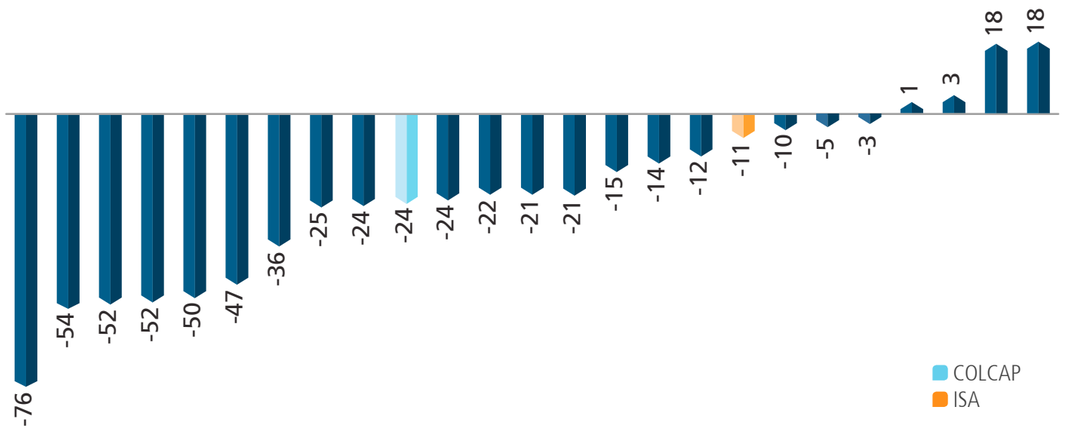
ISA's stock

In 2015, the Company's share reached a maximum price of COP 8,600, a minimum price of COP 5,420, an average price of COP 7,371, and one closing price of COP 7,380. Compared with the other actions included in the COLCAP index, ISA's stock was 9.2% above this index.

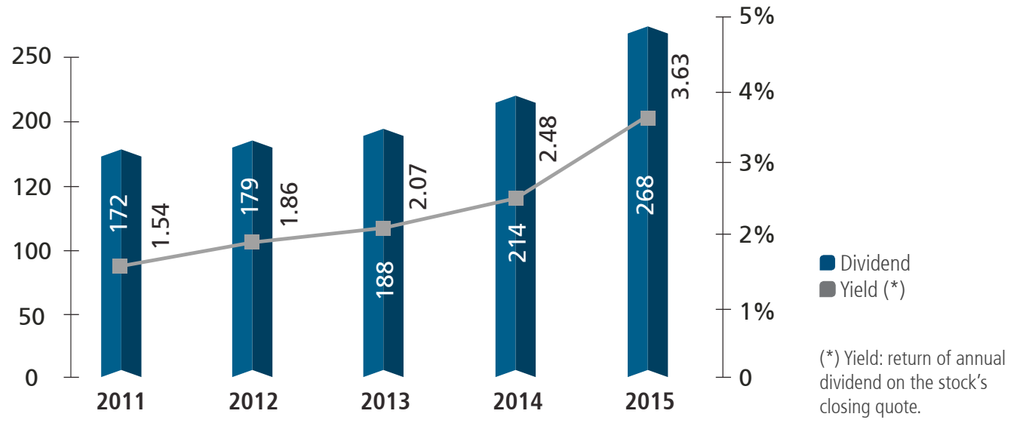
Behavior of the stock market



COLCAP issuers variation %



Dividend per Share
COP $



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

Dividends

The Shareholders' Meeting held on March 28, 2015 approved distribution to shareholders of income for COP 296,858 million (59.8% of liquid income for 2014), to pay COP 268 dividend per share (25.2% more than previous year), made up by an ordinary dividend of COP 208 and extraordinary dividend of COP 60.

Payment was made in four equal installments of COP 67 per share (April 28, July 28, October 27, and December 10.

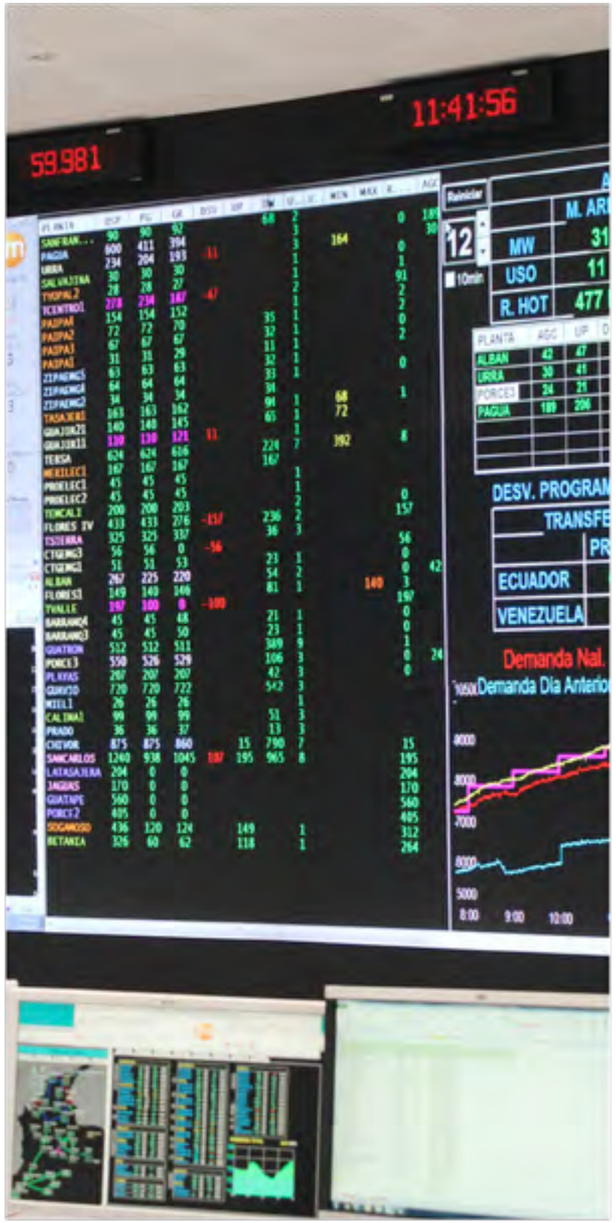
Stockmarket Indicators

ISA stock	
Outstanding shares (No.)	1,107,677,894
Free - Float (%)	31.44
Shareholders (No.)	36,963
Par value (COP)	32.80
Closing quote (COP)	7,380
Ordinary dividend	208
Extraordinary dividend	60
Market capitalization (COP billion)	8,174,663
Daily average traded (COP million)	2,128
Ratios	
Marketability (position)	ALTA
Earning per Share (UPA) (COP)	633.35
RPG (Price/Income) (%)	11.65
Tobin's Q (Price/Book value) (times)	1.04
Company's value/EBITDA (times)	6.41

Consolidated Financial Statements









» Consolidated Statement of Financial Position

AS OF DECEMBER 31, 2015 AND 2014 AND JANUARY 1, 2014

(Amounts expressed in millions of Colombian pesos and foreign currency in original amounts)

ASSETS	NOTES	2015	2014	1/01/2014
Current assets				
Cash and cash equivalent	4	1.029.250	1.313.630	1.183.773
Current financial assets	6	2.587.369	2.778.463	2.359.326
Current tax	17	292.190	258.935	293.299
Inventories - net	8	148.013	108.002	104.766
Other non financial assets	7	193.782	175.734	95.887
Total current assets		**4.250.604**	**4.634.764**	**4.037.051**
Non-current assets				
Restricted cash	5	46.553	47.097	123.368
Investments in joint controlled entities	9	1.204.681	1.165.905	891.488
Financial instruments	9	25.757	25.400	25.400
Financial assets	6	9.947.885	9.390.877	8.741.887
Inventories - net	8	81.726	59.046	59.651
Property, plant and equipment - net	10	6.707.058	5.979.570	5.844.129
Intangibles	11	5.451.014	3.927.616	3.168.970
Non-financial assets	7	77.700	57.145	115.119
Deferred tax	17	319.892	326.636	290.556
Total non-current assets		23.862.266	20.979.292	19.260.568
Total assets		**28.112.870**	**25.614.056**	**23.297.619**

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2015	2014	1/01/2014
Current liabilities				
Financial liabilities	13	1.540.247	1.396.833	1.096.766
Accounts payable	15	685.079	499.271	580.811
Employee benefits	18	66.195	57.769	48.890
Current tax	17	235.978	230.852	216.467
Provisions	16	472.780	502.751	154.179
Other non-financial liabilities	19	226.282	127.132	113.041
Total current liabilities		**3.226.561**	**2.814.608**	**2.210.154**
Non-current liabilities				
Financial liabilities	13	9.382.032	8.506.150	8.145.244
Accounts payable	15	1.151.775	1.103.745	1.008.073
Non-current taxes	17	230.852	226.003	157.754
Employee benefits	18	422.835	410.563	392.265
Provisions	16	264.043	188.629	513.506
Other non-financial liabilities	19	304.528	376.308	381.386
Deferred tax	17	1.737.191	1.541.116	1.417.130
Total non-current liabilities		13.493.256	12.352.514	12.015.358
Total liabilities		**16.719.817**	**15.167.122**	**14.225.512**

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2015	2014	1/01/2014
Shareholders' equity				
Subscribed and paid-in capital	20.1	36.916	36.916	36.916
Premium for placement of shares	20.4	1.428.128	1.428.128	1.445.509
Reserves	20.6	1.491.399	1.195.191	999.186
Retained earnings		3.237.679	3.316.440	3.732.108
Net income		701.548	509.713	-
Other comprehensive income		944.554	395.094	-
Equity attributable to controlling interest		7.840.224	6.881.482	6.213.719
Non-controlling interest		3.552.829	3.565.452	2.858.388
Total Shareholders' equity		**11.393.053**	**10.446.934**	**9.072.107**
Total Liabilities and shareholders' equity		**28.112.870**	**25.614.056**	**23.297.619**

See accompanying notes to consolidated financial statements.

Bernardo Vargas Gibsone
President
(See attached certification)

John Bayron Arango Vargas
Accountant
Professional Card N° 34420-T
(See attached certification)

Alba Lucía Guzmán Lugo
Statutory Auditor Professional Card N° 35265- T
(See my report attached)
Designated by Ernst & Young Audit Ltda. TR-530

» Consolidated Statement of Comprehensive Income

YEARS ENDED AS OF DECEMBER 31, 2015 AND 2014

Amounts expressed in millions of Colombian pesos

	NOTES	2015	2014
Revenues from ordinary activities	**21**		
Energy transmission services		2.739.308	2.282.395
Connection charges		202.701	175.738
TOLL ROADS		1.095.223	843.299
Dispatch and coordination CND-MEM		65.015	58.817
MEM Services (STN, SIC, SDI)		34.885	39.274
Telecommunications		283.785	237.160
Other operating revenues		51.868	53.339
Constructions for sale		797.864	527.472
Total Revenues from ordinary activities		**5.270.649**	**4.217.494**
Sale and operating costs	23.1	2.198.018	1.721.028
Gross income in sales		**3.072.631**	**2.496.466**
Other revenues and expenses			
Administrative expenses	23.2	812.867	682.239
Other net revenues/(expenses)	24	21.365	11.998
Equity method net revenues/(expense)	24	123.840	79.705
Profit from operating activities		2.404.969	1.905.930
Financial revenues	25	1.014.193	696.883
Financial expenses		1.938.830	1.469.677
Income before tax		**1.480.332**	**1.133.136**

	NOTAS	2015	2014
Income tax provision	17	440.785	376.614
Income of the year		**1.039.547**	**756.522**
Non-controlling interest		337.999	246.809
NET INCOME			
Net income attributable to controlling interest		701.548	509.713
Net income attributable to non-controlling interest		337.999	246.809
TOTAL INCOME OF THE YEAR		**1.039.547**	**756.522**
Actuarial earnings (losses) from definite benefit plans, net of taxes		1.220	3.928
Earnings(losses) from cash hedging, net of taxes		1.593	7.786
Earnings(losses) from foreign exchange differences, net of taxes		546.648	383.380
OTHER COMPREHENSIVE INCOME		**549.461**	**395.094**
Comprehensive income attributable to controlling interest		1.255.090	907.033
Comprehensive income attributable to non-controlling interest		333.918	244.582
COMPREHENSIVE INCOME OF YEAR		**1.589.008**	**1.151.616**

See accompanying notes to consolidated financial statements.

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(See attached certification)

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(See attached certification)

Alba Lucía Guzmán Lugo
Statutory Auditor Professional Card N° 35265- T
(See my report attached)
Designated by Ernst & Young Audit Ltda. TR-530

» Consolidated Cash Flow Statement

DECEMBER 2015 - DECEMBER 2014

Amounts expressed in millions of Colombian pesos

	2015	2014
Net income	701.548	509.713
Plus (less) - Adjustments to reconcile net income with net cash provided by operating activities		
Non-controlling interest	337.999	246.809
Depreciation of property, plant and equipment	271.735	264.405
Amortization of deferred and other assets	233.124	164.835
Amortization of retirement pensions and extra-legal benefits	10.711	11.610
Provision for protection of accounts receivable	996	680
Provision for inventory protection	(551)	-
Provisions contingencies	72.686	22.380
Provision for major maintenance	23.149	18.416
Income tax provision	440.785	376.614
Loss in sale and removal of property, plant and equipment	-	27.345
Expense for foreign exchange difference	779.929	612.193
Equity method joint control	(123.840)	(79.704)
Interest and commissions accrued	782.657	589.097
	3.530.928	**2.764.393**
Changes in operating assets and liabilities:		
Debtors	(172.769)	(480.387)

	2015	2014
Collection (accrual) for compensation of NI assets in CTEEP	401.475	384.727
Inventories	(61.172)	10.657
Deferred and other assets	(111.334)	122.902
Accounts payable and other liabilities	(60.280)	(373.785)
Labor liabilities	8.426	8.669
Estimated liabilities and provisions	1.720	(111.106)
Collections in favor of third parties	(30.273)	17.394
Non-controlling interest	(211.929)	142.005
Cash flows from other operating activities		
Retirement pension payments	(8.084)	(13.485)
Tax payments	(502.850)	(325.029)
Net cash provided by operating activities	**2.783.858**	**2.146.955**
Cash flows from investment activities		
Variation of permanent investments	(36.051)	(110.542)
Sale of property, plant and equipment	-	2.369
Intangible acquisitions	(797.228)	(222.581)
Purchase of property, plant and equipment	(943.225)	(341.289)
Net cash used in investment activities	**(1.776.504)**	**(672.043)**
Cash flows from financing activities		
Interest received in cash	111.596	19.281
Interest and commissions paid in cash	(741.549)	(655.145)
Dividends paid in cash	(296.858)	(237.043)

	2015	2014
Increase in financial obligations	542.539	546.327
Issue of bonds	500.000	44.865
Payment of financial obligations	(624.881)	(664.089)
Bond payment /decrease	(782.581)	(381.870)
Variation premium for placement of shares	-	(17.381)
Net cash used by financing activities	**(1.291.734)**	**(1.345.055)**
Net increase in cash and cash equivalent	**(284.380)**	**129.857**
Cash and cash equivalent at the beginning of the year	**1.313.630**	**1.183.773**
Cash and cash equivalent at the end of the period	**1.029.250**	**1.313.630**

See accompanying notes to consolidated financial statements.

Bernardo Vargas Gibsone
President
(See attached certification)

John Bayron Arango Vargas
Accountant
Professional Card N° 34420-T
(See attached certification)

Alba Lucía Guzmán Lugo
Statutory Auditor Professional Card N° 35265- T
(See my report attached)
Designated by Ernst & Young Audit Ltda. TR-530

» Consolidated Statement of Changes in Shareholders' Equity

YEARS ENDED AS OF DECEMBER 31, 2015 AND 2014 - Amounts expressed in millions of Colombian pesos

			RESERVAS										
	SUBSCRIBED AND PAID-IN CAPITAL	PREMIUM FOR PLACEMENT OF SHARES	LEGAL	BY TAX REGULATION	RESERVE FOR REACQUISITION OF OWN SHARES	FOR CAPITAL STRENGTHENING	FOR REHABILITATION AND REPLACEMENT OF STN ASSETS	TOTAL RESERVES	COMPREHENSIVE INCOME	OTHER COMPREHENSIVE INCOME	OTHER EQUITY INTERESTS	NON-CONTROLLING INTEREST	TOTAL
NOTE	20.1	20.4	20.6										
Balance as of January 1, 2014	**36.916**	**1.445.509**	**18.458**	**523.878**	**38.100**	**381.316**	**37.434**	**999.186**	**3.732.108**	**-**		**2.858.388**	**9.072.107**
Transfers approved by the General Shareholders' Meeting	-	-	-	95.332	-	100.673	-	196.005	(196.005)		-	-	-
Dividends declared at COP 196 per share settled on 1,107,677,894 outstanding shares , payable in one installment in July 2014, and extraordinary dividend of COP 18 per share, payable in September, 2014	-	-	-	-	-	-	-	-	(237.043)		-	-	(237.043)
Foreign exchange difference	-	-	-	-	-	-	-	-	-	383.380	-	322.377	705.757
Other comprehensive income									-	11.713	-	-	11.714
Other changes	-	(17.381)	-	-	-	-	-	-	17.381		-	137.878	137.878
Net income in 2014	-	-	-	-	-	-	-	-	509.713		-	246.809	756.522
Balance as of December 31, 2014	**36.916**	**1.428.128**	**18.458**	**619.210**	**38.100**	**481.989**	**37.434**	**1.195.191**	**3.826.154**	**395.093**		**3.565.452**	**10.446.934**
Transfers approved by the General Shareholders' Meeting	-	-	-	96.933	-	199.275	-	296.208	(296.208)			-	-
Payment of ordinary dividends at COP 208 per share and an extraordinary dividend at COP 60 settled on 1,107,677,894 outstanding shares, payable in four installments on April-July-October-December	-	-	-	-	-	-	-	-	(296.858)			-	(296.858)
Foreign exchange difference	-	-	-	-	-	-	-	-		546.647	-	(138.693)	407.954
Other comprehensive income	-	-	-	-	-	-	-	-		2.813	-	-	2.813
Other changes									4.592			(211.929)	(207.337)
Net income in 2015	-	-	-	-	-	-	-	-	701.548		-	337.999	1.039.547
Balance as of December 31, 2015	**36.916**	**1.428.128**	**18.458**	**716.143**	**38.100**	**681.264**	**37.434**	**1.491.399**	**3.939.228**	**944.553**		**3.552.829**	**11.393.053**

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» Notes to Consolidated Financial Statements

AS OF DECEMBER 31, 2015 AND 2014 AND JANUARY 1, 2014

Amounts expressed in millions of Colombian pesos, except par value of share and net income per share; foreign currency in original amounts

I. GENERAL NOTES

1. ISA and its companies

Interconexión Eléctrica S.A. E.S.P. -ISA-, parent company, with registered office in the city of Medellin, was incorporated as a joint stock company by public deed Nº 3057 granted by the Eighth Notary Public of Bogotá on September 14, 1967.

The Company demerged on April 4, 1995 by public deed Nº 230 granted by the Single Notary Public of Sabaneta.

On December 1, 1995, by means of public deed Nº 808 granted by the Single Notary Public of Sabaneta and pursuant to the provisions of the Household Public Utilities Services law (Law 142 of 1994), the Company changed its legal status to an Official Utility Company, composed by public entities as a joint stock company with national scope, ascribed to the Ministry of Mines and Energy, subject to the legal regime set forth in Law 142 and adopted the corporate name of Interconexión Eléctrica S.A. E.S.P., also using the acronym ISA E.S.P.

On November 22, 1996, by means of public deed Nº 746 granted by the Single Notary of Public Sabaneta, ISA changed its legal nature to Mixed-Ownership Utility Company, established as a national business company, by shares, and of the kind of incorporations, ascribed to the Ministry of Mines and Energy and subject to the legal regime set forth in Law 142, situation that materialized on January 15, 1997 with the entry of private contributions.

According to the Constitutional Court under ruling C-736 dated September 19, 2007, ISA has a special legal nature, defined as a Mixed-Ownership Utility Company, entity decentralized by services that is part of the executive branch of the public power with a special legal private law regime.

Its headquarters are located in the city of Medellin at calle 12 sur #18-168.

ISA'S corporate purpose comprises:

- The provision of Energy Transmission utility, according to Laws 142 and 143 of 1994 and the rules adding, amending or replacing them, as well as the rendering of services connected, complementary and related with such activities, according to the legal and regulatory framework in force.
- The development of telecommunications systems, activities and services.
- The direct or indirect participation in activities and services related to the transport of other kind of energy.
- Rendering of technical and non-technical services in activities related to its corporate purpose.
- The development of infrastructure projects and its commercial exploitation as well as activities performed in connection with the exercise of engineering in terms of Law 842 of 2003, as amended.
- Investment in national or foreign Companies which corporate purpose is the

exploitation of any legal economic activity; investment in real and personal property, and investment in shares, quotas or parts, bonds, commercial papers or fixed or variable rate instruments, registered in the stock exchange market or any other mode provided by the law that allows investment of resources.

- Management of the economic group's companies by means of the definition of strategic, organizational, technical, and financial guidelines, among others.

The Company was registered as a business group before the mercantile registry of the Chamber of Commerce of Medellin on October 2001. For such effects, the parent company is Interconexión Eléctrica S.A. E.S.P. –ISA–, and its subsidiaries are:

INTERCOLOMBIA, TRANSELCA S.A. E.S.P., XM, Compañía de Expertos en Mercados S.A. E.S.P., and its subsidiary Sistemas Inteligentes en Red S.A.S.; ISA Capital do Brazil S.A., and its affiliate Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– and its subsidiaries Interligação Elétrica de Minas Gerais S.A., Interligação Elétrica Pinheiros S.A., Interligação Elétrica Serra do Japi S.A. and Evrecy Participações Ltda and investment funds Referenciado DI Bandeirantes and Xavantes Referenciado DI.; Interconexión Eléctrica ISA Peru S.A., Red de Energía del Peru S.A. –REP–, Consorcio Transmantaro S.A., Proyectos de Infraestructura del Peru –PDI–, Interconexión Eléctrica ISA Bolivia S.A., INTERNEXA S.A., and its subsidiaries INTERNEXA in Peru and Chile, Transamerican Telecommunication S.A. in Argentina, INTERNEXA Participações S.A. and its subsidiaries INTERNEXA in Brazil Operadora de Telecomunicações S.A., INTERNEXA Capital Participações Ltda, Nelson Quintas Investimentos Globais Ltda –NQIG– (today ITX Investimentos), Nelson Quintas Telecomunicações do Brazil 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 CHILE S.A., which in turn is the holder of concessionaries: 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.; INTERVIAL COLOMBIA S.A.S. and LYNEAR SYSTEMS RE LTD. in which companies the parent company owns direct and indirect interest (hereinafter the subordinates).

In order to simplify the operation in telecommunications companies in Brazil and take advantage of synergies, on April 1, 2015 a change was made on the corporate structure of telecommunications transport companies in Brazil; the best solution concentrating these objectives was the absorption of companies. This process was performed in two steps: 1) ITX Investimentos Globais, ITX RJ Operadora and ITX RJ SVA were absorbed by INTERNEXA Capital Participações Ltda, all limited liability companies. 2) INTERNEXA Capital Participações Ltda was absorbed by INTERNEXA in Brazil, a corporation controlled by INTERNEXA Participações, of identical nature. From that date, all assets and liabilities were concentrated in one company (INTERNEXA in Brazil).

In compliance with External Circular 002 of 1998 issued by the Financial Superintendence of Colombia, following is a chart with personnel employed, classified in Management and Trust and other, with related expenses, from the parent company and the controlled companies in the consolidation of Financial Statements:

PARENT COMPANY /SUBSIDIARIES	2015					
	MANAGEMENT AND TRUST PERSONNEL		OTHER		TOTAL	
	Nº PEOPLE	VALUE	Nº PEOPLE	VALUE	Nº PEOPLE	VALUE
Interconexión Eléctrica S.A. E.S.P. –ISA–	191	29.905	12	820	203	30.725
INTERCOLOMBIA	362	47.119	204	21.851	566	68.970
ISA Capital do Brazil S.A.	2	1.444	-	-	2	1.444
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	13	4.767	1.607	175.593	1.620	180.360
Interligação Elétrica de Minas Gerais S.A. –IEMG–	2	35	14	862	16	897
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	2	35	31	2.397	33	2.432
Interligação Elétrica Serra do Japi S.A.	2	303	24	1.796	26	2.099
Evrecy Participações Ltda.	2	35	13	867	15	902
Interconexión Eléctrica ISA Peru S.A.	1	22	-	-	1	22
Red de Energía del Peru S.A. –REP–	209	12.016	154	5.719	363	17.734
Consorcio Transmantaro S.A.	1	22	-	-	1	22
Proyectos de Infraestructura del Peru S.A.C. –PDI–	14	1.831	79	4.724	93	6.555
Interconexión Eléctrica ISA Bolivia S.A.	5	1.295	30	1.499	35	2.794
TRANSELCA S.A. E.S.P	16	4.048	194	18.776	210	22.824
XM, Compañía de Expertos en Mercados S.A. E.S.P.	225	31.304	3	269	228	31.574
Sistemas Inteligentes en Red S.A.S.	42	2.192	-	-	42	2.192

PARENT COMPANY /SUBSIDIARIES	2015					
	MANAGEMENT AND TRUST PERSONNEL		OTHER		TOTAL	
	Nº PEOPLE	VALUE	Nº PEOPLE	VALUE	Nº PEOPLE	VALUE
INTERNEXA S.A.	195	23.006	19	1.058	214	24.063
INTERNEXA Peru S.A.	29	4.719	-	-	29	4.719
INTERNEXA Chile S.A.	15	3.383	-	-	15	3.383
Transamerican Telecommunication S.A.	-	-	9	22.006	9	22.006
INTERNEXA Participações S.A.	-	-	-	-	-	-
Internexa Brazil Operadora de Telecomunicações S.A.	4	1.441	37	4.138	41	5.579
ITX Capital Participações Ltda.	-	-	-	-	-	-
INTERVIAL CHILE S.A.	8	4.942	65	16.302	73	21.244
Ruta de la Araucanía Sociedad Concesionaria S.A. (*)	3	665	27	1.571	30	2.236
Ruta del Maipo Sociedad Concesionaria S.A. (*)	6	2.680	119	12.407	125	15.088
Ruta del Maule Sociedad Concesionaria S.A. (*)	2	642	38	3.116	40	3.758
Ruta del Bosque Sociedad Concesionaria S.A. (*)	1	628	32	1.728	33	2.357
Ruta de los Ríos Sociedad Concesionaria S.A.(*)	3	665	29	1.656	32	2.321
TOTAL	**1.355**	**179.144**	**2.740**	**299.155**	**4.095**	**478.300**

PARENT COMPANY /SUBSIDIARIES	2014					
	MANAGEMENT AND TRUST PERSONNEL		OTHER		TOTAL	
	Nº PEOPLE	VALUE	Nº PEOPLE	VALUE	Nº PEOPLE	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 Brazil 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 Peru S.A.	1	49	-	-	1	49
Red de Energía del Peru S.A. –REP–	205	25.516	169	14.130	374	39.646
Consorcio Transmantaro S.A.	1	50	-	-	1	50
Proyectos de Infraestructura del Peru 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
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 Peru S.A.	22	3.018	-	-	22	3.018

MATRIZ / SUBSIDIARIAS	2014					
	DIRECCIÓN Y CONFIANZA		OTROS		TOTAL	
	Nº DE PERSONAS	VALOR	Nº DE PERSONAS	VALOR	Nº DE PERSONAS	VALOR
INTERNEXA Chile S.A.	17	1.964	-	-	17	1.964
Transamerican Telecommunication S.A.	7	1.064	-	-	7	1.064
INTERNEXA Participações S.A.	-	-	-	-	-	-
Internexa Brazil Operadora de Telecomunicações S.A.	4	1.321	29	3.796	33	5.117
ITX Capital Participações Ltda.	-	-	-	-	-	-
Nelson Quintas Investimentos Globais Ltda. –NQIG–	-	-	-	-	-	-
IPNET Serviços de Internet Ltda.	-	-	3	164	3	164
Nelson Quintas Telecomunicações do Brazil 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**

(*) The concessionaire company does not have management and trust personnel , as it is directly hired by INTERVIAL CHILE S.A. (formerly Cintra Chile S.A.)

2. Basis of presentation

The main policies and practices adopted by ISA and its companies are described as follows:

2.1 Consolidation principles

Consolidated Financial Statements include the financial statements of the parent company and all subsidiaries (including structured entity).
Subsidiaries are entities (including structured entity), over which the parent exercises direct or indirect control.
A structured entity is an entity that has been designed so that the voting or similar rights are not the decisive factor in deciding who controls the entity, such as when voting rights relate only to administrative tasks and relevant activities are directed through contractual agreements.
ISA has control in an autonomous patrimony in Colombia and through CTEEP in in investment funds Referenciado DI Bandeirantes and Xavantes Referenciado DI, which meet this definition
An investor controls an entity when it is exposed, or has rights, to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the same.
When control is held, the consolidation method used is the method of global integration.

Global integration: is the method whereby the financial statements of the parent company incorporates all of assets, liabilities, equity and profit/loss of subsidiaries after elimination in the parent company of the equity investments in such subsidiaries, as well as reciprocal balances of subsidiaries, either directly or indirectly.
The consolidation of operations of the parent and subsidiaries was determined using the following principles:

a. At the time of takeover, the assets acquired and liabilities assumed of the subsidiary are recorded at fair value, except for certain assets and liabilities that are recorded following the valuation principles set out in other IFRS. (See note 3.1 for details of business combinations and goodwill).

b. The value of the interest of non-controlling shareholders in equity and in the comprehensive income of subsidiaries, respectively, is presented under non-controlling interest in the consolidated statement of financial position. The income of the period and each component of other comprehensive income are attributed to the owners of the controlling entity and to the non-controlling interest. These shares correspond to third parties alien to the Group. At ISA Capital do Brazil, it includes stake on the preferred shares under repurchase agreement with HSBC and BV Financeira SA, with share of 31,78% (2014: 33,14%) on the capital stock. It also includes preferential dividends associated with this participation.

c. Investments in foreign subsidiaries are recorded based on as financial statements of December 31, each year, approved under IFRS and converted into Colombian pesos, according to the provisions of IAS 21, prior definition of the functional currency using the dollar of the United States as currency. The income and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency

different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated into Colombian pesos at the closing rate, corresponding to the representative market rate -RMR- at the balance sheet date, certified by the Financial Superintendence of Colombia.
- Items of revenues and expenses are translated into Colombian pesos at the average rate in force at the end of each period, unless there is significant variation, in which case the exchange rates of the date in which the transaction are performed, will be used.
- Equity is kept at the historical exchange rate at the date of acquisition or contribution, and the average exchange rate at the date of generation in the case of cumulative income.
- Exchange differences arising, if applicable, are recognized in other comprehensive income and are accumulated in equity under the heading of gains (losses) for conversion exchange differences (attributed to the non-controlling interest as appropriate).

Both the goodwill arising on the acquisition of a foreign operation, and the fair value adjustments made on the carrying amount of assets and liabilities, as a result of the acquisition of a foreign operation, will be treated as assets and liabilities of same. This means that they will be expressed in the same functional currency of the business abroad, and will be translated at the closing exchange rate, taking into account whether it belongs to a hyperinflationary economy or not.

d. All significant balances and transactions among ISA and the subsidiaries were eliminated in the consolidation process.

e. Changes in ownership interests of ISA and its companies in a subsidiary that do not result in loss of control are accounted for within equity. The carrying amount of the shares owned by ISA and its companies and the non-controlling interest are adjusted to reflect changes in their corresponding share in the subsidiary. Any difference between the amount under which the non-controlling interest and the fair value of the consideration paid or received was adjusted, is recognized directly in equity and is attributed to the owners of the controlling entity. When control of a subsidiary is lost, the gain or loss on disposal is calculated as the difference between:

- The aggregate fair value of the consideration received and the fair value of the share retained and,
- The previous carrying amount of the assets (including goodwill) and the liabilities of the subsidiary and the non-controlling interest.

Accounting policies of Group's subsidiaries apply evenly with ISA, in order to ensure consistency in the Group's financial information, appropriate basis for consolidation.

In the investments in associates and joint controlled entities, the parent company applies the equity method in its Consolidated Financial Statements.

Associate is an entity over which the parent is able to exercise significant influence, through the power to participate in decisions about its operating and financial policies.

In general, significant influence is presumed in those cases in which the Group holds a stake above 20%, although it should be assessed as well as the control.

Joint controlled is an agreement whereby the parties that have joint control have rights to the net assets of the entity. Joint control occurs only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The equity method is an accounting method whereby the investment is initially recorded at cost and adjusted for post-acquisition change in the Company's participation in net Assets of the entity. The income of the period and other comprehensive income of the Company include its share of the income for the period and other comprehensive income of the entity.

The dividends received from these companies are recorded as lower value of investment.

Transactions involving a loss of significant influence over an associate or joint controlled entity are accounted for by recognizing any retained stake by its fair value and the gain or loss resulting from the transaction is recognized in income for the period including the corresponding items of other comprehensive income.

For transactions not involving a loss of significant influence in the associate or joint controlled entity, the equity method remains being applied and the portion of the gain or loss recognized in other comprehensive income relating to the reduction in the share of the property is reclassified in income.

The consolidated financial statements as of December 31, 2015 were authorized for disclosure by the Board of Directors at meeting held on February 26, 2016.

The following figures were taken from the separate financial statements from ISA, its subsidiaries and the jointly controlled entities, as of December 31, 2015 and 2014, according to Decree 2784/2014 and in the consolidation currency (Colombian peso):

SUBSIDIARIES

COMPAÑY	DECEMBER 2015 ASSETS	LIABILITIES	EQUITY	PROFIT (LOSS)
Interconexión Eléctrica S.A. E.S.P. –ISA–	11.019.845	3.556.335	7.143.448	320.062
INTERCOLOMBIA S.A. E.S.P.	285.247	206.879	53.991	24.377
ISA Capital do Brazil S.A.	1.627.891	1.100.207	656.261	(128.577)
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	5.414.443	1.224.332	3.873.568	316.543
Interligação Elétrica de Minas Gerais S.A. –IEMG–	139.884	42.040	87.133	10.711
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	469.849	127.097	286.118	56.634
Interligação Elétrica Serra do Japi S.A.	269.425	80.190	165.960	23.275
Evrecy Participações Ltda.	45.395	2.278	34.430	8.687
Interconexión Eléctrica ISA Peru S.A.	144.977	45.434	84.335	15.208
Red de Energía del Peru S.A. –REP–	1.646.262	1.011.030	530.285	104.947
Consorcio Transmantaro S.A.	3.414.251	2.293.787	1.051.944	68.520
Proyectos de Infraestructura del Peru S.A.C. –PDI–	229.130	215.363	9.604	4.163
Interconexión Eléctrica ISA Bolivia S.A.	167.610	79.962	62.891	24.757
TRANSELCA S.A. E.S.P.	1.334.479	667.619	622.994	43.866
XM, Compañía de Expertos en Mercados S.A. E.S.P.	333.303	307.986	16.605	8.712
Sistemas Inteligentes en Red S.A.S.	17.077	9.008	3.743	4.326
INTERNEXA S.A.	435.558	263.672	150.023	21.863

COMPAÑY	DECEMBER 2015 ASSETS	LIABILITIES	EQUITY	PROFIT (LOSS)
INTERNEXA en Peru S.A.	219.630	200.333	18.476	821
INTERNEXA en Chile S.A.	59.354	58.873	8.887	(8.406)
Transamerican Telecommunication S.A.	21.217	8.643	12.876	(302)
INTERNEXA Participações S.A.	131.922	271	132.321	(670)
INTERNEXA en Brazil Operadora de Telecomunicações	284.925	172.337	130.919	(18.331)
ISA Inversiones Chile Ltda.	1.398.277	663	1.394.156	3.458
ISA Inversiones Maule Ltda.	1.083.193	313.131	828.082	(58.020)
INTERVIAL CHILE S.A.	2.260.231	90.920	2.181.080	(11.769)
Ruta de la Araucanía Sociedad Concesionaria S.A.	1.205.311	912.796	264.282	28.233
Ruta del Maipo Sociedad Concesionaria S.A.	4.753.132	3.470.303	1.116.459	166.370
Ruta del Maule Sociedad Concesionaria S.A.	624.147	376.260	283.576	(35.689)
Ruta del Bosque Sociedad Concesionaria S.A.	744.232	607.888	119.575	16.769
Ruta de los Ríos Sociedad Concesionaria S.A.	606.787	460.180	121.249	25.358
LINEAR SYSTEMS RE LTD.	27.276	24.220	1.638	1.418
INTERCHILE S.A.	742.202	261.351	478.406	2.445
INTERVIAL COLOMBIA S.A.S.	1.465	197	1.415	(147)
Fondos de Inversión Referenciado DI Bandeirantes	148.351	11	117.362	30.978
Fondo de Inversión Xavantes Referenciado DI	206.992	16	204.447	2.529
Patrimonio Autónomo Betania	7.929	-	8.393	(464)

COMPAÑY	DECEMBER 2014 ASSETS	LIABILITIES	EQUITY	PROFIT (LOSS)
Interconexión Eléctrica S.A. E.S.P. –ISA–	9.830.042	3.235.130	6.371.768	223.144
INTERCOLOMBIA S.A. E.S.P.	227.618	167.200	55.548	4.870
ISA Capital do Brazil S.A.	1.822.286	1.280.033	640.334	(98.081)
Companhia de Transmissão de Energia Elétrica Paulista –CTEEP–	6.054.325	1.427.398	4.351.955	274.972
Interligação Elétrica de Minas Gerais S.A. –IEMG–	151.448	53.886	97.352	210
Interligação Elétrica Pinheiros S.A. –IE PINHEIROS–	476.672	171.643	293.894	11.135
Interligação Elétrica Serra do Japi S.A.	238.818	86.925	127.684	24.209
Evrecy Participações Ltda.	52.291	8.841	34.502	8.948
Interconexión Eléctrica ISA Peru S.A.	97.919	22.043	63.989	11.887
Red de Energía del Peru S.A. –REP–	1.242.853	780.637	399.381	62.835
Consorcio Transmantaro S.A.	2.267.694	1.514.515	706.978	46.201
Proyectos de Infraestructura del Peru S.A.C. –PDI–	85.519	72.707	8.998	3.814
Interconexión Eléctrica ISA Bolivia S.A.	134.819	78.010	48.507	8.302
TRANSELCA S.A. E.S.P.	1.319.200	762.685	509.641	46.874
XM, Compañía de Expertos en Mercados S.A. E.S.P.	324.080	303.592	9.513	10.975
Sistemas Inteligentes en Red S.A.S.	14.205	8.202	3.493	2.510
INTERNEXA S.A.	419.269	250.027	98.467	70.775
INTERNEXA en Peru S.A.	163.603	149.660	9.829	4.114
INTERNEXA en Chile S.A.	54.674	53.744	8.926	(7.996)
Transamerican Telecommunication S.A.	23.311	12.816	14.142	(3.647)

COMPAÑY	DECEMBER 2014 ASSETS	LIABILITIES	EQUITY	PROFIT (LOSS)
INTERNEXA Participações S.A.	130.459	3	131.982	(1.526)
INTERNEXA en Brazil Operadora de Telecomunicações	45.936	40.087	13.181	(7.332)
ITX Capital Participações Ltda.	208.303	99.767	114.143	(5.607)
ITX Investimentos (formerly Nelson Quintas Investimentos Globais Ltda. –NQIG–)	17.263	1	17.270	(8)
ITX RJ SVA (formerly IPNET Serviços de Internet Ltda.)	2.924	655	(2.763)	5.032
ITX RJ Operadora (formerly Nelson Quintas Telecomunicações do Brazil Ltda. –NQT–)	41.424	7.254	21.962	12.208
ISA Inversiones Chile Ltda.	1.140.922	85	1.134.222	6.615
ISA Inversiones Maule Ltda.	914.997	260.706	692.959	(38.668)
INTERVIAL CHILE S.A.	1.928.628	83.676	1.854.148	(9.196)
Ruta de la Araucanía Sociedad Concesionaria S.A.	1.074.989	841.504	218.408	15.077
Ruta del Maipo Sociedad Concesionaria S.A.	4.048.253	3.033.643	915.533	99.077
Ruta del Maule Sociedad Concesionaria S.A.	843.480	589.153	256.677	(2.350)
Ruta del Bosque Sociedad Concesionaria S.A.	718.796	584.679	114.614	19.503
Ruta de los Ríos Sociedad Concesionaria S.A.	577.494	442.326	110.277	24.891
LINEAR SYSTEMS RE LTD.	1.195	109	1.178	(92)
INTERCHILE S.A.	175.773	102.121	76.386	(2.734)
INTERVIAL COLOMBIA S.A.S.	416	2	1.018	(604)
Fondos de Inversión Referenciado DI Bandeirantes	233.213	17	206.437	26.759
Fondo de Inversión Xavantes Referenciado DI	199.851	16	197.862	1.973
Patrimonio Autónomo Betania	8.432	-	8.971	(539)

JOINTLY CONTROLLED ENTITIES

2015 FINANCIAL INFORMATION				
COMPAÑY	ASSETS	LIABILITIES	EQUITY	PROFIT (LOSS)
Interligação Elétrica Madeira S.A. –IEMADEIRA–	4.276.688	2.660.930	1.615.758	195.435
Interligação Elétrica Norte Nordeste S. A. –IENNE–	580.368	266.638	313.730	23.822
Interligação Elétrica Sul S. A. –IESUL–	247.687	65.756	181.931	3.139
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–	950.482	411.268	539.214	44.910
Transnexa S.A. E.M.A.	37.402	41.050	(3.648)	(5.743)
Derivex S.A.	901	448	453	(410)
Interconexión Eléctrica Colombia - Panamá S.A. –ICPP–	19.191	576	18.615	(2.907)
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.- ICPC	412	13	399	(118)

2014 FINANCIAL INFORMATION				
COMPAÑY	ASSETS	LIABILITIES	EQUITY	PROFIT (LOSS)
Interligação Elétrica Madeira S.A. –IEMADEIRA–	4.507.782	2.870.153	1.637.629	118.587
Interligação Elétrica Norte Nordeste S. A. –IENNE–	611.648	287.901	323.747	14.107
Interligação Elétrica Sul S. A. –IESUL–	268.089	74.191	193.898	2.176
Interligação Elétrica Garanhuns S.A. –IE GARANHUNS–	802.494	465.311	337.183	32.911
Transnexa S.A. E.M.A.	28.884	27.224	1.660	5
Derivex S.A.	840	279	561	(870)
Interconexión Eléctrica Colombia - Panamá S.A. –ICPP–	11.361	250	11.111	1.406
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.- ICPC	528	11	517	4

2.2 Accounting principles

The Business Group prepares its financial statements in accordance with the standards of accounting and financial reporting -NCIF-, for its acronym in Spanish, adopted by the Colombian General Accounting Office, established in Law 1314 of 2009, regulated by Resolution 743 of 2013 of the General Accounting Office and all its subsequent amendments and Regulatory Decree 2784 of 2012 and all its subsequent amendments. These accounting and financial reporting standards correspond to the International Financial Reporting Standards (IFRS) officially translated and authorized by the International Accounting Standards Board (IASB) as of December 31, 2012.

2.3 Adoption of new standards and interpretations

STANDARDS OF ACCOUNTING AND FINANCIAL REPORTING ACCEPTED IN COLOMBIA, ISSUED BUT NOT YET IN FORCE

Article 2.1.2 of book 2, Part 1 of Decree 2420 of 2015 as amended by Decree 2496 of 2015 includes the standards that have been issued by the IASB and adopted in Colombia that will become in effect in years subsequent to 2015.

- **New Standards of Accounting and Financial Reporting (NCIF) accepted in Colombia in force from January 1, 2016.**

DISCLOSURE OF RECOVERABLE VALUE OF NON-FINANCIAL ASSETS THAT AMENDS IAS 36 IMPAIRMENT OF ASSETS (MAY 2013)

This amendment reduces the cases in which disclosures on the recoverable value of assets or cash generating units are required, it clarifies these disclosures and introduces the express requirement of disclosing the discount rate used to determine impairment (or their reversions) in which the recoverable value is determined by using the present value.

IFRIC 21 LEVIES – NEW INTERPRETATION (MAY 2013)

The interpretation intends to provide guidance on the circumstances under which a liability must be recognized by liens, in accordance with IAS 37. In this regard, the IFRIC may be applied to any situation that leads to a current obligation of paying taxes or levies to the State.

NOVATION OF DERIVATIVES AND CONTINUATION OF THE HEDGE ACCOUNTING THAT AMENDS IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT (JUNE 2013)

Under this standard it would not be necessary to cease applying hedge accounting to novated derivatives that meet the criteria detailed by the standard.

ANNUAL IMPROVEMENTS TO IFRS: CYCLE 2010-2012 (DECEMBER 2013):

IFRS 2 Share-based payments; IFRS 3 Business Combinations; IFRS 8 Operating Segments; IAS 16 Property, plant and equipment, IAS 24 Related party disclosures; IAS 38 Intangible assets.

THE AMENDMENTS APPLICABLE TO THE COMPANY INCLUDE:

IFRS 8 OPERATING SEGMENTS

Amendments are retrospectively applied and clarify that:

- If the other party, regardless of the reason, fails to provide service during the concession period, the service condition is not met
- An entity must disclose the judgments made by the management to apply the aggregation criteria of paragraph 12 of IFRS 8; this includes a brief description of the operating segments that have been added and the economic indicators (for example, sales and gross margins) which have been evaluated to determine that the added operating segments share similar economic characteristics.
- It is required to disclose reconciliation between segment assets and total assets only if the reconciliation is reported to the highest authority in the decision-making of the entity operation, according to the disclosure required for the segment liabilities.

IAS 16 PROPERTY, PLANT AND EQUIPMENT AND IAS 38 INTANGIBLE ASSETS

The amendment is retroactively applied and clarifies in IAS 16 and IAS 38 that an asset may be revalued in reference to observable data, either by adjusting the gross carrying amount of the asset at fair value or by adjusting the gross amount and the accumulated depreciation or amortization proportionally so that the resulting carrying value is equal to the fair value. In addition, the accumulated depreciation or amortization is the difference between the gross amount and the carrying value of assets.

IAS 24 DISCLOSURE OF INFORMATION ABOUT RELATED PARTIES

The amendment is retroactively applied and clarifies that a management entity (an entity that provides services of key management personnel) is a related party subject to related party disclosures. In addition, a Company that uses a management entity is obliged to disclose the expenses incurred for management services. This amendment is not relevant for the firm, since it does not receive management services from other entities.

ANNUAL IMPROVEMENTS TO IFRS: CYCLE 2011-2013 (DECEMBER 2013):

IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 13 Fair Value Measurement; IAS 40 Investment Property

THE AMENDMENTS APPLICABLE TO THE COMPANY INCLUDE:

IFRS 3 BUSINESS COMBINATIONS

The amendment is prospectively applied and clarifies the exceptions of scope within IFRS 3:

- Joint agreements, and non-joint businesses are out of the scope of IFRS 3
- This exception in the scope applies only to the accounting of joint agreement financial statements

IFRS 13 FAIR VALUE MEASUREMENT

The amendment is prospectively applied and clarifies that the exception of portfolio in IFRS 13 can be applied not only to the financial assets and financial liabilities, but also for other contracts within the scope of IAS 39.

IAS 40 INVESTMENT PROPERTY

The description of ancillary services of IAS 40 makes difference between investment property and property occupied by the owner (for example, property and equipment). The amendment is prospectively applied and clarifies that IFRS 3, and not the description of ancillary services under IAS 40, is used to determine whether the transaction is the acquisition of an asset or a business combination.

The company is in the process of analysis and assessment of impacts of those standards that will come into effect and that are applicable to the same. The Company has not adopted in advance any standard, interpretation or amendment issued but not yet in force.

DEFINED BENEFIT PLANS: CONTRIBUTIONS TO EMPLOYEES, WHICH AMENDS IAS 19 EMPLOYEE BENEFITS (NOVEMBER 2013)

IAS 19 requires that an entity considers the remuneration to employees or third parties in the accounting of the defined benefit plans. When remuneration is linked to the service, they should be attributed to periods of service as a negative benefit. These amendments clarify that if the amount of remuneration is independent from the number of years of service, an entity may recognize such remuneration as a reduction in the cost of the service in the period in which the service is provided, instead of assigning the remuneration to periods of service.

IFRS 9: FINANCIAL INSTRUMENTS, HEDGE ACCOUNTING AND AMENDMENTS TO IFRS 9, IFRS 7 AND IAS 39 (NOVEMBER 2013).

This amendment changes the following main aspects:

- It add a new chapter about hedge accounting in which introduces a new model where accounting and risk management are aligned and introduces improvements with regard to the disclosure of these topics.
- It introduces improvements to the reporting of changes in the fair value of the entity debt within IFRS 9 more easily available
- It removes the effective date of mandatory application of IFRS 9.

- **New Standards of Accounting and Financial Information (NCIF) accepted in Colombia, applicable from January 1, 2017 (with early adoption allowed), excepted IFRS 15 applicable from January 1, 2018**

IFRS 9 FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

In July 2014, the IASB released the final version of IFRS 9 Financial Instruments that collects all the phases of the financial instruments project and supersedes IAS 39 Financial Instruments: measurement and classification and all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, impairment and hedge accounting. IFRS 9 is to be applied on periods beginning on January 1, 2018 although Decree 2420 has established the same for January 1, 2017 and earlier application is allowed. Retroactive application is required, but comparative information is not required to be amended. Earlier application is permitted for previous versions of IFRS 9 (2009, 2010 and 2013) if the date of initial application is prior to February 1, 2015.

ANNUAL IMPROVEMENTS OF IFRS, CYCLE 2010 – 2012

These improvements are effective from July 1, 2014. The improvements include the following amendments:

IFRS 15 REVENUES FROM ORDINARY ACTIVITIES FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was published in May 2014 and establishes a new five-step model applied to revenues from contracts with customers. In accordance with IFRS 15 the revenue is recognized by an amount that reflects the consideration that an entity expects to have in return for the transfer of goods or services to a customer. The principles of IFRS 15 entail a more structured approach to measure and record revenues.

This new standard is applicable to all entities and will repeal all previous standards for revenue recognition. A total or partial retroactive application is required for fiscal years beginning on January 1, 2018, allowing advance application.

AMENDMENTS TO IFRS 11: ACCOUNTING FOR ACQUISITIONS OF INTEREST IN JOINT OPERATIONS

Amendments to IFRS 11 require that a joint operator should record the acquisition of interest in a joint operation, which constitutes a business, by applying the relevant principles of IFRS 3 for accounting business combinations. The amendments also clarify that interest previously held in the joint operation will not be revalued in the acquisition of additional interest while the joint control is held. Additionally, an exception has been added to the scope of these amendments for not applying the same when the parties that share joint control are under the common control of an ultimate holding company.

The changes are to be applied to the initial acquisitions of interest in a joint operation and acquisitions of any additional interest in the same joint operation. They will be prospectively applied to fiscal years beginning on January 1, 2016, although its early implementation is allowed.

AMENDMENTS TO IAS 16 AND IAS 38: CLARIFICATION OF ACCEPTABLE METHODS OF AMORTIZATION

These amendments clarify that the revenues reflect a pattern of obtaining benefits arising from the exploitation of a business (which includes the asset), rather than the economic benefits consumed by the use of the asset. Therefore, the fixed material asset cannot be amortized using an amortization method based on revenues and it can only be used in very limited circumstances to amortize intangible assets. These amendments will be prospectively applied for fiscal years beginning on January 1, 2016, although they can be applied in advance.

AMENDMENTS TO IFRS 10 AND IAS 28: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATES OR JOINT VENTURES

The amendments address the conflict between IFRS 10 and IAS 28 in the treatment of loss of control of a subsidiary that is sold or contributed to an associate company or joint venture. The amendments clarify that gain or loss resulting from the sale or contribution of assets that constitutes a business, as defined in IFRS 3, between the investor and its associate company or joint venture is recognized in its entirety. However, any gain or loss arising from the sale or contribution of assets which do not constitute a business, is only recognized up to the interest of investors not related to the associate or joint venture. These amendments should be prospectively applied and are effective for fiscal years beginning on or after January 1 2016; early adoption is allowed.

ANNUAL IMPROVEMENTS CYCLE 2012-2014

These improvements are effective for fiscal years beginning on or after January 1, 2016; early adoption is permitted. They include:

IFRS 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets (or disposal groups) are generally prepared either through sale or distribution to their owners. The amendment clarifies that the change from one of the methods of disposal to another would not be considered a new plan of disposal but a continuation of the original plan. Therefore, there is no interruption in the application of the requirements of IFRS 5. This amendment should be prospectively applied.

IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES

(i) Servicing Contracts

The amendment clarifies that a servicing contract that includes a fee may constitute continuous involvement in a financial asset. An entity must assess the nature of the fee and the agreement against the guide of continuous involvement under IFRS 7 in order to assess whether disclosures are required. The assessment of which servicing contracts constitute a continuous involvement must be retrospectively performed. However, the requirement of disclosure would not have to be provided for a period beginning before the annual period in which the entity applies amendments for the first time.

(ii) Applicability of Amendments to IFRS 7 to Condensed Interim Financial Statements

The amendment clarifies that disclosure requirements of compensation do not apply to interim condensed financial statements, unless such disclosures provide a significant updating of the reported information in the most recent annual report. This amendment should be retrospectively applied

IAS 19 EMPLOYEE BENEFITS

The amendment clarifies that the depth of the high-quality corporate bond market is evaluated based on the obligation currency rather than the country where the obligation is located. When there is no deep market for high-quality corporate bonds denominated in that currency, the rates of government bonds must be used. This amendment should be prospectively applied.

IAS 34 INTERIM FINANCIAL INFORMATION

The amendments clarify that required interim disclosures must be either in its interim financial statements or embedded by cross-referencing between interim financial statements and wherever the interim financial information is included (for example, in the management reports or in the reports of risk). The other information within the interim financial information must be available to users in the same conditions as interim financial statements and at the same time. This amendment should be retrospectively applied.

AMENDMENTS TO IAS 1 DISCLOSURE INITIATIVE

Amendments to IAS 1 Presentation of Financial Statements clarify, instead of changing significantly, existing requirements of IAS 1. The amendments clarify:

- The materiality requirements in IAS 1.
- Which specific items in the income statement and OCI and statement of financial position can be disaggregated.
- That entities have flexibility about the order in which the notes to the financial statements are presented.
- That participation of the associates and joint controlled in OCI accounted by using the equity method must be presented together in a single line, and classified among those items that may or may not be later reclassified to the income statement.

In addition, the amendments clarify the requirements which are applied when additional subtotals are presented in the statement of financial position and the income statement and OCI. These amendments are effective for annual periods beginning on or after January 1, 2017; early adoption is allowed.

AMENDMENTS TO IFRS 10, 12 AND IAS 28 INVESTMENT ENTITIES: APPLICATION OF THE CONSOLIDATION EXCEPTION

The amendments address issues which have arisen in the application of the consolidation exception in investment entities under IFRS 10.

The amendments to IFRS 10 clarify that the exception to present consolidated financial statements is applied to the parent company which is a subsidiary of an investment entity, when the investment entity measures all its subsidiaries at fair value.

On the other hand, amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity as such and that provides support services to the investment entity is consolidated. All the other subsidiaries of an investment entity are measured at fair value. When applying the equity method, the amendments to IAS 28 enable investor to leave the measurement of fair value applied by the investment associate entity or joint controlled entity to its participation in the subsidiaries.

These amendments should be retrospectively applied and are effective for annual periods beginning on or after January 1, 2017; early adoption is permitted.

2.4 First application of Standards of Accounting and Financial Information, accepted in Colombia

In accordance with legal regulations, the Business Group prepared the initial statement of financial position as of January 1, 2014, and its transition period is 2014. The Consolidated Financial Statements as of December 31, 2015, are the first Consolidated Financial Statements prepared in accordance with the Standards of Accounting and Financial Information accepted in Colombia, and adopted by the General Accounting Office.

Before the implementation of the NCIF, accepted in Colombia, the Business Group applied the accounting standards issued by the General Accounting Office -CGN-, for its acronym in Spanish, which regulates accounting matters for ISA.

The first-time adoption of the NCIF, accepted in Colombia, requires the Company to apply existing standards and interpretations retroactively. This involves returning to the initial recognition of an item of assets, liabilities and equity and adjust them to the requirements of NCIF, accepted in Colombia from that time to the opening statement of financial position. NCIF, accepted in Colombia, prohibit retroactive application of certain standards and provides voluntary exemptions to this principle of retroactivity.

The application of NCIF in the preparation of the consolidated financial statements involves a number of changes regarding the presentation and measurement standards as were implemented until January 1st, 2014, because certain principles and requirements established by these rules materially differ from those established by the Generally Accepted Accounting Principles in Colombia -GAAP.

RECONCILIATIONS BETWEEN COLOMBIAN GAAP AND NCIF

The following reconciliations provide a quantification of the effects of transition to NCIF as of January 1, 2014, and December 31, 2014 –equity and comprehensive income):

• Equity reconciliation

Equity reconciliation is as follows:

		1/01/2014
Equity according to Previus PCGA		**7.451.477**
Equity according to NCIF		**6.213.719**
Equity variation		**(1.237.758)**
PLUS		
Recognition cost attributed assets	(1)	3.088.760
Difference of comprehensive income mainly explained by:		
The reversal of amortization expenses of deferred debt costs under local standard in Ruta de la Araucanía, Ruta de los Ríos and ISA Capital and lower amortization expenses from goodwill recorded on the purchase of INTERVIAL CHILE.		67.208
Recognition finance lease	(2)	8.060
Elimination amortization easements	(5)	5.069
Adjustment of inventories at net value of realization less sales cost		1.425
LESS		
Elimination of Colombian standard valuations	(1)	(2.881.680)
Adjustment to deferred tax and other adjustments	(4)	(694.941)
Elimination of inflation adjustments	(1)	(461.614)
Recognition of employee benefits	(3)	(108.881)
Amortization of deferred debt costs under local standard in Ruta de la Araucanía, Ruta de los Ríos and ISA Capital		(96.104)
Adjustment goodwill from purchase of INTERVIAL CHILE		(88.206)
Adjustment other financial instruments to fair value		(62.365)
Equity variations from foreign affiliates by translation effect		(16.944)
Other adjustments		3.123
Elimination deferred charges		(668)
		(1.237.758)

	DECEMBER 31 2014
Equity according to Previus PCGA	**8.703.647**
Equity according to NCIF	**6.881.482**
Equity Variation	**(1.822.165)**
PLUS	
Recognition assets attributed cost	3.070.308
Higher results in IFRS from year 2013 of Chilean and Brazilian affiliates	67.208
Elimination amortization easements	67.101
Equity variations of foreign affiliates from translation effect	65.571
Recognition financial leases	2.649
Adjustment of inventories at net realization value less sales cost	1.425
Surplus recognition by equity method in jointly controlled entities	2.475
LESS	
Elimination of valuations according to Colombian standard	(3.327.612)
Elimination of inflation adjustments	(758.357)
Adjustment deferred tax and other adjustments	(514.096)
Adjustment goodwill from purchase of INTERVIAL CHILE	(119.904)
Amortization of deferred debt costs under local standard in Ruta de la Araucanía, Ruta de los Ríos and ISA Capital	(111.734)
Recognition of employee benefits	(108.881)
Difference of the total comprehensive income	(80.572)
Adjustment of other financial instruments to fair value	(62.365)
Other adjustments	(14.713)
Elimination of deferred charges	(668)
	(1.822.165)

(1) Property, plant and equipment

The value of most fixed assets at deemed cost was adjusted at the transition date, i.e. January 1, 2014.

- For operating transmission assets such as lines and substations, valuation was made by the methodology of Depreciated Replacement Cost -DRC-.

  For land, buildings and vehicles, the update is performed by technical appraisals and computer equipment, telephone lines, satellites, antennas, furniture and equipment and intangible assets the fair value was allocated in accordance with the historical cost recognized under the Generally Accepted Accounting Principles –GAAP– formerly applied. Inflation adjustments are eliminated.

  The practical effect of this adjustment can be noted as the reclassification of valuations managed in accordance with previous existing rules as higher value of the property, plant and equipment. This value is the basis for calculating depreciation in subsequent years, further considering a technical useful life for each item.

- Assemblies in course for property, plant and equipment was reclassified.
- Adjustment of net value of realization of maintenance assets.
- Adjustment to useful lives.

The value recognized in the opening statement of financial position was used as historical cost for the following years and new positive revaluation of asset values will not be made, but negative revaluations will be made if there is sign of deterioration or loss of value.

(2) Financial Leases

At the date of preparation of the opening statement of financial position, the Group held some contracts, which due to the characteristics described in IAS 17 were classified as finance leases. In contracts classified as finance leases, the Group acts as lessee in some cases and as lessor in others.

(3) Post-employment and long-term employee benefits

The Company made the calculation of pension liabilities in accordance with the methodology of IAS 19, including all benefits to retirees are recognized such as: aid for education and health plan for which recognition was not required under local regulations. Additionally, long-term benefits were recognized by actuarial calculation, by using the projected unit credit methodology. The Company recognized 100% of actuarial profits and losses in its first financial statements under NCIF.

(4) Deferred tax

According to Colombian accounting principles, recognition of deferred tax is made considering only those temporary differences that arise between accounting results and fiscal results. Under NCIF, the method is called "liability method", which considers all temporary differences between the accounting and tax bases of assets and liabilities. The greatest effect took place by the recognition of employee, post-employment and long-term benefits. The greatest effect was basically disclosed by the recognition of the deferred tax on the temporary difference generated by the use of the option of deemed cost at the transition date.

(5) Other

At the date of preparation of the opening statement of financial position, the characteristics of intangibles were analyzed and resulted as follows:

- Energy easements are assets of indeterminate useful life, thus accumulated depreciation is reversed to date.
- Some intangible - deferred charges - did not meet the characteristics contained in IAS 38.

• Reconciliation of total comprehensive income

The following is the reconciliation of total local comprehensive income under NCIF, accumulated as of December 31, 2014:

	AS OF DECEMBER 31, 2014
Total comprehensive income under Previus PCGA	**593.065**
Total comprehensive income under NCIF	**904.807**
Variation total comprehensive income	**311.742**
PLUS	
Lower deferred tax expense in Chilean affiliates	1.256
Reversal of amortization expense from goodwill generated in the purchase of INTERVIAL CHILE	1.231
Incorporation of other comprehensive income associated to:	
Effective portion of swap from Ruta del Maipo and REP	7.786
Pension liabilities from Colombian affiliates	3.928
Translation effect	383.380
LESS	
Higher depreciation expense of fixed assets in Colombian affiliates due to a higher deemed cost	(107.923)
Higher deferred expense in Colombian affiliates	2.019
Other adjustments	3.337
	311.742

2.5 Main judgements and estimates

The preparation of financial statements in accordance with NCIF requires Management of each company to use judgment, estimates and assumptions to determine reported figures of assets and liabilities, the presentation of contingent assets and liabilities at the date of the financial statements, as well as reported figures of revenues and expenses and the application of accounting policies as of December 31, 2015.

Nonetheless, final results could differ from estimates included in the statements of financial position. Management expects that variations, if any, have no significant effect on the statements of financial position.

These estimates are based on the best experience of Management, best use of information available on the date of issuance of these consolidated financial statements and on the best expectations in relation to present and future events; current results may differ from these estimates but are adjusted once they are known.

THE GROUP MANAGEMENT HAS DETERMINED THAT THE MOST SIGNIFICANT JUDGMENTS AND ESTIMATES CORRESPOND TO:

- **Identification of Cash Generating Units –CGU: they are defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.**

- **The identification of CGUs involves significant judgment, mainly in the way how the entities must add its assets.**

- **Definition of hierarchy levels of financial instruments:** (See note 3.12)

- **Lease agreements:** lease agreements may be financial or operational and their classification is based on the extent to which the risks and benefits of ownership of the asset affect lessor or lessee. These risks include the possibility of losses from idle capacity or technological obsolescence, as well as variations in performance due to changes in economic conditions. Benefits may be represented by the expectation of a profitable exploitation throughout the economic life of the asset and the gain from revaluation or realization of a residual value. This classification is made at the beginning of the agreement and is not changed during its term, unless lessee and lessor agree to change the terms of the lease.

- **Disbursements incurred by concessions recognized as intangibles, or as financial asset, in accordance with the guidelines of IFRIC 12:** The Management of each company that holds concession arrangements, determines the disbursements capitalized as intangibles or determines the financial assets by cash flows to be received, based on the requirements provided in the concession arrangements signed with the respective governments, which provide the infrastructure and other assets that should be part of the concession granted, the same that will be delivered to the grantor at the end of the relevant terms. Those goods acquired by each of these companies, with the purpose of providing support to the operations inherent to the concessions granted, but not included in the goods of such concession, are recorded and classified as fixed assets or supplies, depending on their nature.

- **Provision for value impairment:** the estimate for doubtful accounts is established if there is objective evidence that the Company may not recover the amounts of debts according to the original terms of the sale or services rendered. To this end, the Group Management and each company in particular periodically evaluate the adequacy of the estimate through the aging analysis of accounts receivable and collectability statistics held by the Company. The estimate for doubtful accounts is recorded against income in the year where their need is determined. In the opinion of the Group Management, this procedure allows to reasonably estimate the provision for bad debts, in order to adequately cover the risk of loss in accounts receivable, according to market conditions where the Company operates.

- **Estimated recoverable amount of a non-financial asset:** the carrying value of non-financial assets, excluding deferred taxes is reviewed at each balance sheet date to determine whether there is indication of impairment. If there are indications, the recoverable amount of the asset is estimated and charged to income for the year.

- **Useful life and residual values of property, plant and equipment:** the determination of useful lives and residual values of the components of property, plant and equipment involves judgments and assumptions that could be affected if circumstances change. The Management of each company of the Group reviews these assumptions periodically and adjusts them prospectively if any change is identified.

- **Useful life of intangible assets (concessions) and their extensions:** Useful life of intangibles by concessions, mainly extensions, is estimated and recorded depending on the closing date of the concession arrangement, that is, in terms of the remaining useful life of each extension.

- **Provision for legal and administrative proceedings:** the estimate of loss contingencies necessarily involves an exercise of judgment, probability of occurrence and is a matter of opinion. In estimating loss contingencies in legal proceedings that are pending against ISA and its companies, legal advisors analyze, among other things, the merits of the claims, the jurisprudence of the courts involved and the current status of proceedings, and based on the same, they estimate the value of the provision.

- **Recovery of deferred tax assets:** the use of professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. Deferred tax assets require the Group Management to assess the likelihood that the companies will generate taxable income in future periods to use the deferred tax assets. Estimates of future taxable revenues are based on financial projections and application of tax laws existing in each jurisdiction. To the extent that future cash flows and taxable revenues materially differ from estimates, this could have an impact on the ability of the Company to realize the net deferred tax assets recorded at the reporting date. Additionally, future changes in tax laws could limit the ability of the companies to obtain tax deductions in future periods. Any difference between estimates and effective further disbursements is recorded in the year in which it occurs.

- **Provision for significant replacements and maintenance:** under the concession arrangements, the costs of significant replacements and maintenance, necessary to keep the infrastructure in the conditions required are estimated and recorded as expense and a provision at the closing of each annual period, in terms of the condition factors and aging of the transmission lines and substations, with respect to which a qualitative analysis is performed (weather conditions, number of technical failures, technical inspections) and quantitative analysis (samples, physic-chemical and lab analysis) annually performed by the maintenance area and, based on such factors, an estimate of disbursements for maintenance and significant replacements is made, taking into account the current market prices for parts to be replaced.
Based on the budget of capital expenses prepared, the companies apply inflation indexation to the cash outflows, and to update the provision for significant replacements and maintenance, they apply an annual rate free of risk considering the current market conditions and the specific related risk of liabilities.

- **Traffic projections for concessions:** To estimate the concession term by the MDI (Mechanismo de Distribución de Ingresos- Revenue Distribution Mechanism) for concessions Ruta del Maipo, Ruta del Maule, Ruta del Bosque and Ruta de la Araucanía, Chilean concessionaires, traffic studies are performed by an independent entity based on GDP projections and local variables according to the concession.

- **Employee benefits:** the cost of defined benefit pension plans and other post-employment medical benefits and the present value of pension obligations are determined by using actuarial valuations. Actuarial valuations involve making several assumptions that may differ from actual future events. These include determining the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, the calculation of the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on the specific country's public mortality rates. The future wage increases and pension increase are based on expected future inflation rates for each country (See note 18 Employee benefits).

2.6 Functional currency and currency of presentation

The items included in the consolidated financial statements are expressed in the primary economic environment in which the parent company operates –Colombian Pesos.

2.7 Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Gains and losses from exchange differences resulting from the payment of such transactions and from the translation at exchange rates at year-end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Gains from exchange related to loans, cash and cash equivalent are presented in the statement of comprehensive income under "financial income" item. Losses from exchange are presented in the statement of comprehensive income in the "financial expenses" item.

• Rates used

Transactions and balances in foreign currencies are translated at current exchange rates certified by the Central Bank in Colombia or official banks from the main countries where the Company carries out transactions.
The exchange rates used for the preparation of consolidated financial statements as of December 31, 2015 and 2014, expressed in Colombian pesos, were as follows:

Average rates: For translation of comprehensive income statement balances:

CURRENCY	2015	2014	2013
COP / DOLLAR USD	2.746,47	2.000,68	1.868,90
COP / REAL	824,38	850,05	866,03
COP/ CLP	4,20	3,51	3,77
REAL / DOLLAR USD	3,33	2,35	2,16
CLP / DOLLAR USD	654,07	570,37	495,31

Closing rates: For translation of statement of financial position balances:

CURRENCY	2015	2014	2013
COP / DOLLAR USD	3.149,47	2.392,46	1.926,83
COP / REAL	806,56	900,71	822,52
COP/ CLP	4,43	3,94	3,67
REAL / DOLLAR USD	3,90	2,65	2,34
CLP / DOLLAR USD	710,16	606,75	524,61

2.8 Classification of balances as current and non-current

In the accompanying statement of financial position, balances could be classified according to their maturities, i.e., current are those with maturities equal to or below twelve months, except provisions for post-employment obligations and the like, and as non-current for maturities exceeding such period.

3. Main accounting policies

The main accounting practices and policies applied in the preparation of the accompanying consolidated financial statements are as follows:

3.1 Business combination and goodwill

A business combination should be accounted by using the acquisition method. The consideration for each acquisition is measured at fair value, which is calculated as the aggregate fair value at the date of acquisition of the transferred assets, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the company acquired. Costs related to the acquisition are recognized in profit or loss when incurred.

Identifiable assets acquired and liabilities assumed are recognized at their fair value at the acquisition date, except that:

- The deferred tax assets or liabilities and liabilities or assets related to employee benefit agreements are recognized and measured in accordance with IAS 12 Income Tax and IAS 19 Employees Benefits, respectively;
- Liabilities or equity instruments related to payment agreements based on shares from the acquired company or payment arrangements based on Group shares made in replacement of agreements with payment based on shares from the acquired company are measured in accordance with IFRS 2 Share-based payments at the acquisition date; and
- The assets or the group of assets for disposal that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations are measured in accordance with such Standard.

If the initial accounting for a business combination can be determined only provisionally at the end of the period in which the combination was made, because the fair values to distribute to identifiable assets, liabilities and contingent liabilities of the acquired or the cost of the combination can be determined only provisionally, the combination will be accounted for by using these provisional values; these values will be adjusted when the fair values of assets and liabilities are objectively determined until a period of twelve months after the date of acquisition.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and it is included as part of the consideration transferred in a business combination. Changes in the fair value of contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed of one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent registration of changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. The contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent cancellation is recorded in equity. Contingent consideration that is classified as an asset or liability is re-measured at its reporting date in accordance with IAS 39, or IAS 37 where appropriate, with the resulting gain or loss recognized in profit or loss.

In cases of business combinations carried out in stages, the equity of the Group in the acquired company is re-measured at its fair value at the acquisition date (i.e., the date on which the Group obtained control) and the resulting profit or loss, if any, is recognized in profit or loss. The amounts resulting from the participation in the acquired company prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified in profit or loss, provided that such treatment would be appropriate, if such participation is sold.

If the initial accounting for a business combination is not completed at the end of the financial period in which the combination takes place, the Group reports provisional amounts for the items. During the measurement period, the acquiring company recognizes adjustments to the provisional amounts or recognizes additional assets or liabilities required to reflect new information obtained about facts and circumstances that existed at the date of acquisition, which if known, would have affected the measurement of amounts recognized at that date.

No business combinations took place during the period comprised between 1/01/2014 and 31/12/2015.

3.1.1 GOODWILL

When the Group acquires control of a business, goodwill is recorded for the difference between the consideration transferred and the fair value of identifiable Assets, liabilities assumed and any non-controlling interest in the acquiree.

Goodwill is not amortized and is subject to annual impairment tests or whenever there are indications that its value has deteriorated. Losses for impairment applied to goodwill are recorded in income for the period and its effect is not reversed.

If the net amounts of identifiable assets acquired and assumed liabilities, exceed the amount of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the interest previously held by the acquirer in the acquiree, then said excess or negative goodwill is recognized directly in income for the period as profit from the purchase for value below the market price.

3.2 Inventories

Inventories are recorded at cost or net realizable value, whichever is less.

For the Group companies, inventories correspond to materials used in the in-

ternal activities of maintenance and conservation of operating assets. They are initially recognized at acquisition cost, which includes all costs incurred in the purchase. Consumption of inventories is determined based on the weighted average cost method.
Inventories are annually tested for impairment or lost value, based on a specific analysis made by management. If impairment takes place, it is recognized in profit or loss of the period.

3.3 Property, plant and equipment

Property, plant and equipment are valued at acquisition cost (historical cost) or construction cost, less depreciation and accumulated impairment losses, if any. In addition to the price paid for the acquisition of each item, the cost also includes, as the case may be, the following:

- Import tariffs and non-recoverable indirect taxes imposed on the acquisition, after deducting trade discounts and rebates.
- All costs directly related to the placing of the asset and the necessary conditions for its operation in the manner intended by Management.
- Loan costs directly attributable to the acquisition of a qualifying asset.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is based, when they are obligations in charge of the Company as a result of using the item during a particular period, for purposes other than production of inventories during that period.

Expenditures for maintenance, preservation and repair of these assets are recorded directly in income as an expense in the period incurred.
Additions and costs of expansion, modernization or improvements are capitalized as higher value of the relevant property, provided they increase their useful life, expand their production capacity and operational efficiency, improve the quality of services, or allow significant reduction costs.
An item from property, plant and equipment is derecognized upon sale or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an asset is determined as the difference between net sales proceeds, if any, and the carrying value of the asset. This effect is recognized in income.

• Safety and environment assets

Certain items from property, plant and equipment may be acquired for safety or environmental purposes. Although the acquisition of such kind of property, plant and equipment does not increase the economic benefits provided by the items of existing property, plant and equipment, it might be necessary for the entity to obtain future economic benefits from the other assets. Safety assets are depreciated linearly over their estimated useful life.

• Assets under construction and assembly

The assets used during the course of construction for management, production, supply or non-defined purposes, are recorded at cost, less any recognized impairment loss. Such property is classified in the appropriate categories of property, plant and equipment when they are ready for their intended use, from which time depreciation of these assets begins i.e., when they are in the location and under the required conditions for operating as intended.

• Loan costs

Loan costs directly attributed to the acquisition, construction or production of

qualifying assets, which are assets that require a substantial period of time for use before being ready for their use, are added to the cost of those assets until such time as they are ready for use. In general terms for the Group, it will be considered a substantial period such having a duration equal or greater than six (6) months. However, in case of periods shorter than such necessary for the construction of a qualifying asset, each company's management will financially support the generation of future profits.

The capitalization rate is based on generic loan costs, divided by the weighted average of the loans received by the Company that are outstanding during the accounting period, excluding loans considered specific.

Capitalization rate = Cost of total loans for the period (excluding specific loans) / Weighted average of loans (excluding specific loans).

The revenue earned from temporary investment in specific loans pending of consumption on qualifying assets is deducted from the loan costs eligible for capitalization.

All other loan costs are recognized in income during the period they are incurred.

Every year, the parent and its companies review the remaining life of the assets, for which a methodology was set, based on the rate of deterioration of each asset associated with an instantaneous rate of failure, which in turn is associated with its effective age. The aging rate is calculated with the effective age and then the estimate life expectancy and remaining life based on international survival curves. This methodology has enabled obtaining more reliable values to estimate the remaining life of the assets, useful input for assets renewal plan and basis of valuation thereof.

Lands are not depreciated as they have an indefinite useful life. Depreciation is calculated using the straight-line method on the cost, based on the estimated useful life of assets.

• Components of assets

A component of a fixed asset is an item that can be seen as part of another asset, but due to its own characteristics, the role it plays and the type of strategies or activities that continue during its technical service life, it may be treated as a separate asset.

The methodology for calculating the remaining life of the asset components is reviewed annually. The estimated useful life is reviewed periodically and, if applicable, it is adjusted prospectively.

3.4 Other non-financial assets

It comprises prepaid expenses mainly including monetary items such as insurance premiums, among others, which are amortized according to the effective term of the respective policies, or time expected to receive benefits.

3.5 Intangibles

An intangible asset is recognized as such when the condition of being identifiable and separable are met, the Group has the ability to control the future economic benefits associated with it and the item will generate future economic benefits.

Intangible assets acquired in a business combination is recognized as goodwill when they do not meet such criteria. (See note 11).

Intangible assets are initially recognized by their acquisition or production cost, and thereafter, they are valued at cost, net of their corresponding accumulated amortization and impairment losses being endured, if applicable.

An intangible asset is derecognized at its disposal, or when no future econom-

ic benefits from its use or disposal are expected. The gain or loss arising from derecognition of an intangible asset, measured as the difference between net revenues from the sale and the carrying amount of the asset, is recognized in income when the asset is derecognized.
Residual values, useful lives and amortization methods are reviewed at each annual period and are applied prospectively if necessary.

• Concessions

IFRIC 12 –Service concession Arrangements- was issued by the IASB in November 2006, with mandatory application from January 1, 2008 for those public service concession arrangements where grantor controls or regulates:

- The services to be provided by the concessionaire by using the infrastructure, to whom are the services provided and at what price; and
- Through ownership, the right of usufruct or otherwise, any residual interest on the infrastructure at the end of the term of the concession contract.

IFRIC 12 also applies for infrastructure:
- Built or acquired by operator to third parties;
- Already existent, to which operator has been granted access for use.

This interpretation establishes the generic principles of recognition and measurement of rights and obligations under the concession contracts and defines the following models:

Financial asset model: when the operator has an unconditional and contractual right to receive cash or other financial asset from the grantor for the specific amounts for the service and the grantor has little or no power to avoid paying under the agreement.

Intangible asset model: When the operator receives from the grantor the right to charge a fee based on the use of infrastructure; the operator will recognize an intangible asset to the extent that it receives a right -a license- to charge users of the utility. The right to charge users is not an unconditional right to receive cash because the amounts are contingent on the extent of use of the service by the public.

Mixed Model: When the contract includes simultaneously commitments of guaranteed remuneration by the grantor and commitments of compensation dependent on the level of use of the infrastructure under concession.
Expansions of infrastructure are recorded as additions to the intangible asset as it is expected that future economic benefits will be generated for the company. Replacements and significant maintenance that the Group must make to the electricity transmission system infrastructure in order to keep standards of quality and reliability of service, required in the concession contract, which do not generate future economic flows for the company, are recorded as part of the provision for significant replacements and maintenance.
Intangible assets from concession contracts are amortized by the straight line method during the effective term of such contract. The amortization expense in intangible assets with limited useful lives is recognized in comprehensive income in the category of expenses that result consistent with the role of such intangible assets.
The costs of renovations, improvements and additions are capitalized, while routine maintenance and repairs that do not extend the useful life of goods is recognized in income of the corresponding period.

The recognized financial asset is classified in the category of loans and receivables under IAS 32 and IAS 39 and presented in the statement of financial position in current and non-current receivables. This asset bears interest using the method of effective interest rate (See note 22).

In general, at ISA's companies holding concessions for provision of utilities, it is understood that the construction of infrastructure performed by the operator, is a service provided to the grantor, other than operation and maintenance service, and as such it is remunerated by the same.

In accordance with the contents of and following IFRIC 12, the revenues related to construction remuneration as well as costs and expenses incurred and hired with suppliers for construction are accrued in income of the period; the difference between income and cost associated to construction correspond to the construction margin that in certain ISA Group concessions was negotiated in terms of the operation.

ISA group periodically tests for impairment those assets related to the concession, or earlier, in case that the events or circumstances indicate that the carrying value exceeds the recoverable value of the assets of the concession. In case there is a difference, it is recognized immediately in the income statement for the year. The cash generating units defined for this treatment are directly associated with each concession contract with their corresponding extensions if any, that is, the assets assigned to the concession, belong to the same cash generating unit.

• Easements

Easements are rights obtained for the use of a strip of land in the installation of a transmission line. It implies restrictions on land use by the owner and authorization to the owner of the line for operations of construction, operation and maintenance.

Such intangibles are permanent rights with an indefinite term for use; although transmission lines related to these easements do have limited life. The Group has the possibility to either replace transmission lines when their useful life ends or use the right of easement acquired for any other service related to energy and telecommunications transmission, which are described in the purposes of creation of the easement. Easements are not amortized, but are tested for impairment on an annual basis.

• Software and licenses

Software is amortized by the straight-line method for a maximum period of three years. Licenses are amortized by the straight-line method for the periods for which it is expected to receive benefits, according to feasibility studies for recovery.

• Research and development costs

Research costs are recognized as expenses as they are incurred. Disbursements for development in a project are recognized as intangible assets when the Group is able to prove:

- The technical feasibility to complete the intangible assets for becoming available for use or sale.
- Its intention to complete the asset and its capacity of using or selling the asset.
- The capacity to use or sell the intangible asset.
- How the asset generates future economic benefits.
- The availability of resources to complete the asset.
- The capacity to reliably measure the disbursement during development.

3.6 Impairment of assets

At the end of each period reported, or before if there is any indication of impairment, the Group evaluates the carrying amounts of its tangible and intangible assets of undefined useful life, to determine whether there is an indication that those assets have suffered any impairment loss. In this case, the recoverable amount of the asset is calculated to determine the extent of the impairment loss.

Under these conditions, provided that the fair value or recoverable amount is less than the carrying amount of assets, ISA and its companies must record such impairment.

The impairment loss is recognized as a lower cost of the asset or asset component that generated the same and as an expense of the period where it was determined.

The recovery of impairment losses on assets cannot exceed the carrying amount that would have been determined, net of depreciation, if the impairment loss for the same had not been recognized in previous periods.

For assets regarding concessions, ISA Group periodically tests assets for impairment, or earlier if any events or circumstances arise.

In the process of estimating the provision for doubtful collection, the Management of each company regularly evaluates market conditions, for which it uses aging of portfolio analysis in accordance with the classification of risks for business operations and overall portfolio. According to the analysis made by Management, it is considered that a receivable is impaired when collection results impossible due to debtors' and guarantors' insolvency, lack of collateral, or any cause that allows considering them as losses in accordance with sound business practice.

When receivables have a high risk of loss without having been provisioned, provided there is objective and express evidence that the flows are not recoverable under the initial terms of the transaction or business, an impairment loss of clients is recognized charged to the comprehensive income statement, under provision for doubtful recovery clients.

Financial assets other than those measured at fair value through profit or loss are assessed at the date of each statement of financial position to establish the presence of indicators of impairment. Financial assets are impaired when there is objective evidence that, as a result of one or more events occurring after the initial recognition, the estimated future cash flows of the investment have been impacted.

Loss due to impairment of financial assets at amortized cost is determined as the difference between the carrying amount of the asset and the present value of future estimated cash flows, discounted at the original effective interest rate of the financial asset.

Investments in subsidiaries, associated entities and joint business are assessed at the date of each statement of financial position to determine the presence of impairment indicators, though the cash flow methodology.

3.7 Leases

Lease is classified as operating and finance lease. Lease that transfers substantially all risks and rewards incidental to ownership of the asset is classified as finance lease, otherwise, it is classified as operating lease.

3.7.1 Finance leases

• When a Group company is the lessee

When a Group company acts as lessee of an asset under finance lease, the cost

of the leased assets is disclosed in the separate statement of financial position, depending on the nature of the asset under lease and, simultaneously, a liability is recorded in the separate statement of financial position for the same value; which is the lower between the fair value of the leased property or the present value of minimum lease payments payable to lessor plus, if applicable, the exercise of the purchase option.
These assets are amortized using the same criteria applied to the items of property, plant and equipment for own use. Lease payments are divided in interest and debt relief. Financial expenses are recognized in the income statement.

• When a Group company is the lessor

When ISA acts as lessor of an asset under finance lease, assets are not presented as property, plant and equipment since the associated risks have been transferred to lessee and in exchange a financial asset is recognized at the present value of the minimum lease payments received from the lease and any unguaranteed residual value.

3.7.2 OPERATING LEASE

Leases in which the ownership of the leased asset and all substantial risks and rewards of the asset remain with lessor.
Payments for operating leases are recognized as expenses -or revenues- in the income statement linearly over the lease term. Contingent payments are recognized in the period in which they occur.
When a Group company makes advance lease payments related to the use of property, these payments are recorded as prepaid expenses and amortized over the term of the lease.

3.8 Financial instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

3.8.1 FINANCIAL ASSETS

Their classification depends on the business model used to manage the financial assets and the characteristics of contractual cash flows of the financial asset; this classification is determined at the time of initial recognition. Financial assets may be current, if their maturity is less than one year; otherwise, they are classified as non-current.

• Financial assets at fair value with changes in income:

Its characteristic is that they are incurred mainly for the purpose of obtaining liquidity management with frequent instrument sales. These instruments are measured at fair value and changes in value are recorded in income when they occur.

• Financial assets at amortized cost:

They correspond to non-derivative financial assets, with known payments and fixed maturities, under which Management has the intent and ability to collect the contractual cash flows of the instrument.
These instruments are measured at amortized cost using the effective interest method. Amortized cost is calculated by adding or deducting any premium or discount over the remaining life of the instrument. Gains and losses are recognized in the income statement when assets are recognized, for amortization or if there is objective evidence of impairment.

• Financial assets at fair value with changes in other comprehensive results

They correspond to investments in equities not held for trading or not corresponding to a contingent consideration from an acquirer in a business combination. For these investments, ISA may choose at initial recognition and irrevocably, to disclose gains or losses on subsequent measurement at fair value in other comprehensive income.

These instruments are measured at fair value. Gains and losses arising from the re-measurement at fair value are recognized in other comprehensive income until derecognition of the asset. In these cases, gains and losses that were previously recognized in equity are reclassified to income of the period.

These financial assets are included in non-current assets unless Management intends to dispose of the investment within 12 months from the date of the statement of financial position.

• Loans and receivables:

Loans and receivables are financial assets issued or acquired by the Group companies for cash, goods or services, which are delivered to a debtor.

Accounts receivable from sales are recognized at the original invoice value, net of accumulated impairment losses, until all risks and benefits are transferred to the third party.

Non-current loans –with term greater than one year from its issue date- are recorded at their amortized cost, using the effective interest method when the amounts involved are material; impairment losses are recognized in income.

These instruments are included in current assets, except for maturities greater than 12 months from the date of the statement of financial position, in which case they are classified as non-current assets.

• Cash and cash equivalents

Cash and cash equivalent in the statement of financial position includes all cash balances and held in banks. For purposes of preparing the cash flow statement and due to their liquidity, temporary investments with original maturities less than 90 days are considered cash equivalents; these accounts are not subject to significant risk of changes in value.

Bank overdrafts payable on demand and that are an integral part of cash management are included as a component of cash and cash equivalents for purposes of the cash flow statement. And for the statement of financial position, the financial accounts disclosing overdrafts are classified as financial obligations.

• Derecognition of financial assets

A financial asset or a portion thereof, is derecognized when sold, transferred, expired or control is lost over the contractual rights or cash flows of the instrument. When substantially all risks and rewards of ownership are retained by ISA, the financial asset continues to be recognized in the statement of financial position for its full value.

3.8.2 FINANCIAL LIABILITIES

All financial liabilities are initially recognized at fair value plus directly attributable transaction costs, except in the case of loans which are initially recognized at fair value of cash received less directly attributable transaction costs.

ISA and its companies determine the classification of their financial liabilities in their initial recognition, which include: financial liabilities at fair value with changes in profit or loss or at amortized cost.

• Financial liabilities at fair value with changes in profit or loss

They include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

• Financial liabilities at amortized cost

They include borrowings received and bonds issued, which are initially recognized at the amount of cash received, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate, recognizing interest expenses based on the effective yield.

• Derecognition of financial liability

The Group will derecognize a financial liability if, and only if, it expires, is canceled or the obligations originating the same have been met. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognized in income.

3.8.3 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING OPERATIONS

Derivative financial instruments are initially recorded at fair value at the date of the transaction being valued on subsequent dates at fair value of those dates. The recognition of gains or losses from changes in fair value depends on the designation made of derivative financial instruments.

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives with respect to foreign currency risk as a fair value hedge, cash flow hedge, or net investment hedge in a foreign operation.

At the inception of the hedge, the entity documents the hedging ratio and objective and risk management strategy of the Company for undertaking the hedge; such documentation will include how the entity will measure the effectiveness of the hedging instrument to offset the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk.

• Fair value hedging

Changes in fair value of derivatives designated and qualified as fair value hedges are recognized immediately in income, along with any changes in fair value of the hedged asset or liability attributable to the hedged risk. The change in fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of income with the hedged item.

Hedge accounting is interrupted by the Company when: the hedging relationship is revoked, the hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting.

Any adjustment to the carrying amount of a hedged financial instrument is amortized to income for the period.

• Cash flow hedging

The portion of changes in fair value of derivatives, determined to be an effective hedge of cash flows, is recognized in other comprehensive income and will be accumulated under the heading "cash flow hedge." The ineffective portion of gain or loss on the hedging instrument is recognized immediately in income in the line "other gains and losses".

Amounts previously recognized in other comprehensive income and accumulated in equity, are reclassified in income of the period in which the hedged item

in income is recognized, in the same line of the statement of comprehensive income/ income from recognized hedged item. However, if the hedge of a forecasted transaction would lead later to the recognition of a non-financial asset or non-financial liability, the gains or losses previously accumulated in equity are transferred and included in the initial measurement of the cost of non-financial asset or non-financial liability.

An entity will discontinue hedge accounting when: the hedging instrument expires, is sold or exercised and no longer meets the requirements for hedge accounting or cash flow hedging operation ceases to be effective; a hedging is deemed to be highly effective when the changes in fair value or cash flows of the underlying directly attributed to the hedged risk, is offset with the changes in the fair value or cash flows of the hedge instrument, with an effectiveness comprised in a range of 85% and 125%. In this case, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income and accumulated in equity will remain separate in equity until the forecasted transaction is recognized in income. When it is no longer expected that the forecasted transaction will occur, any cumulative gain or loss is reclassified from equity to income.

• Hedges of a net investment in a foreign operation:

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument determined to be an effective hedge is recognized in other comprehensive income and accumulated in the foreign business translation reserve. The gain or loss relating to the ineffective portion will be recognized in income and included in the line "other gains and losses".

Gains and losses on hedging instruments related to the effective portion of the hedge accumulated in the foreign business translation reserve are reclassified to income at the time of disposal of the business abroad.

3.8.4 OFFSETTING ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset and reported net in the financial statements if and only if there is a legally enforceable right to the closing date requiring to receive or cancel the amounts recognized for their net amount, and when there is an intention to offset on a net basis to realize the assets and settle the liabilities simultaneously.

3.9 Fair value measurement

The fair value of an asset or liability is defined as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the primary market, i.e., the market with higher volume and level of activity for the asset or liability. In absence of a primary market, it is assumed that the transaction is carried out in the most advantageous market to which the Company has access, i.e., the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

To determine the fair value, the Company uses valuation techniques that are appropriate to the circumstances and on which there are sufficient data for

measurement, maximizing the use of relevant observable input data and minimizing the use of non-observable input data.

In consideration of the hierarchy of input data used in valuation techniques, assets and liabilities measured at fair value can be classified in the following levels:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the data and variables that have a significant effect on the determination of fair value recorded are observable, either directly or indirectly.
- Level III: valuation techniques (there is no observable market information).

By measuring the fair value, the Company takes into account the characteristics of the asset or liability, in particular:

- For non-financial assets, measurement of fair value takes into account the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- For liabilities and equity instruments, the fair value assumes that the liability will not be settled and the equity instrument will not be canceled, nor otherwise extinguish on the measurement date. The fair value of the liability reflects the effect of default risk, i.e. the risk that a Company does not fulfill an obligation, which includes but is not limited to own credit risk of the Company.
- In the case of financial assets and financial liabilities with offset positions in market risk or credit risk of the counterparty, it is allowed to measure the fair value on a net basis, consistently with how market participants would price net risk exposure at the measurement date.

3.10 Operations from the Wholesale Energy Market

In development of the activity of managing the electricity trading system (administración del sistema de intercambios comerciales de energía eléctrica, ASIC) in the wholesale market and acting as agent with representation of the participants in the Colombian electricity market, ISA group through its subsidiary XM, collects on behalf of third parties those monies related to transactions performed by the principals in that market and distributes them to the beneficiary agents.

Such moneys collected are not revenues owned by XM S.A. E.S.P. under any circumstance; therefore, they are recognized as a liability denominated collection on behalf of third parties, represented by cash and current investments of third parties, pursuant to which each amount collected is associated with a beneficial agent in the market; the net balance of assets and liabilities relating to such transactions is zero.

3.11 Provisions

The Provisions are recognized when the Group has a present obligation -whether legal or implicit- as a result of a past event, it is likely that an outflow of resources to settle the obligation is required, and a reliable estimate of the obligation amount can be made.

The amount recognized as provision should be the best estimate of the disbursement required to settle the present obligation at the end of the reporting period, taking into account the risks and associated uncertainties. When a provision is measured using the cash flows estimated to settle the present obligation, its

carrying amount represents the present value of the cash flow -when the effect of the value of money over time is material.

Certain contingent conditions may exist at the date of issuance of the statement of financial position. They may result in a loss for the Group and will only be resolved in the future, when one or more events occur or may occur; such contingencies are estimated by the management and its legal counsels. The estimated loss contingencies necessarily involves an exercise of judgment and is a matter of opinion.

In estimating loss contingency in legal proceedings that are pending against the Group companies, legal advisors analyze, among other things, the merits of the claims, the jurisprudence of the courts involved and the current status of proceedings.

If the assessment of a contingency indicates that it is probable that a material loss will occur and the amount of the liability can be estimated, then it is recorded in the statement of financial position. And if the assessment indicates that a potential loss is not probable and the amount is known, or is probable but the amount of the loss cannot be estimated, then the nature of the contingency is disclosed in a note to the statement of financial position, with an estimate of the probable range of loss. Loss contingencies considered as remote are generally not disclosed.

3.12 Income tax

The expense for income tax for the period comprises current and deferred income tax. Tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. The expense for income tax is recognized in income, except in the case related to items recognized directly in equity, in which case it is recognized in equity.

3.12.1 CURRENT TAX

The current tax payable is based on taxable profits recorded during the year. Taxable profit differs from the profit reported in the income statement because of items of revenues or taxable or deductible expenses in other years and items that are never taxable or deductible. Liabilities for current tax is calculated using tax rates enacted or substantially approved at the end of the period.

Management periodically evaluates positions taken in tax returns with respect to situations where tax laws are subject to interpretation. The Group, where applicable, creates provisions on the amounts expected to be paid to the tax authorities.

3.12.2 DEFERRED TAX

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the statement of financial position and the corresponding tax bases used for determining taxable income. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the assets and liabilities by current tax and are related to income taxes applied by the same tax authority on the same taxable entity.

Deferred tax assets are recognized by all deductible temporary differences, including tax losses, to the extent that it is likely to be taxable income against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses, can be recovered.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that there will be sufficient taxable profits available to allow the use of all or part of the deferred tax asset. The deferred tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

3.13 Employee benefits

Employee benefits include all compensation to employees and former employees related to the provision of services to the entity. These are wages, short and long-term benefits, termination benefits and post-employment benefits.

3.13.1 POST-EMPLOYMENT BENEFITS

• Defined contribution plans

The defined contribution plan is a post-employment benefit in which the Group pays fixed contributions to a pension fund, and which has no legal obligation to pay additional amounts. The obligations for payment of contributions to defined benefit pension plans are recognized as an expense for employment benefits into income in the periods in which the services are rendered by employees.

• Defined benefit plan

In the case of defined benefit plans, the obligation and the cost of such benefits is determined by using the method of the projected unit credit with independent actuarial valuations on an annual basis.

The liability recognized in the statement of financial position regarding defined benefit pension plans is the present value of the obligation set at the date of the statement of financial position, less the fair value of the plan assets, along with adjustments for unrecognized actuarial gains or losses and past service costs.

The present value of the defined benefit obligation is determined by discounting the estimated outflow of cash, using interest rates calculated from the yield curve of Colombian Government bonds –TES B curve-, denominated in Actual Value Units (*Unidades de Valor Real,* UVR with periods near to the terms of the pension obligation until maturity.

Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions, are charged or credited in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in income, unless changes in the pension plan are conditional on the employee to continue in service for a specific period of time –period granting the right. In this case, the past service costs are amortized using the straight-line method during the period granted by the right.

• Other post-employment obligations

The Group provides its pensioners with medical plan benefits, contributions to social security and educational aid after the employment relationship. The right to this benefit generally conditioned that the employee has worked until retirement age.

The obligation and the cost of such benefits are determined through a projected unit credit methodology. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to the comprehensive income statement in the period in which they arise. These obligations are valued annually by qualified independent actuaries.

3.13.2 NON-CURRENT BENEFITS

Some companies of the Group provide their employees with benefits associated with their time of service, such as seniority premium and five-year period payments.

These benefits are discounted to determine their present value, and the fair value of any related asset is deducted; the calculation is performed using the method of projected unit credit. Any actuarial gain or loss is recognized in income in the period concerned. These obligations are valued annually by qualified independent actuaries.

3.13.3 CURRENT BENEFITS

Short-term obligations from employee benefits are recognized as expenses as the related service is provided. Employment obligations are adjusted at the end of each year, based on the laws and labor agreements.

An obligation for the amount expected to be paid within the following cut-off year is recognized when a legal or current constructive obligation is held to pay this amount as a result of a service provided by the employee in the past and the obligation can be estimated with reliability.

3.13.4 PLAN ASSETS

Plan assets correspond to the set of assets used by the Group through subsidiary XM, in virtue of the legal provisions in effect or by own initiative to comply with pension obligations. These resources are recognized following the same policies that would apply if were classified in the other kinds of assets and their restatement is recognized in income of the period. The minimum amount of the reserve must correspond to pension liabilities supported by the actuarial calculation.

3.14 Onerous contracts

Present obligations arising from an onerous contract is recognized as a provision when the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received under the same. To date of the statement of financial position, the Group has no provisions for onerous contracts

315 Recognition of revenues, costs and expenses

Revenues, costs and expenses are recorded based on the principle of accrual.

3.15.1 REVENUES

Revenues are calculated at fair value of the consideration received or receivable, taking into account the estimated amount of any discount, bonus or commercial rebate that the entity may grant.

Revenues from rendering of services are recognized over the contractual period or when services are rendered.

The following criteria apply for the recognition of revenues:

- Revenues from energy transmission and other associated services

Colombian companies –ISA, INTERCOLOMBIA, TRANSELCA and XM– providers of the energy transmission and other related services, are regulated by the Gas and Energy Regulatory Commission (Comisión de Regulación de Energía y Gas, CREG). The revenues by operating costs are recorded at the time of the service. Revenues from energy transmission and road transport are recognized in the accounting period in which they are provided, pursuant to the concession contract. The service provided but not invoiced is recorded according to the energy transmission or toll estimates effectively performed, which does not significantly differ from the subsequent actual invoicing.

- **Due to its special operation, XM defined the following accounting criteria for recognition of regulated revenues:**
- Revenues by investment cost and remuneration of adjustment to maximum regulated revenues: the methodology of recognition of regulated revenues of XM S.A. E.S.P. provides the approval of investment revenues by the adjustment at maximum regulated revenues, which is subject to meeting the five-year investment program or the development of additional assigned activities. For this case, all revenues received are initially recorded as deferred revenues; in

virtue of their origin and nature, they have the nature of revenues and affect various periods where they should be applied or distributed. This deferred revenue will be amortized according to the destination of such funds, either to finance asset acquisition, in which case it will be amortized in the same proportions as the expense is recognized by depreciation and amortization of these assets, or by covering the specific costs or expenses, in which case it will be amortized by the value of the cost or expense covered.

- Remuneration of shareholders' equity. This revenue is recognized at the time that the regulated service is provided

• Revenues from concession arrangements

Revenues from concession applicable to Companies in Brazil, Bolivia, Chile and Peru are measured by the fair value of the consideration received or receivable, taking into account the contractually defined conditions of payment. The following specific criteria must be met to recognize revenue in accordance with the application of IFRIC 12:

- Construction services

  Revenues and costs for construction services of projects are recognized in the comprehensive income statement, according to the method of percentage of completion of projects at the date of statement of financial position. Some Group companies do not recognize any profit margin in the provision of these services because these services are provided, managed and/or monitored by a related company that is recognizing such margin in its financial statements; in Brazil it was determined that the fair value of construction assets consider a sufficient margin to cover costs and expenses incurred in the construction stage.
- Operating and maintenance services

  Revenues from operation and maintenance services to third party facilities are recognized as the service is provided.
- Financial returns of concessions recorded as financial asset:

  Companies that recognize their concessions as financial asset according to IFRIC 12, recognize the interest of the receivable charged to income using the effective interest rate method.
- Revenues from construction contracts

  When the outcome of a construction contract can be estimated reliably, the revenues from ordinary activities and their associated costs should be recognized based on the progress of the work at the end of the reporting period measured on the basis on the proportion that contract costs incurred for work performed to that date represent to total estimated contract costs, except that if this ratio is not representative of the status of completion. Variations in contract works, claims and incentive payments are included to the extent that it can reliably measure the amount and its receipt is considered probable.

  When the outcome of a construction contract cannot be estimated reliably, the revenues from ordinary activities should be recognized only to the extent that it is probable recovering costs incurred in virtue of the contract. Contract costs should be recognized as expenses in the period incurred. Where there is the possibility that the total contract costs will exceed total revenues, the expected loss is recognized as an expense immediately.

When the contract costs incurred to date plus recognized profits less recognized losses exceed billings, the surplus is shown as amounts due from customers for work contract. For contracts where billings based on work progress exceeds the contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as amounts due to customers for work contract. Amounts received before the related work is performed are included in the consolidated statement of financial position as a liability, as an advance payment received.

The amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade accounts receivable and other accounts receivable.

- Earnings from dividends and interest

Earnings from dividends are recognized once shareholders' rights to receive the payment have been established –provided that the economic benefits will flow to the company and ordinary revenues can be measured reliably.

Earnings from interest are recognized when it is probable that the Group companies will receive economic benefits associated with the transaction. Earnings from interest are recorded on a time basis, by reference to the outstanding principal and the effective interest rate applicable, which is the discount rate that exactly matches the cash flows receivable or payable estimated throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability on initial recognition.

3.15.2 GOVERNMENT GRANTS

Government grants are only recognized when there is reasonable assurance that the entity meets the conditions attached to the grant and that the grant will be received.

Other government grants must be recognized as gain or loss on a systematic basis over the periods necessary to match them with the related costs. Government grants whose primary condition is that the Group purchases, constructs or otherwise acquires non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to income on a systematic and rational basis over the useful life of related assets.

In the case of Chilean concessionaire companies –Ruta del Bosque and Ruta de los Ríos- grant is recognized as a lower value of accounts receivable, given that concessions are classified under the financial asset model. These government grants have the following characteristics:

One month after the fourth year of concession and provided that the Provisional Commissioning has been granted for the entire work under concession, the Ministry of Public Works of Chile –MOP- will pay to concessionaire an annual amount expressed in UF and calculated on the bases described by them.

In the event that completed the fourth year of concession, Provisional Commissioning has not been granted for the entire work, such payment will be made one month after such approval, at the UF value on the last day of the month before the payment date.

In the remaining years, the payment will be made on the same date each year. For the last year of the concession, if it deems less than 12 months, payment of the grant will be in proportion to the months it operated effectively.

The benefit of a government loan at an interest rate below the market is treated as a government grant, measured as the difference between the benefits received and the fair value of the loan based on the exchange rate in effect on the date.

3.16 Operation segments

The Group has defined the segment of linear infrastructure management, through which it has business lines: management of linear infrastructure investments, energy transmission, connection to grid and construction services. The Company's corporate strategy is defined by business and management is performed by company.

The business lines of the Group are described below:

- **Management of investments in linear infrastructure:** consists in the management of investments related to linear infrastructure in Energy Transmission, Telecommunications Transport, Road Concessions and Intelligent Management of Real-Time Systems.

- **Energy transmission service:** consists in energy transmission by transmission systems and the operation, maintenance and expansion of transmission systems, either national or regional.

- **Connection to grid:** lines, substations and associated equipment that interconnect the regions.

- **Construction service:** construction services for third party-owned projects.

3.17 Earnings per basic and diluted share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the parent company by the weighted average of common shares outstanding in the year, excluding common shares acquired by the company and held as treasury shares.
Diluted earnings per share is calculated by adjusting the average number of common shares outstanding to simulate the conversion of all dilutive potential common shares. During the 2015, 2014 and 2013 period, the Group did not perform any potential dilutive effect operations that entail diluted earnings per share other than the basic benefit per share.
The parent company primarily trades its shares in the Colombian Stock Exchange.

3.18 Distribution of dividends

Distribution of dividends to shareholders is recognized as a liability in the statement of financial position of each Group company in the period in which the dividends are approved by the Shareholders' Meeting or by the maximum management body of each company, or when the corresponding obligation is in place according to the applicable legal provisions or policies established by the Shareholders' Meeting.

3.19 Capital stock

Common shares are classified as equity. Expenses from issue and placement of shares or options, to the extent they are incremental expenses directly attributed to the transaction, are disclosed in equity as a deduction of the amount received, net of tax, in the "Issue premiums" item, in the case that the issue premiums account has no balance, or the costs pointed out exceed their amount, then they are recorded in "Other reserves".

The repurchase of own equity instruments of the Company, is recognized and deducted directly in equity at acquisition cost and difference with the par value is recognized as a higher or lower value of the premium for placement of shares. Rights are suspended for repurchased own shares and therefore they do not participate in the distribution of dividends.

3.20 Premium for placement of shares

The premium corresponds to the overprice on placement of shares resulting in capital increase operations.

II. NOTES TO FINANCIAL INFORMATION

4. Cash and cash equivalent

The composition of the item as of December 31, 2015 and 2014 is as follows:

		2015	2014	1/01/2014
CASH				
Cash and Banks		471.423	456.772	328.301
Cash equivalent				
Fixed income investments	(1)	548.155	842.946	838.044
Other variable income investments	(2)	9.672	13.912	17.428
Total cash equivalent		**557.827**	**856.858**	**855.472**
Total Cash and cash equivalent		**1.029.250**	**1.313.630**	**1.183.773**

(1) It includes mainly a CDT for COP 3.057 (2014: COP 217.066), Bonds and Securities for COP 9 (2014: COP 98). Current deposits mature in less than three months from the acquisition date and accrue the market interest for such current investments. They also include purchasing operations with repurchase agreements maturing within 90 days from the date of investment.

(2) It basically includes deposits in TRANSELCA trusts for COP 4.807 (2013: COP 12.841) and at ISA fixed income investments correspond to "time deposit" for COP 4.149 (2014: COP 643)

4.1 Management of funds

Subsidiary XM receives moneys from agents to satisfy the payment of Market operations with other agents. Such moneys are not owned by the Company. The Balance of assets and liabilities of third parties as of December 31, 2015 and 2014 and January 1, 2014 are represented in:

		2015	2014	1/01/2014
Assets				
Cash	(1)	210.214	215.578	180.816
Total Assets		**210.214**	**215.578**	**180.816**
Liabilities				
Collections in favor of agents		210.208	215.573	180.812
GMF Reserve	(2)	6	5	4
Total Liabilities		**210.214**	**215.578**	**180.816**
Net		**0**	**0**	**0**

(1) Balances in bank accounts. The use of these moneys is restricted to stock market transactions in accordance with the regulations in effect.

(2) This balance is due to an account payable to XM S.A. E.S.P., and established as provision in bank accounts to cover possible bank expenses and GMF.

5. Restricted cash

The composition of the item as of December 31, 2015 and 2014 is as follows:

	2015	2014	1/01/2014
RESTRICTED CASH	46.553	47.097	123.368
TOTAL RESTRICTED CASH	**46.553**	**47.097**	**123.368**

Restricted cash includes: COP 27.542 by ISA for trusts created with resources for execution of delegated management projects FAER, FAZNI and Variante Ipiales, and management trusts and payments for projects from the Energy Mining Planning Unit (Unidad de Planeación Minero Energética, UPME) and COP 10.460 from ISA Bolivia corresponding to debt reserve.

6. Financial assets

6.1 Accounts receivable

		2015			2014			1/01/2014		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Customers and concessions	(1)	2.021.376	8.884.742	10.906.118	2.149.915	8.438.811	10.588.726	1.758.831	8.764.016	10.522.847
Interest receivable		571	1.115	1.686	267	165	432	273	615	888
Loans to economic related parties	(2)	160	3.090	3.250	-	-	-	-	1.020	1.020
Loans to employees	(3)	8.030	30.795	38.825	7.392	27.432	34.824	7.011	22.895	29.906
Accounts receivable Law 4819 from Government of Brazil	(4)	-	1.197.258	1.197.258	-	1.187.454	1.187.454	-	954.576	954.576
Account receivable VAT M.O.P	(5)	83.574	-	83.574	56.876	-	56.876	13.672	-	13.672
Other debtors	(6)	128.749	249.067	377.816	142.955	202.010	344.965	108.422	148.196	256.618
Total accounts receivable		**2.242.460**	**10.366.067**	**12.608.527**	**2.357.405**	**9.855.872**	**12.213.277**	**1.888.209**	**9.891.318**	**11.779.527**
Less - impairment	(a)	(12.352)	(418.182)	(430.534)	(12.716)	(464.995)	(477.711)	(13.296)	(1.149.431)	(1.162.727)
Total accounts receivable net		**2.230.108**	**9.947.885**	**12.177.993**	**2.344.689**	**9.390.877**	**11.735.566**	**1.874.913**	**8.741.887**	**10.616.800**

(1) This item includes the following balances:

- Financial assets of road concessions in Chile and energy transmission in Brazil 2015 COP 10.459.271, 2014(COP 10.150.896) and 1/01/2014 (COP 9.518.778) (See note 22)
- The balance of the account receivable include COP 1.202.583 corresponding to the historic cost of assets called "Existing System" (Sistema Existente, SE) from CTEEP. These assets were valued at the Depreciated New Replacement Value (Valor de Reposición a Nuevo Depreciado, VRN), pursuant to appraisal conducted on November 14, 2012. CTEEP believes it is entitled to receive such amount for compensation of these assets. However, in 2013, the amount was reduced to the historical cost of these assets taking into consideration the pronouncement from ANEEL N° 155 issued in January 23, 2013.

On August 13, 2014 CTEEP submitted to ANEEL technical appraisal report for an amount of BRL5.186.018 thousands (COP 4.182.853) with December 31, 2012 base date.

On January 8 2015, CTEEP received from the Economic and Financial Control Superintendence *(Superintendencia de Fiscalización Económica y Financiera, SFF)*, internal body of the National Electric Power Agency *(Agencia Nacional de Energía Eléctrica, ANEEL),* Audit Report *(Informe de la Fiscalización,* IF) N° 077/2014 of the Company's Non-Amortized and/or Depreciated Assets, existing as of May 31, 2000, whereby the SFF disclosed its understanding on the value of compensation provided in article 15, paragraph 2 of Law N° 12783/13 (Law for Conversion of Provisional Measure 579) to which CTEEP is entitled to receive estimating the same in BRL3.604.982 thousands (COP 2.907.634) with December 31, 2012 base date. On February 6, 2015 CTEEP filed reconsideration petition before the SFF to challenge the compensation amount disclosed in the IF pursuant to the amount and terms of the Technical appraisal prepared by Delos Consultoría Ltda., an ANEEL-qualified independent firm.

On December 15, 2015, at the 47th Public Annual Meeting of ANEEL's Board, a compensation value was approved for BRL 3.896.328 (COP 3.142.622), by dispatch N° 4036/2015 published in Official Journal of December 21, 2015. On December 30, 2015, CTEEP formalized the reconsideration petition against this decision by ANEEL's Board. The effects and accounting recognition depend of the approval of the final value and form and term of collection, which should be defined by the Ministry of Mines and Energy.

- In addition, this balance includes COP 0 (Dec:2015), COP 438.511 (Dec.2014) and COP 743.361 (1/Jan/2014), corresponding to the receivable under Law 12783 for compensation of assets entering into operation and not amortized of concession contract 059/2001, corresponding to New Investments –NI. This amount has been paid in monthly installments until the end of 2015, updated by the IPCA, increased in the compensation by the capital weigthed average cost *(costo medio ponderado de capital –WACC)* of 5,59% actual at year in accordance with Ministry Decree No. 580.
- It also includes the market management accounts corresponding to 100% to XM for COP 13.363.
- Accounts receivable for constructions for COP 79.119 are included in Proyectos de Infraestructura del Peru for the MAMO design project, which started on December 2013 and revenues from the Expansion 15 project that started on June 2013.

(2) Loans to economic related parties mainly comprise: loans granted by ISA to ISA Inversiones Maule for COP 3.090 and the balance granted by XM S.A. E.S.P. to Derivex S.A. which balance as of December 2015 is COP 161

(3) Loans to employees mainly comprise credits granted for acquisition of housing, vehicles, education loans.

(4) This item mainly comprises accounts receivable of CTEEP to Government of Brazil for labor benefits ruled by Law 4819 of 1958.

(5) Account receivable from the Ministry of Public Works of Chile –MOP– corresponding to VAT associated to costs for construction, maintenance and repair performed by Chilean road concessions; this VAT is collected each four (4) months.

(6) Other debtors mainly comprise in TRANSMANTARO finance lease agreements for COP 217.590; in CTEEP COP 51.071 from conveyance of fixed assets and others.

a.

	2015	2014
Initial balance	(477.711)	(1.162.726)
Provisions of year charged to profit or loss	(996)	(679)
Portfolio write-off	-	-
Recovery of provisions	48.173	685.694
Final Balance	**(430.534)**	**(477.711)**

As of December 31, 2015 and 2014 the Group management believes that, except for accounts receivable provisioned as doubtful accounts, it is not necessary to increase this provision because their main customers are renowned in the international market and they do not show any financial issues or have any indication of impairment at the closing of the period.

There are no restrictions on providing such accounts receivable of significant amount.

The Group does not have any customers with whom it records sales representing 10% or more of its ordinary revenues for the year ended December 31 2015 and 2014.

As of December 31, 2015 and 2014, the analysis of trade receivables, due and unpaid, is as follows:

CUSTOMERS	2015	2014	1/01/2014
Current	10.849.985	10.559.652	10.478.023
Due			
Due between 1 and 90 days	29.822	14.223	19.575
Due between 91 and 180 days	9.335	2.506	16.162
Due between 181 and 360 days	5.202	3.343	1.630
Due between 1 and 3 years	4.460	1.977	369
Due between 3 and 5 years	346	104	237
Due above 5 years	6.968	6.921	6.851
Total due	**56.133**	**29.074**	**44.824**
Total accounts receivable from customers	**10.906.118**	**10.588.726**	**10.522.847**

The Company charges interest on overdue accounts to its customers at the maximum rate authorized by law. By December 2015 and 2014, the rates were 29% and 28.76% respectively.

As of December 31, 2015 and 2014, there are no individually impaired portfolio

6.2 Other financial assets

		2015			2014			01/01/2014		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Rights on trusts	(1)	357.261	0	357.261	433.774	0	433.774	484.413	0	484.413
Total		**357.261**	**0**	**357.261**	**433.774**	**0**	**433.774**	**484.413**	**0**	**484.413**

(1) Mainly includes funds invested by CTEEP, the companies where it holds control and joint control, in investment fund DI Bandeirantes 2015 COP 148.351, (2014: COP 233.212), (1/01/2014: COP 244.043) managed by Banco Bradesco and investment fund DI Xavantes 2015 COP 206.984, (2014: COP 199.826), (1/01/2014: COP 245.930) managed by Banco Itaú Unibanco.

7. Non-financial assets

Balances as of December 31 comprise the following:

		2015			2014			01/01/2014		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Non-financial assets										
Pre-paid expenses	(1)	58.549	-	58.549	41.361	-	41.361	570	-	570
Prepayment for purchase of goods and services	(2)	133.950	-	133.950	126.991	-	126.991	94.333	-	94.333
Deposits delivered	(3)	479	53.480	53.959	557	56.185	56.742	461	62.742	63.203
Other	(4)	804	24.220	25.024	6.825	960	7.785	523	52.377	52.900
		193.782	**77.700**	**271.482**	**175.734**	**57.145**	**232.879**	**95.887**	**115.119**	**211.006**

(1) Pre-paid expenses mainly comprise insurance and advance payments for travel expenses and acquisition of goods and services, besides prepayments to suppliers for projects, mainly delegated management.

(2) Mainly correspond to prepayments to suppliers for purchase of supplies and equipment to be used in the projects of Proyectos de Infraestructuras del Peru and Transmantaro.

(3) Mainly includes in CTEEP, judicial deposits to cover labor contingencies.

(4) Mainly corresponds to right of premiums with reinsurers in Linear System

8. Inventories

ISA and its companies perform actions to secure due preservation and safeguard of their inventories, and they are insured by a combined material damage policy; they also perform periodical physical inventories and have not found any significant differences in the counting. Inventories have no restrictions, liens or pledges limiting the use or realization.

		2015			2014			01/01/2014		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Inventories										
Materials for services dispatch	(1)	146.723	82.279	229.002	106.720	59.348	166.068	104.433	59.958	164.391
Inventory in transit		3.209	-	3.209	1.282	-	1.282	2.632	-	2.632
Total inventories		149.932	82.279	232.211	108.002	59.348	167.350	107.065	59.958	167.023
Provision	(2)	(1.919)	(553)	(2.472)	-	(302)	(302)	(2.299)	(307)	(2.606)
Total inventories		**148.013**	**81.726**	**229.739**	**108.002**	**59.046**	**167.048**	**104.766**	**59.651**	**164.417**

(1) They correspond to inventories for the provision of energy services and project construction, to guarantee service continuity and allow compliance with system availability indicators.

(2) The value of the provision corresponds to excess amounts, obsolete and non-usable for INTERCOLOMBIA, which is calculated in general according to the groups of inventory elements. The increase of current provisions is mainly due to provisions held in REP for COP 1.646 and CTMP for COP 229.
The amount of inventories recognized as recoveries in year 2015 was COP 551.

As of December 31, 2015 and 2014 there are no liens on inventories.

As of December 31, 2015 and 2014 no inventory impairment has been recognized.

Movement – provision of inventories

MOVEMENT PROVISION INVENTORIES	
Final balance 01/01/2014	**(2.606)**
Inventories write-off	2.304
Final balance 2014	**(302)**
Inventories write-off	(2.170)
Final balance2015	**(2.472)**

9. Investments in joint controlled entities and financial instruments

The composition of investments in joint controlled entities and with policy purposes as of December 31, 2015, December 31, 2014 and January 1st, 2014, are detailed below:

	MAIN ACTIVITY	PLACE AND SETTING OF OPERATIONS	STOCK INTEREST		BALANCES BY 2015	BALANCES BY 2014	1/01/2014
Investments in jointly controlled entities (1)			**2015**	**2014**			
Interligação Elétrica Madeira S.A.-IEMADEIRA-	Energy Transmission	Brazil	51%	51%	759.320	807.720	651.355
Interligação Elétrica Norte Nordeste S. A. -IENNE-	Energy Transmission	Brazil	25%	25%	78.432	80.937	70.690
Interligação Elétrica Sul S. A. -IESUL-	Energy Transmission	Brazil	50%	50%	90.966	96.948	77.093
Interligação Elétrica Garanhuns S.A. -IE GARANHUNS-	Energy Transmission	Brazil	51%	51%	266.159	170.224	85.077
Interconexión Eléctrica Colombia Panamá S. A. -ICPP-	Energy Transmission	Panamá	50%	50%	9.307	8.404	5.582
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	Energy Transmission	Colombia	50%	50%	5	6	115
Transnexa S.A. E.M.A.	Telecommunications Transport	Ecuador	50%	50%	-	830	554
Derivex S.A.	Derivative financial instruments	Colombia	49,95%	49,95%	492	836	1.022
Total Investments in jointly controlled entities					**1.204.681**	**1.165.905**	**891.488**
Financial instruments (2)							
Electricaribe S.A. E.S.P.	Energy distribution and trading	Colombia	0,481%	0,481%	10.108	10.108	10.108
Empresa Propietaria de la Red - EPR-	Energy Transmission	Costa Rica	11,110%	11,110%	12.524	12.524	12.524
Financiera de Desarrollo Nacional S.A.	Financial and Credit Body for Colombian Energy Sector	Colombia	0,000448%	0,000448%	3	3	3
Cámara de Riesgos Central de Contraparte de Colombia	Operations Settlement and Compensation System	Colombia	7,18%	7,18%	2.177	2.177	2.177
Red Centro Americana de Telecommunications – REDCA	Telecommunications Transport	Costa Rica	11,11%	11,11%	945	588	588
Total Financial instruments					**25.757**	**25.400**	**25.400**

(1) The Group owns joint control in these companies, expressly defined at the statutory level and for which the arbitration figure exists in case of conflict with the counterparty; these investments are updated using the equity method of accounting, the fiscal term of all these companies is December 31.

(2) These investments are owned by the Group as a mobilized strategic business plan in the various countries; *Electrificadora del Caribe* was *received in lieu* of payment.

10. Property, plant and equipment

Following is the balance of property, plant and equipment:

	2015	2014	01/01/2014
Property, plant and equipment in operation			
Grids, lines and cables (1)	9.347.253	9.341.693	9.269.940
Plants and ducts	5.584.529	5.346.022	5.258.616
Buildings	367.864	330.464	296.922
Land	231.020	235.428	230.336
Machinery and equipment	185.512	84.286	73.592
Communication and computing equipment	146.617	162.218	126.173
Equipment and materials in deposit and assets in warehouse	-	-	-
Transportation. traction and lifting equipment	34.185	27.678	22.682
Furniture, chattels and office equipment	42.744	35.272	29.561
Communication roads	-	-	-
Subtotal property, plant and equipment	**15.939.724**	**15.563.061**	**15.307.822**
Less – cumulative depreciation	(10.271.050)	(9.975.990)	(9.799.888)
Less – Provisions	-	6	-
Total property, plant and equipment in operation	**5.668.674**	**5.587.077**	**5.507.934**
On-going constructions (2)	475.079	236.150	287.736
Machinery, plant and assembly equipment	561.435	136.065	47.811
Machinery and equipment in transit	1.870	20.278	648
Total property, plant and equipment, net	**6.707.058**	**5.979.570**	**5.844.129**

During 2015, interest for COP 6.852 (2014; COP 3.044) were capitalized, attributable to the acquisition, construction or production of a qualifying asset as cost of such assets.

As of December 31, 2015 and 2014 no operating and/or economic indications were identified, revealing that the net carrying value of property, plant and equipment cannot be recovered.

The item Buildings and land include investment properties held by ISA with some subsidiaries and which for consolidated purposes are included in item property, plant and equipment.

ISA and its companies currently hold insurance policies for combined material damages, terrorism and consequential losses, intended to ensure the loss and damage of its fixed assets, except transmission lines and towers. There are no restrictions or pledges or mortgaging on assets for any obligations.

• Movement of property, plant and equipment:

DENOMINATION	NET BALANCE 01/01/2014	ADDITIONS AND/OR TRANSFERS	SALES, WRITE-OFFS AND/OR TRANSFERS	DEPRECIATION EXPENSES 2014	CONVERSION EFFECT	BALANCE AS OF DECEMBER 2014	ADDITIONS AND/OR TRANSFERS	SALES, WRITE-OFFS AND/OR TRANSFERS	DEPRECIATION EXPENSE 2015	CONVERSION EFFECT	BALANCE AS OF DEC 2015
Grids, lines and cables	2.896.694	212.195	(110.513)	(130.690)	3.962	2.871.648	38.284	(35.505)	(88.088)	26.407	2.812.747
Plants and ducts	2.024.204	105.087	13.214	(122.557)	-	2.019.948	213.089	(16.913)	(91.078)	-	2.125.046
Buildings	272.970	47.635	1.407	(3.390)	3.907	322.529	26.039	(3.444)	(4.975)	1.700	341.849
Land	224.983	2.235	(903)	-	2.373	228.688	1.783	-	-	1.549	232.020
Machinery and equipment	33.613	34.439	(19.163)	6.303	6.230	61.422	85.747	(2.849)	(69.792)	8.198	82.726
Communication and computing equipment	33.153	9.473	29	(11.549)	14.235	45.341	8.869	(14.578)	(13.626)	14.113	40.119
Transportation. traction and lifting equipment	8.467	13.171	(690)	(1.553)	(730)	18.665	2.783	(4.042)	(1.093)	316	16.629
Furniture and office equipment	13.850	6.522	(1.307)	(968)	739	18.836	2.157	(1.029)	(3.083)	658	17.539
On-going constructions	287.736	105.277	(165.218)	-	8.355	236.150	273.193	(31.611)	-	(2.653)	475.079
Machinery, plant and assembly equipment	47.811	88.690	(171)	-	(265)	136.065	447.706	(21.182)	-	(1.154)	561.435
Machinery and equipment in transit	648	19.630	-	-	-	20.278	-	(18.408)	-	-	1.870
Total	5.844.129	644.354	(283.315)	(264.403)	38.806	5.979.570	1.099.650	(149.561)	(271.735)	49.134	6.707.058

(1) The most significant item corresponds to lines and grids for energy transmission and telecommunications necessary for provision of these services and plants and ducts for substation equipment, 81% balance corresponds to ISA parent company, in which as of December 2015, purchases were made for COP 346.296, and the following projects were activated: UPME Project 02- 2013 Copey Substation for COP 33.903, UPME 02-2014, STACON SE Bacatá for COP 77.363, Connection La Reforma Substation for COP 9.122, Transformation Expansion Cerromatoso Substation for COP 22.658, Expansion El Bosque Substation 220 KV for COP 5.297, Compensation Expansion at Termocol Substation 220 KV for COP 6.001.117 Capacitive $ Renewal S.A.S La Virginia and Páez Substation for COP 4.033, and for Asset Optimization Projects –POA- for COP 7.897 by settlement of investment orders for COP 9.572. In addition, projects were capitalized on assets that were already in service for COP 32.042. Also, direct purchases were performed for COP 593 and remaining portions were removed of projects delivered as contribution to INTERCOLOMBIA for COP 1.619

(2) Includes on-going constructions, machinery in assembly and machinery in transit of companies ISA (25%), INTERCHILE (64%) , REP (3%), TRANSELCA (1%).

• Additional information:

• Finance Lease

As of December 31, 2015 and 2014, property, plant and equipment include COP 19.867 and COP 6.679, respectively, corresponding to the net accounting amount of assets subject to financial lease agreements.

The present value of future payments derived from such agreements are as follows:

	2015		2014		1/01/2014
	PRESENT VALUE	INTEREST	PRESENT VALUE	INTEREST	PRESENT VALUE
Between one and five years	2.121	291	1.685	302	4.676
More than five years	17.746	412	4.994	355	5.044
Total	**19.867**	**703**	**6.679**	**657**	**9.720**

11. Intangible assets

		2015	2014	1/01/2014
Intangibles				
Software		94.161	55.210	51.024
Licenses		48.359	63.013	45.808
Easements	(1)	101.415	99.561	83.881
Concessions	(2)	6.362.082	4.382.648	3.371.345
Goodwill and brands		1.602.285	1.457.922	999.407
Less – intangible amortization		(2.757.288)	(2.130.738)	(1.382.495)
Total intangibles		**5.451.014**	**3.927.616**	**3.168.970**

(1) Easements correspond to rights acquired by the Company for the passage of its operating assets, mainly the transmission lines. These assets are acquired in perpetuity, i.e. no term or deadline agreement has been established and the right remains in time.

(2) The rights include the concessions in Peru, Bolivia and Colombia, which are treated as intangibles according to their characteristics (See note 22 Concessions).

• Movement of Intangible assets

DENOMINATION		NET BALANCE 01/01/2014	ADDITIONS			SALES AND/ OR WRITEOFF	AMORTIZATION EXPENSE	OTHERS	NET BALANCE DECEMBER, 2014	ADDITIONS				AMORTIZATION EXPENSE	OTHERS	NET BALANCE DECEMBER, 2015
			INTERNAL DEVELOPMENT	BUSINESS COMBINATION	ACQUIRED SEPARATELY					INTERNAL DEVELOPMENT	BUSINESS COMBINATION	ACQUIRED SEPARATELY	SALES AND/ OR WRITEOFF			
Software		17.335	326	-	2.612	(394)	(3.539)	1.787	18.127	357	-	6.317	-	(4.617)	3.895	24.079
Licenses		22.327	-	-	20.459	(582)	(6.038)	93	36.259	-	-	2.085	(56)	(6.270)	(10.828)	21.190
Easements	(1)	83.881	-	-	15.680	-	-	-	99.561	-	-	1.854	-	-	-	101.415
Rights	(2)	2.594.090	374.471	-	17.939	(15.355)	(150.484)	529.585	3.350.246	639.457	-	119.790	(14.257)	(217.463)	1.020.337	4.898.110
Goodwill and trademarks		451.337	-	-	-	-	(4.773)	(23.141)	423.423	-	-	-	-	(4.773)	(12.430)	406.220
Total		3.168.970	374.797	-	56.690	(16.331)	(164.834)	508.324	3.927.616	639.814	-	130.046	(14.313)	(233.123)	1.000.974	5.451.014

As of December 31, 2015 and 2014, the group management believed that there were no operational and/or economic signs indicating that the registered net value of the intangible assets may not be recovered.

12. Financial instruments

12.1 Classification of financial instruments of asset by nature and category

The detail of financial instruments of asset, classified by nature and category, as of December 31, 2015 and 2014 and 1/01/2014 is as follows:

		2015		2014		1/01/2014	
FINANCIAL ASSETS		**AMORTIZED COST**	**AT FAIR VALUE**	**AMORTIZED COST**	**AT FAIR VALUE**	**AMORTIZED COST**	**AT FAIR VALUE**
Cash and cash equivalent	4	-	1.029.250	-	1.313.630	-	1.183.773
Current financial assets	6	2.230.108	-	2.344.689	-	1.874.913	-
Other current financial assets	6	492.271	-	561.832	-	579.730	-
Total current		**2.722.379**	**1.029.250**	**2.906.521**	**1.313.630**	**2.454.643**	**1.183.773**
Restricted cash	5	-	46.553	-	47.097	-	123.368
Equity instruments	9	-	25.757	-	25.400	-	25.400
Non-current financial assets	6	9.947.885	-	9.390.877	-	8.741.887	
Other financial assets	6	53.480	-	56.185	-	62.754	-
Total non-current		**10.001.365**	**72.310**	**9.447.062**	**72.497**	**8.804.641**	**148.768**
Total		**12.723.744**	**1.101.560**	**12.353.583**	**1.386.127**	**11.259.284**	**1.332.541**

12.2 Classification of financial instruments of liabilities by nature and category

The detail of financial instruments of liabilities, classified by nature and category, as of December 31, 2015 and 2014 and 1/01/2014 is as follows:

		2015		2014		1/01/2014	
FINANCIAL LIABILITIES		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE
Loans bearing interest	13	1.540.078		1.396.330		1.096.058	
Derivative instruments	13		169		503		708
Accounts payable	15		685.079		499.271		580.811
Total Current		**1.540.078**	**685.248**	**1.396.330**	**499.774**	**1.096.058**	**581.519**
Loans bearing interest	13	9.057.920		8.139.286		7.734.496	
Derivative instruments	13		324.112		366.864		410.748
Accounts payable	15		1.151.775		1.103.745		1.008.073
Total Non-current		9.057.920	1.475.887	8.139.286	1.470.609	7.734.496	1.418.821
Total		**10.597.998**	**2.161.135**	**9.535.616**	**1.970.383**	**8.830.554**	**2.000.340**

12.3 Fair value of financial instruments

a. Fair value of financial assets

The carrying value of financial assets measured at amortized cost is the reasonable approach to its fair value (reasonable). The fair value is presented in the following table, based on the categories of financial assets, compared with its current and non-current carrying value included in the financial statements:

b. Fair value of financial liabilities

The carrying value of financial liabilities measured at amortized cost is the approach to its fair value. The fair value is presented in the following table, based on the categories of liabilities, compared with current and non-current carrying value included in the financial statements:

c. Fair value hierarchies

The financial instruments recognized at fair value in the statement of financial position are classified hierarchically according to the criteria described in Note 3.8.3

The following table shows the financial assets and liabilities measured at fair value as of December 31, 2015 and 2014 and 1/01/2014:

FINANCIAL INSTRUMENTS AT FAIR VALUE	2015 CURRENT	2015 NON-CURRENT	FAIR VALUE MEASURED AT THE END OF THE PERIOD LEVEL I	LEVEL II	LEVEL III
Financial assets					
Cash and cash equivalent	1.029.250		1.029.250		
Restricted cash		46.553	46.553		
Equity instruments		25.757		25.757	
Other financial assets	492.271	53.480		545.751	
Commercial debtors and other accounts receivable	2.230.108	9.947.885		12.177.993	
Total	**3.751.629**	**10.073.675**	**1.075.803**	**12.749.501**	
Financial liabilities					
Loans bearing interest	1.540.078	9.057.920		10.597.998	
Derivative instruments	169	324.112		324.281	
Accounts payable	685.079	1.151.775		1.836.854	
Total	**2.225.326**	**10.533.807**		**12.759.133**	

FINANCIAL INSTRUMENTS AT FAIR VALUE	2014 CURRENT	2014 NON-CURRENT	FAIR VALUE MEASURED AT THE END OF PERIOD LEVEL I	LEVEL II	LEVEL III
Financial assets					
Cash and cash equivalent	1.313.630		1.313.630		
Restricted cash		47.097	47.097		
Equity instruments		25.400		25.400	
Other financial assets	561.832	56.185		618.017	
Commercial debtors and other accounts receivable	2.344.689	9.390.877		11.735.566	
Total	**4.220.151**	**9.519.559**	**1.360.727**	**12.378.983**	
Financial liabilities					
Loans bearing interest	1.396.330	8.139.286		9.535.616	
Derivative instruments	503	366.864		367.367	
Accounts payable	499.271	1.103.745		1.603.016	
Total	**1.896.104**	**9.609.895**		**11.505.999**	

FINANCIAL INSTRUMENTS AT FAIR VALUE	01/01/2014 CURRENT	01/01/2014 NON-CURRENT	FAIR VALUE MEASURED AT THE END OF PERIOD LEVEL I	FAIR VALUE MEASURED AT THE END OF PERIOD LEVEL II	FAIR VALUE MEASURED AT THE END OF PERIOD LEVEL III
Financial assets					
Cash and cash equivalent	1.183.773		1.183.773		
Restricted cash		123.368	123.368		
Equity instruments		25.400		25.400	
Other financial assets	579.730	62.754		642.484	
Commercial debtors and other accounts receivable	1.874.913	8.741.887		10.616.800	
Total	**3.638.416**	**8.953.409**	**1.307.141**	**11.284.684**	
Financial liabilities					
Loans bearing interest	1.096.058	7.734.496		8.830.554	
Derivative instruments	708	410.748		411.456	
Accounts payable	580.811	1.008.073		1.588.884	
Total	**1.677.577**	**9.153.317**		**10.830.894**	

13. Financial liabilities

The balance of this item as of December 31, 2015 and 2014 is composed by bonds and financial obligations, as shown below:

13.1 Outstanding bonds

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP)		2014 (MILLIONS OF COP)		01/01/2014 (MILLIONS OF COP)	
						NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
COLOMBIA						**COP 1.623.000**	**COP 1.637.682**	**COP 1.273.000**	**COP 1.280.014**	**COP 1.332.500**	**COP 1.337.387**
ISA											
Program Tranche 2	COP	20/02/2004	20/02/2016	12	CPI + 7,30%	COP 150.000	COP 152.294	COP 150.000	COP 151.755	COP 150.000	COP 151.511
Program Tranche 4 Lot 1	COP	7/04/2006	7/04/2026	20	CPI + 4,58%	COP 118.500	COP 121.869	COP 118.500	COP 120.575	COP 118.500	COP 120.409
Program Tranche 4 Lot 2	COP	7/04/2006	7/04/2026	20	CPI + 4,58%	COP 104.500	COP 98.587	COP 104.500	COP 96.883	COP 104.500	COP 95.902
Program Tranche 6 Series A	COP	2/04/2009	2/04/2015	6	CPI + 4,99%	COP 0	COP 0	COP 150.000	COP 152.992	COP 150.000	COP 152.708
Program Tranche 6 Series B	COP	2/04/2009	2/04/2018	9	CPI + 5,90%	COP 0	COP 0	COP 0	COP 0	COP 59.500	COP 60.707
Program Tranche 7 Series A	COP	1/12/2011	1/12/2023	12	CPI + 4,47%	COP 180.000	COP 179.817	COP 180.000	COP 181.243	COP 180.000	COP 180.950
Program Tranche 7 Series B	COP	1/12/2011	1/12/2041	30	CPI + 4,84%	COP 120.000	COP 119.872	COP 120.000	COP 120.866	COP 120.000	COP 120.670
Program Tranche 8 Series C9	COP	22/05/2013	22/05/2022	9	CPI + 2,84%	COP 120.000	COP 121.571	COP 120.000	COP 120.800	COP 120.000	COP 120.612
Program Tranche 8 Series C15	COP	22/05/2013	22/05/2028	15	CPI + 3,25%	COP 100.000	COP 101.365	COP 100.000	COP 100.711	COP 100.000	COP 100.553
Program Tranche 9 Series C10	COP	7/05/2015	7/05/2025	10	CPI + 3,80%	COP 100.000	COP 101.428	COP 0	COP 0	COP 0	COP 0
Program Tranche 9 Series C15	COP	7/05/2015	7/05/2030	15	CPI + 4,14%	COP 120.000	COP 121.769	COP 0	COP 0	COP 0	COP 0
Program Tranche 9 Series C20	COP	7/05/2015	7/05/2035	20	CPI + 4,34%	COP 280.000	COP 284.209	COP 0	COP 0	COP 0	COP 0
TOTAL						**COP 1.393.000**	**COP 1.402.781**	**COP 1.043.000**	**COP 1.045.825**	**COP 1.102.500**	**COP 1.104.022**
Transelca											
Second issue	COP	19/10/2004	19/10/2016	12	CPI + 6,95%	COP 50.000	COP 51.303	COP 50.000	COP 51.028	COP 50.000	COP 50.919
Third issue Series A10	COP	11/10/2011	11/10/2021	10	CPI + 4,20%	COP 80.000	COP 81.576	COP 80.000	COP 81.377	COP 80.000	COP 81.060
Third issue Series A15	COP	11/10/2011	11/10/2026	15	CPI + 4,48%	COP 100.000	COP 102.022	COP 100.000	COP 101.784	COP 100.000	COP 101.386
TOTAL						**COP 230.000**	**COP 234.901**	**COP 230.000**	**COP 234.189**	**COP 230.000**	**COP 233.365**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
PERU						**COP 2.190.216**	**COP 2.190.367**	**COP 1.656.276**	**COP 1.641.700**	**COP 1.291.810**	**COP 1.277.275**
REP											
2P 4th Issue (Series A)	USD	14/02/2007	14/02/2019	12	Libor(3M) + 0,75%	COP 20.006	COP 20.028	COP 19.874	COP 19.874	COP 19.772	COP 19.772
2P 15th Issue (Series A)	USD	14/05/2009	14/05/2016	7	Fixed Rate 6,50%	COP 62.989	COP 63.506	COP 47.849	COP 47.849	COP 38.537	COP 38.537
2P 17th Issue (Series A)	USD	19/01/2011	19/01/2018	7	Fixed Rate 5,75%	COP 62.989	COP 63.669	COP 47.849	COP 47.849	COP 38.537	COP 38.537
2P 20th Issue (Series A)	USD	19/01/2011	19/01/2026	15	Fixed Rate 6,50%	COP 119.680	COP 121.111	COP 90.913	COP 90.913	COP 73.220	COP 73.220
3P 4th Issue (Series A)	USD	18/10/2012	19/04/2031	19	Fixed Rate 5,88%	COP 125.979	COP 127.432	COP 95.698	COP 95.698	COP 77.073	COP 77.073
3P 1st Issue (Series A)*	PEN	7/11/2012	7/11/2022	10	Fixed Rate 5,38%	COP 96.240	COP 96.981	COP 83.580	COP 83.580	COP 71.818	COP 71.818
Fair Value Swap	USD					COP 65.883	COP 65.883	COP 32.375	COP 32.375	COP 17.314	COP 17.314
3P 3rd Issue (Series A)	USD	6/02/2013	6/02/2018	5	Fixed Rate 4,63%	COP 31.495	COP 32.067	COP 23.925	COP 23.925	COP 19.268	COP 19.268
3P 1st Issue (Series B)*	PEN	6/02/2013	6/02/2023	10	Fixed Rate 5,13%	COP 71.441	COP 72.889	COP 62.043	COP 62.043	COP 53.312	COP 53.312
Fair Value Swap	USD					COP 53.263	COP 53.263	COP 27.714	COP 27.714	COP 15.885	COP 15.885
3P 7th Issue (Series A)	USD	11/07/2014	11/07/2021	7	Fixed Rate 3,75%	COP 62.989	COP 64.072	COP 47.849	COP 47.849	COP 0	COP 0
Amortized cost									COP 6.384		COP 4.590
TOTAL						**COP 772.954**	**COP 780.901**	**COP 579.669**	**COP 586.053**	**COP 424.736**	**COP 429.326**
Consorcio Transmantaro											
CTM International Bonds 144[a]	USD	7/05/2013	7/05/2023	10	Fixed Rate 4,38%	COP 1.417.262	COP 1.409.466	COP 1.076.607	COP 1.055.647	COP 867.074	COP 847.949
TOTAL						**COP 1.417.262**	**COP 1.409.466**	**COP 1.076.607**	**COP 1.055.647**	**COP 867.074**	**COP 847.949**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE			2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
BRAZIL								**COP 537.352**	**COP 539.169**	**COP 578.215**	**COP 636.258**	**COP 666.440**	**COP 669.899**
CTEEP													
Debentures 1st Series	BRL	15/12/2009	15/12/2014	5	CDI	+	1,30%	COP 0	COP 0	COP 0	COP 0	COP 134.619	COP 133.675
Debentures 2nd Series	BRL	15/12/2009	15/12/2017	8	IPCA	+	8,10%	COP 34.386	COP 33.559	COP 52.137	COP 52.864	COP 59.576	COP 61.810
Debentures Single Series	BRL	26/12/2013	26/12/2018	5	116%		CDI	COP 403.282	COP 402.271	COP 450.354	COP 504.894	COP 411.259	COP 411.238
TOTAL								**COP 437.668**	**COP 435.830**	**COP 502.491**	**COP 557.758**	**COP 605.454**	**COP 606.723**
ISA Capital Do Brazil													
Tranche 1	USD	29/01/2007	30/01/2017	10	Fixed Rate		8,80%	COP 99.684	COP 103.339	COP 75.724	COP 78.500	COP 60.986	COP 63.176
TOTAL								**COP 99.684**	**COP 103.339**	**COP 75.724**	**COP 78.500**	**COP 60.986**	**COP 63.176**
CHILE								**COP 3.321.206**	**COP 2.981.710**	**COP 3.385.995**	**COP 3.050.188**	**COP 3.155.062**	**COP 2.866.780**
Ruta del Maipo													
Bond 144A **	USD	15/12/2005	15/06/2022	17	Fixed Rate		7,37%	COP 912.751	COP 881.631	COP 772.500	COP 742.123	COP 674.427	COP 644.297
Fair Value Swap	USD							COP 659.295	COP 205.136	COP 307.278	COP 307.278	COP 378.257	COP 378.257
Bond Series A1 and A2	UF	27/09/2004	15/06/2025	21	Fixed Rate		4,85%	COP 904.087	COP 553.294	COP 563.266	COP 469.764	COP 496.600	COP 418.617
Bond Series B1 and B2	UF	28/11/2006	15/12/2030	24	Fixed Rate		3,20%	COP 205.136	COP 740.967	COP 749.675	COP 609.673	COP 640.451	COP 525.958
TOTAL								**COP 2.681.269**	**COP 2.381.028**	**COP 2.392.719**	**COP 2.128.838**	**COP 2.189.735**	**COP 1.967.129**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE		2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
Ruta del Maule												
Bond Series B1 and B2	UF	13/06/2005	17/12/2018	14	Fixed Rate	2,75%	COP 0	COP 0	COP 265.641	COP 244.252	COP 275.607	COP 254.789
Bond Series C1 and C2	UF	6/09/2006	17/12/2018	12	Fixed Rate	3,50%	COP 0	COP 0	COP 109.196	COP 101.325	COP 96.272	COP 90.034
TOTAL							COP 0	COP 0	COP 374.837	COP 345.577	COP 371.879	COP 344.823
Ruta del Bosque												
Bond Series A	UF	26/02/2001	15/09/2020	20	Fixed Rate	6,30%	COP 472.692	COP 453.848	COP 472.763	COP 451.304	COP 469.237	COP 453.491
Bond Series B	UF	11/10/2006	15/09/2020	14	Fixed Rate	3,40%	COP 167.245	COP 146.834	COP 145.676	COP 124.469	COP 124.211	COP 101.337
TOTAL							**COP 639.937**	**COP 600.682**	**COP 618.439**	**COP 575.773**	**COP 593.448**	**COP 554.828**
TOTAL BOND							**COP 7.671.774**	**COP 7.348.928**	**COP 6.893.486**	**COP 6.608.160**	**COP 6.445.812**	**COP 6.151.341**

* Bond issued in PEN and one SWAP was made to USD.

**Bond issued in USD and one SWAP was made to UF.

The following relevant events took place in 2015, which explain the variation in balance for the outstanding bonds:

ISA

In April 2015, it paid Series A of the Sixth Tranche of ISA's Domestic Public Debt Security Placement and Issue Program in the amount of COP 150.000, by maturity of the issue.

On May, it conducted the Ninth Tranche of the Securities Program in the amount of COP 500.000, of which COP 100.000 were placed in Series C10 with maturity on May 2025, COP 120.000 in Series C15 with maturity on May 2030 and COP 280.000 in Series C20 with maturity on May 2035. The funds from this placement were used to finance cash flow and investments.

RED DE ENERGÍA DEL PERU - REP

On February, May, August and November, it made repayments for a total of USD1,9 million to the Fourth Issue (Series A) of the Second Corporate Bond Program.

CTEEP

On December it made amortization for BRL21,4 million to 2nd series Debentures.

RUTA DEL MAIPO

On June and December it made payment to holders of Bond 144ª for a total of USD33 million.

RUTA DEL MAULE

On November a redemption offer was made to the holders of bonds series B1, B2 and C1, C2, achieving the collection of 94,73% of such instruments; this operation was financed with cash from the concession and a subordinated loan granted to Intervial Chile in the amount of CLP 33.695 million. With regards to the remaining balance of the bonds (5,3%) a voluntary redemption was made by the Concessionaire on December 15, 2015. Thereafter, on December 16, 2015 an "Omnibus termination agreement" was signed which terminated all contracts supporting the bonds collected, such as the completion of all financial contracts with MBIA, insurance policies, raising of pledges, termination of the liquidity facility with Banco Itau and other contracts associated with this funding.

RUTA DEL BOSQUE

On March and September payment was made to holders for UF738.490.

The following is the breakdown of the due dates by years of the outstanding bond:

SHORT-TERM	COP764.142
Long-term	COP6.584.786
2017	COP 272.506
2018	COP 244.989
2019	COP 12.037
2020 and after	COP6.055.254
	COP 7.348.928

13.2 Financial obligations

As of December, 2015 the debt represented in financial obligations was COP 3.581.368.
Following are the characteristics of financial obligations as of December 31:

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
COLOMBIA						**COP 488.930**	**COP 499.716**	**COP 511.962**	**COP 521.343**	**COP 456.073**	**COP 464.785**
ISA											
BBVA	COP	26/08/2011	26/08/2021	10	DTF + 3,80%	COP 0	COP 0	COP 0	COP 0	COP 222.432	COP 228.588
Banco de Bogota	USD	4/07/2012	4/04/2017	5	Libor(6M) + 2,60%	COP 75.587	COP 76.767	COP 95.698	COP 97.068	COP 77.073	COP 78.207
Banco de Bogota	COP	26/02/2015	26/02/2022	7	CPI + 3,60%	COP 222.432	COP 229.974	COP 222.432	COP 228.131	COP 0	COP 0
BNP PARIBAS	USD	17/05/2006	15/05/2017	11	Libor(6M) + 0,35%	COP 17.911	COP 17.945	COP 22.676	COP 22.695	COP 25.568	COP 25.591
TOTAL						**COP 315.930**	**COP 324.686**	**COP 340.806**	**COP 347.894**	**COP 325.073**	**COP 332.386**
ITX											
Banco ITAU BBA Colombia S.A.	COP	11/02/2014	11/02/2019	5	DTF + 3,30%	COP 32.000	COP 32.417	COP 32.000	COP 32.341	COP 0	COP 0
Helm Bank	COP	11/04/2014	11/04/2021	7	DTF + 3,50%	COP 8.000	COP 8.156	COP 8.000	COP 8.146	COP 0	COP 0
TOTAL						**COP 40.000**	**COP 40.573**	**COP 40.000**	**COP 40.487**	**COP 0**	**COP 0**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
COLOMBIA						**COP 488.930**	**COP 499.716**	**COP 511.962**	**COP 521.343**	**COP 456.073**	**COP 464.785**
Transelca											
Banco de Bogota	COP	6/07/2012	6/07/2018	6	DTF + 2,30%	COP 0	COP 0	COP 112.500	COP 114.275	COP 120.000	COP 121.391
Banco de Bogota	COP	6/07/2012	6/07/2018	6	CPI + 2,87%	COP 82.500	COP 83.489	COP 0	COP 0	COP 0	COP 0
BBVA	COP	26/12/2013	26/12/2016	3	DTF + 1,35%	COP 0	COP 0	COP 11.000	COP 11.009	COP 11.000	COP 11.008
Banco Colpatria	USD	29/09/2014	29/09/2015	1	Libor(6M) + 0,85%	COP 0	COP 0	COP 7.656	COP 7.678	COP 0	COP 0
Banco de Bogota	COP	30/06/2015	30/06/2016	1	DTF + 1,50%	COP 0	COP 0	COP 0	COP 0	COP 0	COP 0
BBVA	COP	25/08/2015	25/08/2020	5	CPI + 2,45%	COP 45.000	COP 45.464	COP 0	COP 0	COP 0	COP 0
Banco de Bogota	COP	28/12/2015	28/12/2020	5	CPI + 2,87%	COP 5.500	COP 5.504	COP 0	COP 0	COP 0	COP 0
TOTAL						**COP 133.000**	**COP 134.457**	**COP 131.156**	**COP 132.962**	**COP 131.000**	**COP 132.399**
PERU						**COP 577.496**	**COP 562.320**	**COP 278.005**	**COP 278.189**	**COP 173.138**	**COP 171.869**
REP											
Banco de Credito del Peru	USD	6/03/2006	1/12/2016	11	Libor(3M) + 2,28%	COP 0	COP 0	COP 16.269	COP 16.640	COP 19.654	COP 19.968
Banco de Credito del Peru	USD	14/08/2015	8/08/2016	1	Fixed Rate 1,39%	COP 0	COP 0	COP 0	COP 0	COP 0	COP 0
TOTAL						**COP 0**	**COP 0**	**COP 16.269**	**COP 16.640**	**COP 19.654**	**COP 19.968**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
PERU						**COP 577.496**	**COP 562.320**	**COP 278.005**	**COP 278.189**	**COP 173.138**	**COP 171.869**
Consorcio Transmantaro											
Banco de Credito del Peru	USD	7/12/2012	6/12/2020	8	Libor(3M) + 5,70%	COP 0	COP 0	COP 0	COP 0	COP 117.537	COP 116.130
Banco de Credito del Peru	USD	23/06/2014	23/06/2018	4	Libor(6M) + 3,60%	COP 0	COP 0	COP 239.246	COP 239.031	COP 0	COP 0
Nova Scotia	USD	17/07/2015	11/07/2016	1	Fixed Rate 1,20%	COP 62.989	COP 63.354	COP 0	COP 0	COP 0	COP 0
Banco de Credito del Peru	USD	19/03/2015	18/05/2015	0	Fixed Rate 0,60%	COP 0	COP 0	COP 0	COP 0	COP 0	COP 0
Banco de Credito del Peru	USD	4/05/2015	18/03/2027	12	Fixed Rate 5,55%	COP 157.474	COP 144.154	COP 0	COP 0	COP 0	COP 0
Interbank	USD	21/12/2015	3/11/2024	9	Fixed Rate 4,64%	COP 314.947	COP 313.139	COP 0	COP 0	COP 0	COP 0
TOTAL						**COP 535.410**	**COP 520.647**	**COP 239.246**	**COP 239.031**	**COP 117.537**	**COP 116.130**
ISA Peru											
BBVA	USD	15/02/2006	15/11/2015	10	Libor(3M) + 1,45%	COP 0	COP 0	COP 0	COP 0	COP 10.472	COP 10.384
Bancolombia	USD	19/12/2013	19/12/2018	5	Libor(3M) + 3,90%	COP 12.639	COP 12.657	COP 12.801	COP 12.748	COP 12.887	COP 12.799
Nova Scotia	USD	18/06/2015	12/06/2016	1	Fixed Rate 1,20%	COP 15.747	COP 15.757	COP 0	COP 0	COP 0	COP 0
Interbank						COP 5.354	COP 4.780	COP 0	COP 0	COP 0	COP 0
TOTAL						**COP 33.740**	**COP 33.194**	**COP 12.801**	**COP 12.748**	**COP 23.359**	**COP 23.183**
ITX Peru											
Banco Continental	USD	7/11/2013	7/11/2014	1	Fixed Rate 3,70%	COP 0	COP 0	COP 0	COP 0	COP 963	COP 963
Helm Bank Panamá	USD	17/11/2010	17/11/2015	5	Libor(6M) + 3,36%	COP 0	COP 0	COP 1.196	COP 1.201	COP 1.927	COP 1.927
Helm Bank Panamá	USD	30/12/2010	30/12/2015	5	Libor(6M) + 3,36%	COP 0	COP 0	COP 1.595	COP 1.595	COP 2.569	COP 2.569
Helm Bank Panamá	USD	8/08/2011	8/08/2016	5	Libor(6M) + 3,79%	COP 1.260	COP 1.278	COP 1.914	COP 1.941	COP 2.312	COP 2.312
Helm Bank Panamá	USD	27/03/2012	27/03/2016	4	Libor(6M) + 3,51%	COP 3.937	COP 3.977	COP 4.984	COP 5.033	COP 4.817	COP 4.817
BBVA	USD	17/02/2015	17/02/2016	1	Fixed Rate 2,69%	COP 3.149	COP 3.224	COP 0	COP 0	COP 0	COP 0
TOTAL						**COP 8.346**	**COP 8.479**	**COP 9.689**	**COP 9.770**	**COP 12.588**	**COP 12.588**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
BRAZIL						**COP 1.158.150**	**COP 1.168.936**	**COP 1.342.952**	**COP 1.357.277**	**COP 502.861**	**COP 1.327.317**
CTEEP											
ELETROBRAS	BRL	8/01/1990	15/11/2021	32	Fixed Rate 8,00%	COP 156	COP 158	COP 214	COP 216	COP 236	COP 236
BNDES	BRL	17/09/2007	15/06/2015	8	TJLP + 2,30%	COP 0	COP 0	COP 41.875	COP 42.256	COP 117.181	COP 117.646
BNDES II	BRL	18/11/2008	15/06/2015	7	TJLP + 1,80%	COP 0	COP 0	COP 25.205	COP 25.336	COP 69.050	COP 69.050
BNDES III (FINEM)	BRL	29/01/2014	15/03/2029	15	TJLP + 1,80%	COP 198.230	COP 198.670	COP 158.254	COP 158.501	COP 0	COP 0
BNDES III (PSI)	BRL	29/01/2014	15/01/2024	10	Fixed Rate 3,50%	COP 66.573	COP 66.572	COP 57.937	COP 57.884	COP 0	COP 0
BNDES PSI Santander	BRL	13/01/2014	15/08/2018	5	Fixed Rate 4,00%	COP 164	COP 165	COP 252	COP 253	COP 0	COP 0
BNDES PSI Santander II	BRL	30/12/2014	18/11/2019	5	Fixed Rate 6,00%	COP 7.263	COP 7.282	COP 9.328	COP 9.328	COP 0	COP 0
TOTAL						**COP 272.386**	**COP 272.847**	**COP 293.065**	**COP 293.774**	**COP 186.467**	**COP 186.932**
IEMG											
BNDES (FINEM)	BRL	27/03/2009	15/04/2023	14	TJLP + 2,39%	COP 29.970	COP 30.186	COP 38.032	COP 38.152	COP 38.898	COP 39.013
TOTAL						**COP 29.970**	**COP 30.186**	**COP 38.032**	**COP 38.152**	**COP 38.898**	**COP 39.013**
IEPIN											
BNDES (PSI)	BRL	28/01/2011	15/01/2021	10	Fixed Rate 5,50%	COP 37.336	COP 41.209	COP 49.360	COP 54.941	COP 52.569	COP 58.503
BNDES (FINEM)	BRL	28/01/2011	15/05/2026	15	TJLP + 2,62%	COP 27.545	COP 29.950	COP 33.453	COP 36.522	COP 33.309	COP 36.364
BNDES (PSI)	BRL	12/09/2013	17/04/2023	10	Fixed Rate 3,50%	COP 10.547	COP 10.713	COP 13.384	COP 13.595	COP 13.444	COP 13.573
BNDES (FINEM)	BRL	12/09/2013	15/02/2028	14	TJLP + 2,06%	COP 5.013	COP 5.202	COP 6.059	COP 6.262	COP 5.883	COP 6.007
TOTAL						**COP 80.441**	**COP 87.074**	**COP 102.256**	**COP 111.320**	**COP 105.205**	**COP 114.447**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
BRAZIL						**COP 1.158.150**	**COP 1.168.936**	**COP 1.342.952**	**COP 1.357.277**	**COP 502.861**	**COP 1.327.317**
IE Serra Do Japi											
BNDES (FINEM)	BRL	28/10/2013	15/05/2026	13	TJLP + 1,95%	COP 30.035	COP 31.291	COP 36.649	COP 38.124	COP 36.408	COP 37.907
BNDES (FINEM)	BRL	28/10/2013	15/05/2026	13	TJLP + 1,55%	COP 26.000	COP 27.040	COP 31.725	COP 32.944	COP 31.516	COP 32.757
TOTAL						**COP 56.035**	**COP 58.331**	**COP 68.374**	**COP 71.068**	**COP 67.924**	**COP 70.664**
ISA Capital Do Brazil											
Preferential Shareholders	BRL	9/03/2010	28/12/2020	11	CDI + 1,50%	COP 638.550	COP 638.550	COP 758.119	COP 758.119	COP 0	COP 809.357
TOTAL						**COP 638.550**	**COP 638.550**	**COP 758.119**	**COP 758.119**	**COP 0**	**COP 809.357**
Internexa Participacoes											
HSBC	BRL	1/11/2013	23/04/2014	0	CDI + 1,60%	COP 0	COP 0	COP 0	COP 0	COP 74.230	COP 76.498
TOTAL						**COP 0**	**COP 0**	**COP 0**	**COP 0**	**COP 74.230**	**COP 76.498**
Internexa Capital											
ITAU	BRL	28/10/2013	28/04/2014	0	CDI + 1,90%	COP 0	COP 0	COP 0	COP 0	COP 10.869	COP 11.078
ITAU	BRL	16/04/2014	16/04/2019	5	CDI + 2,60%	COP 0	COP 0	COP 59.182	COP 60.919	COP 0	COP 0
TOTAL						**COP 0**	**COP 0**	**COP 59.182**	**COP 60.919**	**COP 10.869**	**COP 11.078**
Internexa en Brazil											
Helm Bank	USD	13/12/2013	13/12/2020	7	Libor(6M) + 3,50%	COP 31.495	COP 31.694	COP 23.925	COP 23.925	COP 19.268	COP 19.327
ITAU	BRL	16/04/2014	16/04/2019	5	CDI + 2,60%	COP 44.155	COP 45.136	COP 0	COP 0	COP 0	COP 0
BNDES	BRL	15/10/2014	15/10/2019	5	Fixed Rate 6,00%	COP 1.555	COP 1.555	COP 0	COP 0	COP 0	COP 0
BICBANCO	BRL	10/07/2015	11/07/2016	1	CDI + 4,91%	COP 2.353	COP 2.353	COP 0	COP 0	COP 0	COP 0
ITAU	BRL	23/12/2015	22/01/2016	0,1	CDI + 3,50%	COP 1.210	COP 1.210	COP 0	COP 0	COP 0	COP 0
TOTAL						**COP 80.768**	**COP 81.948**	**COP 23.925**	**COP 23.925**	**COP 19.268**	**COP 19.327**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
BOLIVIA						**COP 53.187**	**COP 54.739**	**COP 51.948**	**COP 53.485**	**COP 51.134**	**COP 52.658**
ISA Bolivia											
BID	USD	15/08/2005	15/02/2019	14	Fixed Rate 9,71%	COP 26.286	COP 27.250	COP 25.673	COP 26.629	COP 25.271	COP 26.212
CAF	USD	15/08/2005	15/02/2019	14	Libor(6M) + 5,00%	COP 19.502	COP 19.896	COP 19.048	COP 19.437	COP 18.750	COP 19.142
BID	USD	7/05/2009	15/02/2019	10	Fixed Rate 8,16%	COP 4.180	COP 4.309	COP 4.083	COP 4.211	COP 4.019	COP 4.145
CAF	USD	7/05/2009	15/02/2019	10	Libor(6M) + 5,00%	COP 3.219	COP 3.284	COP 3.144	COP 3.208	COP 3.094	COP 3.159
TOTAL						**COP 53.187**	**COP 54.739**	**COP 51.948**	**COP 53.485**	**COP 51.134**	**COP 52.658**
CHILE						**COP 1.299.706**	**COP 1.283.745**	**COP 1.096.032**	**COP 1.077.046**	**COP 1.062.218**	**COP 1.066.541**
ITX Chile											
BBVA	UF	2/02/2010	2/02/2015	5	Fixed Rate 5,20%	COP 0	COP 0	COP 103	COP 103	COP 271	COP 271
BBVA	UF	4/06/2010	2/02/2015	5	Fixed Rate 5,30%	COP 0	COP 0	COP 124	COP 124	COP 328	COP 328
BBVA	UF	2/08/2010	2/02/2015	5	Fixed Rate 5,30%	COP 0	COP 0	COP 123	COP 123	COP 325	COP 325
BBVA	UF	9/08/2010	2/02/2015	4	Fixed Rate 5,40%	COP 0	COP 0	COP 39	COP 39	COP 104	COP 104
BBVA	CLP	15/12/2014	10/11/2015	1	TAB (180) + 1,70%	COP 0	COP 0	COP 4.852	COP 4.852	COP 0	COP 0
BBVA	CLP	28/01/2015	28/01/2020	5	TAB (180) + 1,70%	COP 14.137	COP 14.137	COP 0	COP 0	COP 0	COP 0
BCI	CLP	29/10/2010	5/11/2015	5	TAB + 2,00%	COP 0	COP 0	COP 394	COP 394	COP 733	COP 733

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE	2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
BCI	CLP	24/11/2010	5/11/2015	5	TAB + 2,00%	COP 0	COP 0	COP 296	COP 296	COP 550	COP 550
BCI	CLP	23/12/2010	9/11/2015	5	TAB + 2,00%	COP 0	COP 0	COP 302	COP 302	COP 562	COP 562
BCI	CLP	13/01/2011	5/11/2015	5	TAB + 2,00%	COP 0	COP 0	COP 164	COP 164	COP 306	COP 306
BCI	CLP	11/02/2011	5/02/2016	5	TAB + 2,00%	COP 76	COP 76	COP 329	COP 329	COP 550	COP 550
BCI	CLP	23/03/2011	5/05/2016	5	TAB + 2,00%	COP 167	COP 167	COP 437	COP 437	COP 677	COP 677
BCI	CLP	6/04/2011	5/02/2016	5	TAB + 3,00%	COP 130	COP 130	COP 567	COP 567	COP 949	COP 949
BCI	CLP	27/04/2011	5/02/2016	5	TAB + 3,00%	COP 83	COP 83	COP 361	COP 361	COP 605	COP 605
BCI	CLP	25/05/2011	5/05/2016	5	TAB + 3,00%	COP 121	COP 121	COP 315	COP 315	COP 489	COP 489
BCI	CLP	4/07/2011	5/05/2016	5	TAB + 3,00%	COP 499	COP 499	COP 1.301	COP 1.301	COP 2.016	COP 2.016
BCI	CLP	25/08/2011	5/08/2016	5	TAB + 3,00%	COP 397	COP 397	COP 805	COP 805	COP 1.176	COP 1.176
BCI	CLP	11/10/2011	5/08/2016	5	TAB + 3,00%	COP 340	COP 340	COP 690	COP 690	COP 1.008	COP 1.008
BCI	CLP	28/11/2011	5/08/2016	5	TAB + 3,00%	COP 529	COP 529	COP 920	COP 920	COP 1.283	COP 1.283
BCI	CLP	26/01/2012	6/11/2015	4	TAB + 3,00%	COP 0	COP 0	COP 710	COP 710	COP 1.320	COP 1.320
BCI	CLP	3/05/2012	8/02/2016	4	TAB + 3,00%	COP 151	COP 151	COP 657	COP 657	COP 1.100	COP 1.100
Helm Bank Panamá	USD	13/09/2012	13/09/2019	7	Libor(6M) + 3,50%	COP 5.154	COP 5.154	COP 4.785	COP 4.785	COP 3.854	COP 3.854
Helm Bank Panamá	USD	6/11/2012	6/11/2019	7	Libor(6M) + 3,50%	COP 2.577	COP 2.577	COP 2.392	COP 2.392	COP 1.927	COP 1.927
Helm Bank Panamá	USD	18/01/2013	18/01/2020	7	Libor(6M) + 3,50%	COP 8.697	COP 8.697	COP 7.177	COP 7.177	COP 5.780	COP 5.780
Helm Bank Panamá	USD	2/05/2013	2/05/2020	7	Libor(6M) + 3,50%	COP 2.899	COP 2.899	COP 2.392	COP 2.392	COP 1.927	COP 1.927
Helm Bank Panamá	USD	25/06/2013	25/06/2020	7	Libor(6M) + 3,50%	COP 1.449	COP 1.449	COP 1.196	COP 1.196	COP 963	COP 963
Amortized cost									COP 279		COP 94
TOTAL						**COP 37.406**	**COP 37.406**	**COP 31.431**	**COP 31.710**	**COP 28.803**	**COP 28.897**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE			2015 (MILLIONS OF COP)		2014 (MILLIONS OF COP)		01/01/2014 (MILLIONS OF COP)	
								NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Ruta Araucania													
Banco de Chile	UF	5/08/2010	15/09/2022	12	Fixed Rate		4,04%	COP 58.671		COP 58.878		COP 59.007	
Banco de Chile	UF	5/08/2010	15/09/2022	12	Fixed Rate		4,53%	COP 85.478		COP 87.483		COP 88.382	
Banco de Chile	UF	5/08/2010	15/09/2022	12	TAB (360)	+	0,95%	COP 68.807	COP 380.787	COP 63.276	COP 354.793	COP 57.475	COP 341.561
Banco de Chile	UF	31/07/2013	15/09/2022	9	TAB (360)	+	0,95%	COP 117.557		COP 104.926		COP 94.195	
Banco de Chile	UF	1/08/2013	15/09/2022	9	TAB (360)	+	0,95%	COP 57.985		COP 49.539		COP 43.676	
Corpbanca	UF	5/08/2010	15/09/2022	12	Fixed Rate		4,04%	COP 28.185		COP 28.285		COP 28.347	
Corpbanca	UF	5/08/2010	15/09/2022	12	Fixed Rate		4,53%	COP 13.720		COP 14.041		COP 14.186	
Corpbanca	UF	5/08/2010	15/09/2022	12	TAB (360)	+	0,95%	COP 33.054	COP 156.795	COP 30.397	COP 146.091	COP 27.611	COP 164.083
Corpbanca	UF	31/07/2013	15/09/2022	9	TAB (360)	+	0,95%	COP 58.632		COP 53.406		COP 48.795	
Corpbanca	UF	1/08/2013	15/09/2022	9	TAB (360)	+	0,95%	COP 26.847		COP 24.093		COP 22.141	
Banco del Estado	UF	5/08/2010	15/09/2022	12	Fixed Rate		4,04%	COP 28.185		COP 28.285		COP 28.347	
Banco del Estado	UF	5/08/2010	15/09/2022	12	Fixed Rate		4,53%	COP 41.063		COP 42.026		COP 42.458	
Banco del Estado	UF	5/08/2010	15/09/2022	12	TAB (360)	+	0,95%	COP 33.054	COP 209.060	COP 30.397	COP 194.788	COP 27.611	COP 164.083
Banco del Estado	UF	31/07/2013	15/09/2022	9	TAB (360)	+	0,95%	COP 71.154		COP 64.104		COP 58.228	
Banco del Estado	UF	1/08/2013	15/09/2022	9	TAB (360)	+	0,95%	COP 39.369		COP 34.791		COP 31.573	
Overdraft	CLP							COP 0		COP 0	COP 0	COP 1.448	COP 1.448
TOTAL								**COP 761.761**	**COP 746.642**	**COP 713.927**	**COP 695.672**	**COP 673.480**	**COP 671.175**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE		2015 (MILLIONS OF COP)		2014 (MILLIONS OF COP)		01/01/2014 (MILLIONS OF COP)	
							NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Ruta de los Rios												
Banco Secutity	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 574	COP 25.183	COP 574	COP 25.176	COP 574	COP 25.709
Banco Secutity	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 574		COP 574		COP 574	
Banco Secutity	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 5.389		COP 5.382		COP 5.380	
Banco Secutity	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,56%	COP 6.679		COP 6.671		COP 6.668	
Banco Secutity	UF	13/09/2012	15/09/2021	9	Fixed Rate	3,27%	COP 12.067		COP 12.052		COP 12.047	
BICE	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 3.105	COP 136.163	COP 3.102	COP 136.124	COP 3.100	COP 139.005
BICE	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 29.132		COP 29.096		COP 29.084	
BICE	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,56%	COP 36.106		COP 36.061		COP 36.046	
BICE	UF	13/09/2012	15/09/2021	9	Fixed Rate	3,27%	COP 65.238		COP 65.157		COP 65.131	
BCI	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 4.297	COP 188.418	COP 4.292	COP 188.364	COP 4.290	COP 192.350
BCI	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 4.297		COP 4.292		COP 4.290	
BCI	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,55%	COP 40.311		COP 40.261		COP 40.245	
BCI	UF	13/09/2012	15/09/2021	9	Fixed Rate	4,56%	COP 49.960		COP 49.898		COP 49.878	
BCI	UF	13/09/2012	15/09/2021	9	Fixed Rate	3,27%	COP 90.272		COP 90.160		COP 90.123	
Overdraft	CLP						COP 0	COP 0	COP 0	COP 0	COP 1.476	COP 1.476
TOTAL							**COP 351.106**	**COP 349.764**	**COP 350.674**	**COP 349.664**	**COP 352.006**	**COP 358.540**

FINANCING SOURCE	ORIGINAL CURRENCY	ISSUE DATE	DUE DATE	TERM YEARS	INTEREST RATE		2015 (MILLIONS OF COP) NOMINAL VALUE	2015 (MILLIONS OF COP) AMORTIZED COST VALUE	2014 (MILLIONS OF COP) NOMINAL VALUE	2014 (MILLIONS OF COP) AMORTIZED COST VALUE	01/01/2014 (MILLIONS OF COP) NOMINAL VALUE	01/01/2014 (MILLIONS OF COP) AMORTIZED COST VALUE
Ruta del Maipo												
Overdraft	CLP						COP 0	COP 0	COP 0	COP 0	COP 3.296	COP 3.296
TOTAL							**COP 0**	**COP 0**	**COP 0**	**COP 0**	**COP 3.296**	**COP 3.296**
Ruta del Maule												
Overdraft	CLP						COP 0	COP 0	COP 0	COP 0	COP 2.870	COP 2.870
BBVA	CLP	10/11/2015	10/05/2016	0,5	TAB (90)		COP 149.433	COP 149.933	COP 0	COP 0	COP 0	COP 0
TOTAL							**COP 149.433**	**COP 149.933**	**COP 0**	**COP 0**	**COP 2.870**	**COP 2.870**
Ruta del Bosque												
Overdraft	CLP						COP 0	COP 0	COP 0	COP 0	COP 1.763	COP 1.763
TOTAL							**COP 0**	**COP 0**	**COP 0**	**COP 0**	**COP 1.763**	**COP 1.763**
ARGENTINA							**COP 3.895**	**COP 3.895**	**COP 6.994**	**COP 7.483**	**COP 7.071**	**COP 7.499**
Transamerican												
BBVA Frances	ARS	7/06/2013	7/06/2014	1	Fixed Rate	22,00%	COP 0	COP 0	COP 0	COP 0	COP 7.071	COP 7.499
BBVA Frances	ARS			0	Fixed Rate	28,50%	COP 3.895	COP 3.895	COP 6.994	COP 7.483	COP 0	COP 0
TOTAL							**COP 3.895**	**COP 3.895**	**COP 6.994**	**COP 7.483**	**COP 7.071**	**COP 7.499**
TOTAL FINANCIAL OBLIGATIONS							**COP 3.581.364**	**COP 3.573.351**	**COP 3.287.893**	**COP 3.294.823**	**COP 2.252.495**	**COP 3.090.669**

The following relevant events took place in 2015, which explain the debt variations:

ISA

On January repayment was made for USD16 million to loan with Banco de Bogotá.
On February a domestic public debt management operation was held in the amount of COP 222.432, consisting in the replacement of a loan agreement held between ISA and Banco Bilbao Vizcaya Argentaria Colombia S.A. with a new agreement held between ISA and Banco de Bogotá S.A.
On May and November repayment was made for USD3,8 million to loan with BNP-PARIBAS.

TRANSELCA

On January, April, July and October repayments were made for a total of COP 30.000 to loan with Banco de Bogotá.
On March, June, September and December repayments were made for a total of COP 11.000 to loan with Banco BBVA.
On September credit with Banco Colpatria was paid for USD3,2 million.
On June it received disbursement from Banco de Bogotá for COP 14.590 to finance cash flow, which was paid on August.
On August it received disbursement from Banco BBVA for COP 45.000 from BBVA to finance the 2015 investment plan.
On November, a debt management operation was held in the amount of COP 82.500, with Banco de Bogotá S.A. consisting in the amendment of due date and interest rate.
On December a debt management operation was held in the amount of COP 5.500, consisting in the replacement of the loan agreement held between Transelca and Banco Bilbao Vizcaya Argentaria Colombia S.A. for a new agreement held between Transelca and Banco de Bogotá S.A., in which the due date and interest rate was amended.

ISA PERU

On March, June, September and December it made repayment to Bancolombia for a total of USD1,3 million.
On June it received disbursement from Bank of Nova Scotia for USD5 million, which was used to pay the existing debt and for cash flow.
On October 2015, it received disbursement from Banco Internacional del Peru – Interbank for USD1,7 million; this loan was used for investment of Expansion No. 3 project.

RED ENERGÍA DEL PERU – REP-

On March and June it made amortizations for a total of USD1,7 million to Banco de Crédito del Peru.
On August the loan with Banco de Crédito del Peru was replaced with a new loan with the same bank for USD5 million, which was fully repaid on November.

CONSORCIO TRANSMANTARO

On January it received disbursement for USD20 million from Bank of Nova Scotia, which was renewed on July by amending its due date and interest rate.
On March 2015 it received disbursement from Banco de Crédito del Peru for USD5, which was paid in May.
On March 2015 the company entered into a medium term loan agreement with Banco de Crédito del Peru granting a loan for USD250 million to be used in investment projects. On May and December, 2015 disbursements were received for USD30 million and USD15 million, respectively.

INTERNEXA IN PERU

During 2015 it made repayment to Helm Bank for USD 2,4 million.

On February it received disbursement for USD1 million del Banco BBVA.

ISA CAPITAL DO BRAZIL

On June and December it paid preferential shareholders for a total of USD50 million.

CTEEP

On February, May, August and November it made payment to Eletrobras for a total of BRL43.524.

During 2015 it made payment to BNDES for BRL90,8 million.

On April and December it received disbursements from BNDES for a total of BRL103,8 million.

IE MINAS GERAIS –IEMG-

During 2015 it made payment to BNDES for BRL5 million.

IE PINHEHEIROS –IE PINHEIROS-

During 2015 it made payment to BNDES for BRL14,7 million.

SERRA DO JAPI

During 2015 it made payment to BNDES for BRL6,6 million.

INTERNEXA EN BRAZIL

On March, ITX Capital Partipacoes Ltda and NQT were absorbed by company Internexa Brazil Operadora de Telecomunicacoes S.A.; as the result of such merger, it assumed all rights and obligations arising upon the loan agreements of such companies.

On July it received disbursement from BICBANCO for BRL5 million for its operation.

On December it received disbursement from ITAU for BRL3 million for its operation.

ISA BOLIVIA

On February and August it made payment to IDB for a total of USD2,7 million and to Corporación Andina de Fomento-CAF- for USD2 million.

INTERNEXA IN CHILE

During 2015 it amortized credit with BBVA for UF4.010 and CLP1.230 million. In addition, it received disbursement from the same bank for CLP3.116 million and finally, it made payment to BCI and Helm Bank Panamá for CLP1.542 million and USD1 million respectively.

RUTA DEL MAULE

On December novation was made on credit acquired by INTERVIAL with Banco BBVA for financing the operation of voluntary redemption of Ruta del Maule bonds; thus, Ruta del Maule assumes all obligations of this credit.

RUTA DE LA ARAUCANÍA

On March and September it made payment to syndicated loan for a total of UF650.012.

RUTA DE LOS RÍOS

On March and September it made payment to syndicated loan for a total of UF522.161.

Following are the due dates by years of financial obligations:

DUE DATES IN COP		
Short-term		**COP 534.961**
Long-term		**COP 3.038.390**
2017	COP 483.601	
2018	COP 480.673	
2019	COP 754.047	
2020 and after	COP 1.320.069	
Total		**COP 3.573.351**

Some obligations are secured, see note 28.

13.3 Financial Instruments SWAP Derivatives

Within the Group, two subsidiaries and ISA have hedging derivative instruments, as detailed below:

13.3.1 REP:

To mitigate the exchange rate risk in new *soles* resulting from the volatility of the exchange rate, considering that the functional currency of these companies is the US dollar, cross currency swap hedging agreements have been held, which were designated as cash flow hedging derivatives since their purpose is to cover the risk of variation in the exchange rates of the financial obligations in new *soles.*

On November 8th, 2012 and February 7, 2013, REP entered into cross currency swap agreements with *BBVA Banco Continental* for an amount of S/.104.140.000 and S/.77.305.000, with due date November 2022 and February, 2023, at an annual nominal rate of 5,375% and 5,1250%, respectively, thereby hedging the cash flows in *soles* resulting from the volatility of the exchange rate associated with the First Issue "A" Series and First Issue "B" Series of the Third Corporate Bond Program, for which it pays USD39.998.464 and USD29.999.224 at an annual nominal rate of 4,760% and 4,990%, respectively, which flows are liquidated on a semiannual basis. Critical deadlines of the hedging agreements have been negotiated to match with the deadlines of their obligations.

As of December 31, 2015, REP has recognized the fair value of the swap currency cross agreements in liabilities for USD37.830.441 (December 31, 2014 for USD25.115.864,94); the effectiveness of these agreements has not been observed as no significant element of ineffectiveness has arisen.

13.3.2 RUTA DEL MAIPO:

This Company owns a cross currency swap as hedging instrument, which purpose is to reduce exposure to the variation in the future cash flows caused by the variation in the exchange rate that affects the bond denominated in dollars and the UF variation due to the future flows coming from toll collection.

For these hedging operations, the gain or loss of the hedging instrument determined as effective hedging will be recognized in the net equity via other comprehensive income, while the ineffective portion of the gain or loss of the hedging instrument must be recognized in the income of the period.

On August 2001, the Company issued a bond insured in the United States of America, for an amount of USD421 million. This instrument pays interest semiannually, on June and December, and started to pay capital on June 15, 2009. The bond has an annual interest rate of 7,373%.

In May 2005, the Company entered into this hedging agreement instrument with the Official Credit Institute of Spain *(Instituto de Crédito Oficial de España, ICO)* in order to exchange the flows in dollars, originated by the bond, with certain flows in development units (Unidades de Fomento, UF). Accordingly, during the hedging period, ICO undertakes to deliver the flow in dollars and the company undertakes to pay a fixed amount of UF for such dollars.

The fair value of the hedging instrument corresponds to the difference in the present value of the flow in UF and the flow in dollars of the future semiannual payments. Present values are calculated using a projection of future interest rates, UF and dollars respectively.

This swap is classified in Level 2 of the described valuation hierarchy, for an amount of USD65.133.347 as of December 31, 2015 and USD128.436.104 as of December, 2014.

As of September 30, 2015, the Company has not recognized gains to losses due to hedging ineffectiveness.

13.3.3 ISA:

As of December 31, 2015, ISA had a forward purchase operation in the amount of USD 15.000.000. The purpose is to hedge the exchange rate peso / Dollar risk held by the Company for a future firm commitment for capitalization in Dollars for subsidiary INTERCHILE, which gives rise to the obligation to purchase US Dollars for the Company. This capital contribution was approved in Ordinary Session of the Board of Directors No. 14 of November 14, 2014, with the following terms:

DELIVERABLE PURCHASE FORWARD	
Amount in Dollars	15.000.000
Initial date	30-oct-15
Due date	15-jan-16
Term	77 days
Spot	2900
Devaluation	4,98%
Forward rate	2.929,89
Type of hedging	Cash flow hedge

Given that the terms of the forward hedge instrument and the assets covered are identical (nominal value and due date), since the start date of the operation, the hedge has been highly effective.

14. Risk management policy

Given the nature of its various businesses and companies, the geographic position where each of them is located and their various rights (revenues) and obligations (financial debt, acquisition of goods and services), ISA and its companies are exposed to different financial risks.

Accordingly, ISA and its Companies seek to permanently monitor the financial markets in order to minimize the potential adverse effects of such risks on the financial information, both individual and consolidated.

RISK MANAGEMENT STRUCTURE

ISA has in place a policy for comprehensive risk management, which provides the concept and action framework for the objective, systemic and approved implementation of actions aimed at proper management of risks in order to preserve the integrity of the corporate resources. Under this policy, ISA declares the strategic purpose of the Comprehensive Risk Management and assigns express responsibilities to all managers and their teams (all collaborators). Below are the financial risks to which the Company is exposed.

14.1 Market risk

Market risk corresponds to unfavorable variations from expected fair value or future cash flows of a financial instrument caused by adverse changes in variables such as exchange rates, domestic and international interest rates, the Price of indicators (macroeconomic variables), commodities, among others.

14.1.1 INTEREST RATE RISK AND MACROECONOMIC VARIABLES

This risk corresponds to unfavorable changes in the fair value or future cash flows of financial instruments with respect to expectations, and is caused by the variation (volatility) of domestic and international interest rates and macroeconomic variables that are indexed to these flows thus affecting their value. The objective of the interest rate and macroeconomic variable risk management is to reach a balance in the structure of revenues and expenditures that would minimize volatility in the income statement of the Company.

• Financial obligations

As of December 31, 2015, ISA and its companies keep indexation at interest rates and macroeconomic variables in their financial obligations and in most cases, indexation of these operations is offset with the structure of revenues of each Group company; therefore, to this date, no hedging operations for this kind of risk are held.

• Financial instruments – liquidity excess

ISA and its companies make investments in financial instruments with their liquidity excesses and particularly they are acquired in order to keep them until their due date; therefore, they are not exposed to the interest rate risk.

14.1.2 EXCHANGE RATE RISK

This risk corresponds to unfavorable changes with respect to what is expected in the fair value or future cash flows of a financial instrument due to price variations in the foreign currency in which they are expressed.

ISA, in a consolidated basis, features an exposure to the exchange rate risk, to a larger extent, due to the effect of conversion into Colombian Pesos of the investments in companies abroad, which are expressed in the following currencies:

- Brazilian Real
- Chilean Peso
- Bolivian Peso

Turned into:

- US Dollar

Turned into:

- Colombian Peso

* Given that the functional currency of the Peruvian companies is the American Dollar, the consolidated effect will be associated to such currency.

On the other hand, and in a lower proportion, some companies keep an exposure to the Exchange Rate mainly in the category of expenses associated to the service of debt entered into in currencies other than the functional currency of each company.

In cases where no hedging of a natural type exists against the exchange rate risk, ISA and its Companies may carry out financial hedging operations that are available in each country where it is present.

MITIGATION MEASURES

Financial risk hedging operations are considered as market risk mitigation tools, which aim to stabilize for a time horizon, the financial statements and cash flow in case of fluctuations in the risk factors mentioned above.

As part of the Market Risk hedging (Exchange Rate, Interest Rate, Price) ISA and its companies can carry out standardized derivative operations (e.g. Exchange Rate, Commodity Future Agreements, among others) as well as non-standardized such as forwards, swaps and options operations at terms in agreement with the best conditions of each market, which qualify as financial hedging instruments to be registered in the financial statements.

The exchange rate hedging operations that ISA and its companies keep in effect are described in section Derivative financial instruments.

It should be noted, that currently 2 companies have performed hedging operations to mitigate the exchange rate effect in their financial statements, which are described below:

REP

On November 8, 2012 and February 7, 2013, to mitigate the exchange rate risk in new soles resulting from the volatility of the exchange rate, considering that the functional currency of the Company is the American dollar, it entered into "Cross Currency Swap" hedging agreements with BBVA Banco Continental for an amount of S/.104,140,000 and S/.77,305,000, with due date in November 2022 and February, 2023, thereby hedging the cash flows in *soles* related with the First Issue "A" Series and First Issue "B" Series of the Third Corporate Bond Program.

RUTA DEL MAIPO

On August de 2001, the Company issued a Bond (144A) in US Dollars, in the amount of USD 421 million where the company holds a "Cross Currency Swap" as hedging instrument, which purpose is to mitigate the exposure to variation of future cash flows caused by the exchange rate variation affecting the bond denominated in US Dollars and the UF variation due to future flows from toll collection.

The Company entered into this hedging agreement instrument with the Official Credit Institute of Spain *(Instituto de Crédito Oficial de España, ICO)* in order to exchange the flows in dollars, originated by the bond, with certain flows in development units (Unidades de Fomento, UF). Accordingly, during the hedging period, ICO undertakes to deliver the flow in dollars and the Company undertakes to pay a fixed amount of UF.

ISA COLOMBIA

On October 30, 2015, the Company performed an exchange rate hedging forward operation with Banco de Bogotá for USD 15 million with due date January 15, 2016, in order to hedge capitalizations in foreign currency in such countries where ISA is present. Under this operation, Banco de Bogotá agreed to deliver the amount of dollars set forth in the agreement at a fixed exchange rate and the Company agrees to pay a fixed amount of COP.

14.2 Credit and counterparty risk

14.2.1 CREDIT RISK – CUSTOMERS:

For ISA and its companies, this risk refers to the late payment, doubtful collection or not recovery of the portfolio from services rendered by the Companies. In this regard, such risk is deemed lower given that businesses and concessions in which Companies take part are highly regulated and, in some cases, contractual measures are maintained that mitigate this risk.

14.2.2 CREDIT RISK - LIQUIDITY EXCESS:

This risk is mainly mitigated through the selection of financial institutions of renowned strength and with a risk grading given by locally or internationally authorized agencies. On the other hand, a counterparty quota is to be evaluated through allocation models that revise both quantitative (financial indicators) and qualitative (risk grading) variables.

14.3 Liquidity risk

Liquidity Risk is defined as the incapacity to obtain sufficient funds for the fulfillment of obligations when due, without incurring in unacceptably high costs. ISA and its companies carry out the constant monitoring of the short-term cash flow, which permits liquidity needs to be identified during the periods analyzed. On the other hand, each company maintains tools to achieve additional liquidity such as the issuing of commercial papers and credit facilities with local and foreign entities that enable the fulfillment of temporary requirements for funds when so required.

15. Accounts payable

The breakdown of this item as of December 31, 2015 and 2014 is as follows:

ACCOUNTS PAYABLE		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Suppliers	(1)	374.625	-	374.625	255.329		255.329	204.707	694	205.401
Financial expenses	(1)	-	-	-	-	-	-	46	-	46
Creditors	(2)	65.295	54.303	119.598	67.580	60.710	128.290	51.673	19.952	71.625
Dividends	(3)	1.732		1.732	2.426		2.426	105.679	-	105.679
Retention on agreements		5.741	-	5.741	3.429	-	3.429	5.152	-	5.152
Other Accounts payable	(4)	237.686	1.097.472	1.335.158	188.382	1.043.035	1.231.417	250.662	986.427	1.238.089
Total accounts payable		685.079	1.151.775	1.836.854	517.146	1.103.745	1.620.891	617.919	1.008.073	1.625.992

(1) Commercial accounts payable mainly arise from the acquisition of goods and services used for development of the operations of the Group; they have an increase of COP 119.295 compared to last year, mainly in PDI for COP 39.846, INTERCHILE for COP 33.846, TRANSMANTARO COP 15.175 and COP 9.794 at ISA.

(2) The decrease in creditors occurs mainly because the payment in kind of contractual assignment agreement with INTERNEXA, associated in turn to the assignment of availability agreements in the amount of COP 24.937

(3) It corresponds to dividends from CTEEP payable to non-controlling shareholders.

(4) Other accounts payable, both short and long term, increased. One of the significant items is the increase in the Chilean companies of COP 106.959 in this item, which mainly corresponds to liabilities with the MOP for the use of pre-existing infrastructure of companies Ruta del Maipo, Ruta de la Araucanía, which measurement is based on the net present value of payments to be made to MOP. On the contrary, there was a decrease at ISA of COP 3.792 due to higher implementation of delegated management projects: Interconnection Cauca – Nariño Pacific Coast (Costa Pacífica Caucana – Nariñense), Relocation of Energy Transmission grid Colombia – Ecuador – Ipiales airport Variant.

16. Provisions

Provisions, as of December 31, are as follows:

ESTIMATED LIABILITIES AND PROVISIONS		2015 CURRENT	2015 NON-CURRENT	2015 TOTAL	2014 CURRENT	2014 NON-CURRENT	2014 TOTAL	1/01/2014 CURRENT	1/01/2014 NON-CURRENT	1/01/2014 TOTAL
Provision contingencies	(1)	48.393	263.432	311.825	44.358	188.629	232.987	77.916	513.506	591.422
Other estimated liabilities and provisions	(2)	424.387	611	424.998	458.393		458.393	76.262		76.262
Total Estimated liabilities and provisions		**472.780**	**264.043**	**736.823**	**502.751**	**188.629**	**691.380**	**154.178**	**513.506**	**667.684**

(1) It corresponds to provisions for litigation against the company and probable litigation (See note 27).

(2) The main decrease takes place in the provision recorded at ISA Capital do Brazil associated to law 4819/58. Such provision is part of the obligations undertaken in the acquisition of CTEEP, and in accordance with the stock purchase agreement, ISA Capital do Brazil agrees to complement the stock purchase price in case that CTEEP is released from the payments of supplementary retirement plan benefits ruled by law 4819/58. The amounts of these provisions are:

	2015 MILLIONS OF REALES	2015 MILLIONS OF COLOMBIAN PESOS	2014 MILLIONS OF REALES	2014 MILLIONS OF COLOMBIAN PESOS
Balances to pay Lei 4.819/58 - Secretaría da Fazenda	269,62	217.466	252,73	227.632
Balances to pay Lei 4.819/58 – OPA	169,06	136.354	158,62	142.872
	438,68	**353.820**	**411,35**	**370.504**

It also includes estimated liabilities for the acquisition of goods and services which merchandise is in transit, provision for non-invoiced expenses and provision of bonuses, fringe benefits and variable compensation.

17. Income Tax

The income tax recorded in the income statement for the year comprises current and deferred income tax (See note 3.12).

Current tax: Current income tax assets and liabilities for the period are measured by the values expected to be recovered from or paid to the tax authority. The income tax expense is recognized in the current tax in accordance with the calculation made between taxable income and accounting profit or loss affected by the income tax rate for the current year and in accordance with the provisions of each country's tax regulations.

Deferred tax: Deferred taxes correspond to the amount of income tax that the Company will have to pay (liabilities) or recover (assets) in future periods, related to temporary differences between the tax base and the accounting carrying amount of certain assets and liabilities.

Relevant aspects of income tax applicable to ISA and its companies.

a). In Colombia, law 1739 of 2014 amended the rate concerning the income tax for equity -CREE- starting from fiscal year 2016, from 8% to 9% indefinitely. In addition, the same law established the CREE surtax applicable on the same CREE tax base, when it is greater than COP 800 million.

The basis for determining the CREE cannot be less than 3% of liquid assets on the last day of the immediately preceding taxable period, calculated by deducting such items duly authorized in the tax laws.

The amount of the CREE surtax will be the result of applying the following rates to the CREE tax base, for each year:

TAXABLE BASIS RANGE	2015	2016	2017	2018
> 0 < 800 million	0%	0%	0%	0%
>= 800 million	5%	6%	8%	9%

b). In Chile, Law No. 20,780 was published on September 29, 2014 in the Official Journal, which introduces changes to the income and other tax system. The Law provides the replacement of the current tax system, starting in 2017, with two alternate tax systems: the attributed income system and the partially integrated system, to be either chosen by taxpayers, and which First Category rates vary depending on each system.

Integrated or attributed income system: Business owners must pay taxes in the same year for all income generated by the company and not only on profits withdrawn. The income will be attributed in the way the partners or shareholders agreed to distribute, and if not stated, the distribution percentage agreed in the corporate charter, bylaws or public deed reported to the Tax Service will apply.

Under this system, the First Category Tax rate will have a gradual increase to 25%. Taxpayers will have the right to use 100% of the amount paid for the First Category Tax as credit against final taxes.

Partially integrated or earned income system: Final taxpayers will be levied with the Supplementary or Additional Comprehensive Taxes as appropriate, on the distributions actually carried out in the companies where they hold interests. If no company profits are withdrawn, there will be no tax levied for final taxpayers.

Under this system, the First Category Tax rate is gradually increased to 27%. Taxpayers are entitled to use only 65% of the amount paid for the First Category Tax as credit against final taxes, except for taxpayers of the Additional Tax, residents in countries with which Chile has signed a double taxation agreement in force, which may use 100%. For these taxpayers the effective burden will remain at 35%, while for other foreign investors, it will be 44,45%.

First Category Tax Rates:

YEARS	ATTRIBUTED 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%

The law defined that corporations must apply the partially integrated system, while limited liability companies will apply the integrated system, but allowed the taxpayer to choose the regime. Chilean companies of the Business Group opted to apply the scheme assigned by the law; therefore, the concessionaire companies and INTERCHILE have chosen the partially integrated system and ISA Inversiones Chile and ISA Inversiones Maule chose the integrated system. This does not imply that the companies may opt for changing in the future, decision to be made within the last quarter of 2016 at an Extraordinary Meeting of shareholders or partners.

c) In Peru, the income tax rate in force until 2014 is 30% on taxable income, after deducting the participation of workers, which is calculated at a rate of 5% or 10%, on the taxable income. The Tax Reform under Law 30296 of December 2014 amended the tax rate, establishing a gradual reduction from January 1, 2015.

TAXABLE PERIODS	RATE
2015-2016	28%
2017-2018	27%
2019 hereinafter	26%

Corporate entities not domiciled in Peru and individuals must pay an additional tax of 4,1% on any amount that can be considered an indirect disposal of profits, including amounts charged to expenses and revenues undeclared; that is, expenses likely to have benefited the shareholders, participants, among others; private non-business expenses; expenses charged to shareholders, participants, among others, which are borne by the corporate entity.

Since 2015, dividend is understood as any credit to the limit of profits and unrestricted reserves that are granted in behalf of the partners, associates or owners, regardless of the time limit set for their return.

The Law also amended the rates applicable to dividends and other forms of profit distribution, setting a gradual increase starting on year 2015, from 4,1% to:

TAXABLE PERIODS	RATES
2015-2016	6,8%
2017-2018	8,0%
2019 hereinafter	9,3%

d) In Brazil, the Income Tax for Corporate Entities –RPJ- and the Social Contribution on net profit are taxes under federal jurisdiction that affect the income of the corporate entity in its actual or presumed profit.

Actual profit: The tax is determined on the basis of actual income for each period, setting the tax base according to the accounting profit and making the calculations set forth in tax law. The calculation base is composed by all income and capital gains, whichever denomination they have. The net profit of the cal-

culation period is the amount of operating profit, operating results and the shares at a 34% rate.

Presumed profit: it is a form of simplified taxation for determining the calculation basis. It applies to corporate entities with gross revenues up to BRL 78 million in the previous year. Under this system, the profit of each taxpayer is determined by applying rates of 1,6%, 8%, 16% and 32% to gross revenues, the application of rate depends on the activity carried out by the taxpayer.

e) In Bolivia, according to current laws, the Company is subject to the Business Profit Tax (*Impuesto a las Utilidades de Empresas,* IUE) at a 25% rate on taxable income for each year, which is the result of adjusting the accounting profit according with the criteria defined in the tax provisions. This tax is settled and paid in annual periods, is offset with the Transactions Tax -IT- generated in the following year, until exhausted or until the next due date of the IUE.

The distribution of Company profits or payments of interest for the benefit of its shareholders or foreign related companies is subject to a withholding tax of 12.5% on the total amount accredited, paid or remitted.

LEGAL STABILITY AGREEMENTS SIGNED BY ISA AND ITS COMPANIES

ISA: On June 27, 2008, ISA and the Nation -Ministry of Mines and Energy- signed the legal stability agreement for the activity of energy transmission for a period of 20 years, whereby ISA paid a premium and agreed to make investment. This agreement basically provided for stabilization of income tax regulations, including an income tax rate, deduction of the inflationary component of financial expenses, special deduction of 40% for new investments in real productive fixed assets, tax discount by VAT paid in the import of machinery for the energy transmission and presumptive income as 3% of liquid equity, as well as the time limit of the estate tax. This agreement ensures that in the event of adverse changes to the rules stabilized in the agreement those rules will continue to apply during the term thereof.

In Peru: The agreement provides mainly for investors and the recipient of investment, stability in the tax regime based on the income tax and stability in hiring workers.

The following are the Group companies located in Peru who signed legal stability agreements:

REP: On July 26, 2002, the Company entered into a Legal Stability Agreement with the Peruvian State, which term is extended throughout the term of the concession. This agreement is related to the investment that the Shareholders of the Company must perform with capital contributions in the amount of USD 20.000.000, an amount which was completed by December 31, 2002. The agreement mainly provides investors and the investment recipient with stability in the income tax regime and stability in hiring workers. The income tax rate is 27% on taxable income, after deducting workers' participation that is calculated at a 5% rate on taxable income

TRANSMANTARO: On February 24, 1998, the Company entered into a Legal Stability Agreement with the Peruvian State, which term is extended throughout the term of the concession. The agreement mainly provides investors and the investment recipient with stability in the income tax regime and stability in hiring workers. On October 27, 2006, the Company signed an addendum to the tax stability agreement with the Peruvian State, which clarifies that the amount at

that time of capital contributions amounted to USD 43.005.250. The income tax rate is 30% on taxable income.

ISA PERU: On March 29, 2001, the Company entered into a Legal Stability Agreement with the Peruvian State under the framework of Legislative Decrees No. 662 and No. 757 and Law No. 27342. The term of the Agreement begins with the term of the Concession Contract and extends throughout the term of the Concession. While this Agreement is in force, the Peruvian State agrees to ensure legal stability for the Company in stability for the income tax regime, thus, the regulations in effect at the time of signing the Agreement will remain in effect. According to this agreement, the income tax rate is 20% plus an additional 2%.

INTERNEXA: On December 10, 2007, the Company entered into a Legal Stability Agreement with the Peruvian state, which term extends for 10 years. This agreement is related to the investment that the shareholders of the Company must perform by capital contributions for USD 5.000.000, which were completed as of December 31, 2008. The Company is subject to the Peruvian tax system. As of December 31, 2015 and 2014, the income tax rate is 28% and 30%, respectively on taxable income, after deducting the participation of workers that is calculated at a rate of 10% on the taxable income.

In Chile: Until 2015, foreign investors can hold foreign investment agreements with the State under Decree Law 600 -DL600-, provided that the amount of the investment exceeds USD 5.000.000 The DL600 allows:

- **Access to Formal Exchange Market:** The foreign investor may remit capital or profits abroad without restrictions or limitations on the amount of capital or profits.
- **Tax Cost of Shares and Corporate Rights:** An option granted to foreign investor so that in case of sale or liquidation of its investment in Chile, it has the opportunity to enhance its shares or rights in the recipient company in various ways, depending on the most convenient at "acquisition cost" or "tax cost".
- **Tax Invariability:** It provides a rate of 42% as total effective income tax burden for a period of 10 years counted from the start operation date of the respective company, which acts as a protection against possible future tax rate increases above 42%.
- **Non-discrimination:** It provides foreign investors with the right to claim on such rules issued that it considers discriminatory.

The following are the investments of the business Group located in Chile that signed foreign investment agreements under DL600:

- **ISA Inversiones Chile:** Investment of USD 911 Million.
- **ISA Inversiones Maule:** Investment of USD 900 Million.
- **INTERCHILE:** Investment of USD 1.200 Million.
- **INTERNEXA:** Investment of USD 24,5 Million.

INCOME TAX RECOGNIZED IN INCOME OF YEAR

The result for income tax recorded in the Comprehensive Income statement corresponding to years 2015 and 2014, is as follows:

	2015	2014
Expense (income) from income tax		
Expense from current tax		251.705
Expense (income) from Deferred tax		122.205
Previous years		(585)
Tax other jurisdictions		3.289
Total Expense (income) from income tax	**440.785**	**376.614**

The reconciliation of the expense from income tax and the product of accounting profit multiplied by the nominal tax rate of each Group company in years 2015 and 2014, is as follows:

	2015	2014
Reconciliation between income tax expense and accounting profit by the nominal tax rate of each Company		
net earnings before income tax	1.480.332	1.133.136
Income tax expense at nominal rate for each Company	881.289	618.548
Increase (decrease) in the provision resulting from:		
Lower/Higher tax paid other jurisdictions	985	(784)
Non-deductible expenses	49.689	33.299
Taxable dividends and CAN dividends	30.413	7.555
Application of fixed asset benefit	(21.153)	(11.526)
Equity method	(339.572)	(218.427)
Exempted income	(32.543)	(15.264)
Current and deferred rate difference	(3.740)	(1.253)
Non-taxable revenues	(94.750)	(22.195)
Effect of choosing presumed and presumptive income	(29.833)	(13.339)
Income tax expense at effective rate	**440.785**	**376.614**

DEFERRED TAX ASSETS AND LIABILITIES

The balances of deferred taxes are disclosed in the consolidated statement of financial position as a sum of deferred taxes recognized in each company, considering that the amounts of current and deferred assets and liabilities derive from income tax corresponding to different tax administrations and different taxpayers.

The deferred tax assets and liabilities as of December 31, 2015, December 31, 2014 and January 1, 2014 is as follows:

	31-DEC-15	31-DEC-14	1-JAN-14
Deferred tax assets			
Other financial and tax credits	158.532	146.896	67.673
Estimated liabilities and accounts payable	161.360	179.740	222.883
Total deferred tax assets	**319.892**	**326.636**	**290.556**
Deferred tax liabilities			
Property, plant and equipment	(746.405)	(748.698)	(706.430)
Goodwill and intangible assets	(350.816)	(245.694)	(231.036)
Other liabilities	(639.970)	(546.724)	(479.664)
Total deferred tax liabilities	**(1.737.191)**	**(1.541.116)**	**(1.417.130)**
Deferred tax Net	**(1.417.299)**	**(1.214.480)**	**(1.126.574)**

The following companies have tax losses that can be offset in the future and resulted in the recognition of deferred tax assets.

		2015
Tax Losses		
Ruta de Araucanía	Chile	1.035.838
Ruta del Maipo	Chile	2.820.949
Ruta del Bosque	Chile	776.164
Ruta del Maule	Chile	459.740
Ruta de los ríos	Chile	157.029
Interchile	Chile	25.208
ISA Inversiones Maule	Chile	51.289
Internexa	Chile	56.098
Consorcio Transmantaro	Peru	12.254
ISA Capital	Brazil	532.619
Internexa	Colombia	2.317.993
Internexa (excess)	Colombia	1.384.718
Total Tax Losses		9.629.899

According to IAS 12, a deferred tax asset is recognized for tax losses when a company has determined that it is likely to have future taxable income, on which these losses can be attributed. The management of ISA and its companies consider that projections of future profits of the various companies cover the necessary to recover those assets. As of December 31, 2015 the Management did not recognize in ISA Inversiones Maule such assets for having a positive Tax Profit Fund (FUT), but profits computing said positive FUT are not entitled to credit because they derive from dividends.

ISA and its companies are potentially subject to tax audits on the income tax by the tax authorities in each country. These audits are limited to a number of annual tax periods, which usually give rise to expiration of the term of such inspections. Tax audits, by their nature, are often complex and may require several years. Due to the varying interpretations that can be given to tax rules, the inspection results that could be held in the future by tax authorities for years subject to verification could lead to tax liabilities which amounts cannot be quantified today in an objective manner.

INCOME TAX EFFECTIVE RATE

The effective income tax rate in 2015 was 34,16% and 37,80% for 2014. This rate resulted from the ratio between the income tax and the Income before tax applicable to ISA in the consolidated statement, taking into account the participation in each of the companies.

CONSOLIDATED FINANCIAL STATEMENTS	CONSOLIDATED 2015	NON CONTROLLING INTEREST 2015	CONSOLIDATED ISA 2015	CONSOLIDATED 2014	NON CONTROLLING INTEREST 2014	CONSOLIDATED ISA 2014
Income before tax	1.480.332	414.854	1.065.478	1.133.136	313.604	819.532
Income tax provision	440.786	76.856	363.930	376.614	66.795	309.819
Net income	1.039.546	337.998	701.548	756.522	246.809	509.713

EXPECTED NOMINAL INCOME TAX RATE

The expected nominal income tax rate for energy transmission companies of the business Group is the result of multiplying the weight of the participation of each country in the consolidated income before taxes of ISA and the nominal income tax rate provided by the tax regulations of each country.

Tariffs used to calculate the nominal tax rate are:

COUNTRY	2015	2014
Colombia	39,0%	34,0%
Brazil	34,0%	34,0%
Peru	28,0%	30,0%
Bolivia	25,0%	25,0%
Chile	22,5%	21,0%
Argentina	35,0%	35,0%

Given the above, the expected income tax rate was 33,93% for 2015 and 32,06% in 2014.

COUNTRY	PROFIT BEFORE TAX 2015 (WITHOUT NON-CONTROLLING)	% CONSOLIDATED	COUNTRY NOMINAL RATE 2015	PARTICIPATION IN RATE BY COUNTRY 2015
Colombia	647.265	61%	39%	23,69%
Brazil	36.615	3%	34%	1,17%
Peru	187.510	18%	28%	4,93%
Chile	157.959	15%	23%	3,34%
Bolivia	35.052	3%	25%	0,82%
Bermuda	1.418	0%	0%	0,00%
Argentina	(341)	0%	35%	(0,01)%
Total	**1.065.478**	**Expected nominal rate**		**33,93%**

COUNTRY	PROFIT BEFORE TAX 2014 (WITHOUT NON-CONTROLLING)	% CONSOLIDATED	COUNTRY NOMINAL RATE 2014	PARTICIPATION IN RATE BY COUNTRY 2014
Colombia	556.785	68%	34,00%	23,10%
Brazil	52.236	6%	34,00%	2,17%
Peru	125.438	15%	30,00%	4,59%
Chile	73.452	9%	21,00%	1,88%
Bolivia	15.163	2%	25,00%	0,46%
Bermuda	(92)	0%	0,00%	0,00%
Argentina	(3.450)	0%	35,00%	(0,15)%
Total	**819.532**	**Expected nominal rate**		**32,06%**

EFFECTIVE RATE REGARDING NOMINAL INCOME TAX RATE

The effective rate in 2015 was 34,16% compared to an expected nominal rate of 33,93% due to the following reasons:

COUNTRY	PROFIT BEFORE TAX (WITHOUT NON-CONTROLLING)	TAX PROVISION 2015 (WITHOUT NON-CONTROLLING)	EFFECTIVE RATE 2015	COUNTRY NOMINAL RATE
Colombia	647.265	258.926	40,00%	39,00%
Brazil	36.615	26.356	71,98%	34,00%
Peru	187.510	51.315	27,37%	28,00%
Chile	157.959	18.325	11,60%	22,50%
Bolivia	35.052	8.310	23,71%	25,00%
Bermuda	1.418	0	0,00%	0,00%
Argentina	(341)	697	(204,81)%	35,00%
Total	**1.065.478**	**363.930**	**34,16%**	**33,93%**

- In Colombia, the effective rate is increased to 40% for the non-deductibility of certain expenses.
- In Brazil, ISA Capital considered individually generated accounting loss and a net profit in tax terms, which means less participation of this country in the consolidated income, although this may lead to a reduction in income tax expense.
- In Peru, the nominal rate for 2015 was 28%, despite that REP and ISA Peru companies determine their tax at a lower rate under signed tax stability agreements, with income rates of 27% and 22% respectively.
- In Chile, only deferred taxes are disclosed, which includes tax losses and their corresponding restatements.

The effective rate in 2014 was 37,80% compared to an expected nominal rate of 32,06% due to the following reasons:

COUNTRY	PROFIT BEFORE TAX (WITHOUT NON-CONTROLLING)	TAX PROVISION 2014 (WITHOUT NON-CONTROLLING)	EFFECTIVE RATE 2014	COUNTRY NOMINAL RATE
Colombia	556.785	214.875	38,59%	34,00%
Brazil	52.236	27.507	52,66%	34,00%
Peru	125.438	35.700	28,46%	30,00%
Chile	73.452	26.009	35,41%	21,00%
Bolivia	15.163	5.729	37,78%	25,00%
Bermuda	(92)	0	0,00%	0,00%
Argentina	(3.450)	0	0,00%	35,00%
Total	**819.532**	**309.819**	**37,80%**	**32,06%**

- In Colombia, the effective rate is increased to 34% because during 2014 deferred taxes were adjusted from 33% to 34% in all companies, by applying the tax reform issued on December the same year.
- In Brazil, ISA Capital considered individually generated accounting loss and a net profit in tax terms, which means less participation of this country in the consolidated income, although this may lead to a reduction in income tax expense
- In Peru, the effective rate was below the nominal rate given that REP and ISA Peru signed tax stability agreements, with income rates of 27% and 22 % respectively.
- In Chile, only deferred taxes are disclosed, which includes tax losses and their corresponding monetary correction.

17.1 Other taxes receivable

		2015			2014			1/01/2014		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Pre-payment and advance payments for taxes and contributions	(1)	292.190	0	292.190	258.935	0	258.935	293.299	0	293.299

(1) This item includes pre-payments from tax withholding and balances in favor from private income tax settlement.

17.2 Other taxes and contributions payable

		2015			2014			1/01/2014		
		CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Contribution payable	(1)	-	120.195	120.195	-	71.937	71.937	44.555	45.212	89.767
Other taxes	(2)	142.918	110.657	253.575	93.308	154.066	247.374	97.696	112.542	210.238
Income and supplementary tax provision	(3)	93.060	-	93.060	119.669	-	119.669	37.108	-	37.108
		235.978	230.852	466.830	212.977	226.003	438.980	179.359	157.754	337.113

(1) It corresponds to contribution payable, PIS and COFINS in CTEEP and controlled entities.

(2) This item comprises other taxes payable, including tax withholding, VAT, etc.

(3) Decrease takes place mainly at ISA given that the 2015 provision is affected by the payment of pre-payments made during the year.

18. Employee benefits

According to the collective and individual employment contracts, the Group companies must pay retirement pensions to those workers who meet certain requirements of age and length of service. In Colombia, the Social Security Institute –ISS– today Colpensiones, and pension management companies assume the major portion of this obligation, according to the compliance with legal requirements.

18.1 Post-employment benefits

18.1.1 RETIREMENT PENSIONS

ISA, TRANSELCA and XM, according to the collective and individual employment contracts, must pay retirement pensions to those workers who meet certain requirements of age and length of service. The Social Security Institute -ISS- today Colpensiones, and pension management companies assume the major portion of this obligation, according to the compliance with legal requirements. The present value of the pension obligation, as of December 31, 2015 and 2014 was determined based on actuarial studies in accordance with IAS 19 using the actuarial valuation method. Projected unit credit (PUC) is used to determine the present value of the defined benefit obligation (DBO), and where appropriate, the cost for services and the cost of past services.

Under this method, the benefits are attributed to periods in which the obligation to provide benefits is created by directly applying the formula of the benefit of the service-based plan on the valuation date. When the benefit is based on compensation or salary or salary increases, they are applied until the date on which the participant is expected to end the service. However, if the service in recent years leads to significant additional benefits in previous years, benefits are linearly attributed from the date when service by the employee entitles to benefits under the plan, until such date when subsequent services lead to no additional material amount of benefits under the plan.

The main actuarial assumptions used in the valuation are:

ISA

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Future salary increase	4,00%	3,50%
Future pension increase	3,50%	3,00%
Inflation rate	3,50%	3,00%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	Rentistas válidos 2008	Rentistas válidos 2008
Turnover table	"2003 SOA Pensión Plan Turnover Study" con factor de ajuste al 50%	"2003 SOA Pensión Plan Turnover Study" con factor de ajuste al 50%
Number of people covered by pension plan	408	411
Number of people covered by contribution plan	32	39

TRANSELCA

VARIABLES	2015	2014
Discount rate	7,10%	7,10%
Future salary increase	3,25%	3,25%
Future pension increase	3,25%	3,25%
Inflation rate	3,25%	3,25%
Minimum wage increase	3,75%	3,75%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turnover Study" with adjustment factor at 50%
Number of people covered by pension plan	190	190
Number of people covered by contribution plan	190	190

XM

VARIABLES	2015	2014
Discount rate	7,60%	7,20%
Future salary increase	4,00%	3,50%
Future pension increase	3,50%	3,00%
Inflation rate	3,50%	3,00%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%	"2003 SOA Pension plan Turnover Study" with adjustment factor at 50%
Number of people covered by pension plan	19	19
Number of people covered by contribution plan	8	8

18.1.2 PREPAID MEDICAL ASSISTANCE PLANS:

ISA, INTERCOLOMBIA, TRANSELCA and XM will pay the following percentages on premiums for health plans corresponding to prepaid medical assistance and hospitalization policy:

For salaries and pensions up to four point three (4,3) legal monthly minimum wages (SMLMV), ninety percent (90%) of the value of the premium.

For salaries and pensions above four point three (4,3) and up to five point five (5,5) legal monthly minimum wages (SMLMV), eighty percent (80%) of the value of the premium.

For salaries and pensions above five point five (5,5) legal monthly minimum wages (SMLMV), seventy percent (70%) of the value of the premium.

The primary actuarial assumptions used in the valuation are:

ISA

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Minimum wage increase	4,00%	3,50%
Initial increase rate for benefit cost	5,80%	6,40%
Final increase rate for benefit cost	4,50%	4,00%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%	"2003 SOA Pension plan Turnover Study" with adjustment fac-tor at 50%
Number of people covered by medical assistance plan	1.097	1.128

INTERCOLOMBIA

VARIABLES	2015	2014
Discount rate	7,60%	7,20%
Minimum wage increase	4,00%	3,50%
Initial increase rate for benefit cost	5,80%	6,40%
Final increase rate for benefit cost	4,50%	4,00%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by medical plan	474	479

TRANSELCA

VARIABLES	2015	2014
Discount rate	7,10%	7,10%
Minimum wage increase	3,75%	3,75%
Initial increase rate for benefit cost	6,00%	6,00%
Final increase rate for benefit cost	4,25%	4,25%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by medical plan	488	488

XM

VARIABLES	2015	2014
Discount rate	7,60%	7,20%
Minimum wage increase	4,00%	3,50%
Initial increase rate for benefit cost	6,40%	7,00%
Final increase rate for benefit cost	4,50%	4,00%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension Plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turnover Study" with adjustment factor at 50%
Number of people covered by medical plan	218	215

18.1.3 EDUCATION SUPPORT:

Employees of ISA, INTERCOLOMBIA, TRANSELCA and XM, are entitled to a recognition for education support, for each child of active workers and pensioned personnel, below 18 years old, and above 18 to 25 years old, provided they are single and are not working.
The values to recognize will be provided in the collective agreements in effect:

EDUCATIONAL LEVEL	AMOUNT TO RECOGNIZE FOR EACH PERIOD	
	BENEFICIARIES OF THE COLLECTIVE BAR-GAINING AGREEMENT	BENEFICIARIES OF THE COLLEC-TIVE LABOR AGREEMENT
Preschool, kindergarten, primary and secondary, for each child.	2,7 SMLMV (annual)	4,5 SMLMV (annual)
Technology, technical, professional and specialization in technology, for each child	1,5 SMLMV (by semester)	2,25 SMLMV (by semester)
Children with learning difficulties, whatever age.	3,0 SMLMV (annual)	4,5 SMLMV (annual)

The support will be paid per year or early school semester, and must be made in education centers duly approved by the competent entity.

The primary actuarial assumptions used in the valuation are:

ISA

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by education plan	243	265

INTERCOLOMBIA

VARIABLES	2015	2014
Discount rate	7,60%	7,20%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with adjust-ment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by education plan	461	472

TRANSELCA

VARIABLES	2015	2014
Discount rate	7,10%	7,10%
Minimum wage increase	3,25%	3,25%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with adjustment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by education plan	75	75

XM

VARIABLES	2015	2014
Discount rate	7,26%	7,20%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with adjust-ment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by educa-tion plan	194	201

TRANSELCA also includes the following benefit:

18.1.4 ENERGY SUPPORT

Energy support comprises up to 80% of the residential consumption of the worker's permanent housing.

The main actuarial assumptions used in the valuation are:

VARIABLES	2015	2014
Discount rate	7,10%	7,10%
Minimum wage increase	3,75%	3,75%
Inflation rate	3,25%	3,25%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turno-ver Study" with adjustment fac-tor at 50%
Number of people covered by education plan	168	168

These benefits are valuated annually, following is a reconciliation of the movements:

	SEVERANCE PAY	PENSION	MEDICAL PLAN	EDUCATION SUPPORT	ENERGY SUPPORT	TOTAL
Balance as of January 1, 2014	**2.036**	**213.619**	**158.713**	**13.643**	**5.892**	**393.903**
Cost of services of current period	68	-	2.090	706	-	2.864
Expense/revenues from interest	141	14.828	11.251	959	428	27.607
Actuarial (Gains)/Losses from experience	137	(287)	927	285	(582)	480
Actuarial (Gain)/Loss from change in demographic assumptions	-	-	-	-	-	-
actuarial (Gains)/Losses from financial assumptions	(13)	-	(551)	(92)	-	(656)
Past service cost	-	-	8.051	653	-	8.704
Benefits directly paid by the Company	(87)	(17.881)	(8.168)	(342)	(315)	(26.793)
Benefits paid by the Fund		(1.552)	(178)	(29)	-	(1.759)
Other changes		-	-	-	-	-
Balance as of December 31, 2014	**2.282**	**208.727**	**172.135**	**15.783**	**5.423**	**404.350**
Cost of services of current period	74	-	2.177	794	-	3.045
Expense/revenues from interest	161	14.212	11.957	1.116	373	27.819
Actuarial (Gains)/Losses from experience	225	4.878	(1.198)	94	(180)	3.819
Actuarial (Gain)/Loss from change in demographic assumptions	-	-	-	-	-	-
Actuarial (Gains)/Losses from financial assumptions	49	721	1.155	262	-	2.187
Past service cost	-	-	-	-	-	-
Benefits directly paid by the Company	(101)	(16.154)	(8.383)	(340)	(330)	(25.308)
Benefits paid by the Fund	-	(1.189)	(171)	(45)	-	(1.405)
Other changes	-	-	-	-	-	-
Balance as of December 31, 2015	**2.690**	**211.195**	**177.672**	**17.664**	**5.286**	**414.507**

The quantitative analysis of sensitivity to a change in a key assumption would generate the following effect on net obligation of defined benefits:

ASSUMPTIONS	PENSION	CONTRIBUTIONS TO SOCIAL SECURITY	MEDICAL	EDUCATIONAL
Change in discount rate				
Increase in discount rate in +1%	6.851	177	9.069	3.407
Decrease in discount rate in -1%	8.566	179	13.231	4.957
Change in benefit increase				
Increase in benefit rise in +1%	-	-	-	5.006
Decrease in benefit increase in -1%	-	-	-	3.364
Change in medical trend				
Increase in medical trend in +1%	-	-	12.895	-
Decrease in medical trend in -1%	-	-	9.309	-
Obligation base	**7.621**	**178**	**10.875**	**4.083**
Term of the Plan	**23**	**1**	**33**	**34**

Sensitivity analysis estimates the effect on defined benefit obligation as a result of reasonably possible changes in key assumptions used at each reporting date.

18.2 Long-term benefits

18.2.1 QUINQUENNIUMS

The benefit consists in the quinquennium payment of a fixed amount when the employee has been working for 5 years with the company, and thereafter each 5 years of service.

18.2.2 SENIORITY PREMIUM

The benefit consists in the annual payment of one day's salary per each year of service with the Company, in the month of completion of each year of service. The benefit begins when participant completes 5 years of service with the company.

The main actuarial assumptions used in the valuation are:

ISA

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by seniority premium and quinquennium	107	97

INTERCOLOMBIA

VARIABLES	2015	2014
Discount rate	7,60%	7,20%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by seniority premium and quinquennium	471	458

XM

VARIABLES	2015	2014
Discount rate	7,60%	7,20%
Minimum wage increase	4,00%	3,50%
Rate of return on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%	"2003 SOA Pension plan Turnover Study" with ad-justment factor at 50%
Number of people covered by seniority premium and quinquennium	135	133

These benefits are valued annually; following is the reconciliation of movements:

SENIORITY PREMIUM AND QUINQUENNIUM	
Balance as of January 1, 2014	**12.908**
Cost of services of current period	991
Expense/revenues from interests	852
Actuarial (Gains)/Losses from experience	831
Actuarial (Gains)/Losses from financial assumptions	(45)
Benefits directly paid by the Company	(1.920)
Balance as of December 31, 2014	**13.671**
Cost of services of current period	1.043
Expense/revenues from interest	907
Actuarial (Gains)/Losses from experience	610
Actuarial (Gains)/Losses from financial assumptions	118
Benefits directly paid by the Company	(1.994)
Balance as of December 31, 2015	**14.301**

The quantitative analysis of sensitivity to a change in a key assumption would generate the following effect on net obligation of defined benefits:

ASSUMPTIONS	SENIORITY/QUINQUENNIUM
Change in discount rate	
Discount rate increase in+1%	12.120
Discount rate decrease in -1%	13.531
Change in salary increase	
Increase in salary rise +1%	13.584
Decrease in salary increase -1%	12.062
Obligation Base	**12.787**
Term of Plan	**19**

18.3 Assets to support pension liability

Company XM holds restricted cash corresponding to the balances in the Trust (Patrimonio Autónomo) in Protección S.A. to support the actuarial liabilities. This amount is disclosed in the Statement of Financial Position netted with pension liabilities.

	2015	2014	1/01/2014
Assets to support pension liabilities	8.664	9.688	10.775

19. Other non-financial liabilities

		2015		
		CURRENT	NON-CURRENT	TOTAL
Revenues received in advance from sales		14.416	-	14.416
Collections in favor of third parties		48.629	1.289	49.918
Deferred revenues and deferred credits	(1)	163.237	303.239	466.476
Total other liabilities		**226.282**	**304.528**	**530.810**

		2014		
		CURRENT	NON-CURRENT	TOTAL
Revenues received in advance from sales		19.832	-	19.832
Collections in favor of third parties		79.623	568	80.191
Deferred revenues and deferred credits	(1)	27.677	375.740	403.417
Total other liabilities		**127.132**	**376.308**	**503.440**

		1/01/2014		
		CURRENT	NON-CURRENT	TOTAL
Revenues received in advance from sales		25.493	11.513	37.006
Collections in favor of third parties		59.568	3.228	62.796
Deferred revenues and deferred credits	(1)	27.980	366.645	394.625
Total other liabilities		**113.041**	**381.386**	**494.427**

(1) Deferred revenues and deferred credits mainly correspond to: In ISA, deferred revenues from the National Transmission System (Sistema de Transmisión Nacional, STN) COP 216.435 (2014: COP 231.595) for assets from bids –UPME– and rights to use infrastructure for COP 10.978 (2014: COP 13.611), in Internexa Peru COP 120.025 (2014:COP 101.821) corresponds to advance payments received for construction of optic fiber of first (COP 95.099) and second (COP 7.914) usufruct agreements signed with Telefónica, called "Proyecto Sur" and "Proyecto Norte" respectively. In Brazil, CTEEP and its subsidiaries recognize liabilities related with amounts already invoiced in the tariffs (1% of net operating revenues, invested in the Investigation and Development Program I + D , monthly updated, starting on the second month following the recognition to the time of its realization, based on the SELIC rate, in accordance with ANEEL Resolution 300/2008 and 316/2008. According to circular N° 0003/2015 of May 18, 2015, expenses invested in I + D are recorded in assets and upon completion of the Project, they are recognized as settlement of the obligation and subsequent audit and final assessment by ANEEL. The total amount invested in non-completed projects on December 31, 2015 was COP 8.933 (2014: COP 24.725).

20. Equity

20.1 Subscribed and paid-in capital and number of shares

ISA's subscribed and paid-in capital , as of December 31 2015 and 2014, is COP 36.916 represented in 1.125.498.016 shares, distributed as follows:

	2015		
SHAREHOLDER	NUMBER OF SHARES	COP MILLION	% INTEREST (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**
INVESTORS WITH PUBLIC AND PRIVATE CAPITAL			
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**

SHAREHOLDER		2015 NUMBER OF SHARES	COP MILLION	% INTEREST (1)
PRIVATE CAPITAL INVESTORS				
Mandatory Pension Fund Porvenir Moderate		75.634.056	2.481	6,828
Mandatory Pension Fund Protección Moderate		53.190.181	1.745	4,802
Mandatory Pension Fund Colfondos Moderate		20.210.009	663	1,825
Old Mutual Mandatory Pension Fund Moderate		7.845.820	257	0,708
Fondo Bursátil Ishares COLCAP		7.668.997	252	0,692
Norges Bank-CB New York		7.305.536	240	0,660
Vanguard Emerging Markerts Stock Index Fund		5.775.289	189	0,521
Fondo de Pensiones Proteccion-RF Alta Liquidez		3.895.164	128	0,352
Vanguard Total International Stock Index Fund		3.238.486	106	0,292
Abu Dhabi Investment Authority J.P. Morgan		3.160.570	104	0,285
Other shareholders		160.302.148	5.256	14,472
Subtotal		**348.226.256**	**11.421**	**31.438**
Total outstanding subscribed capital		**1.107.677.894**	**36.331**	**100**
Own shares reacquired	(2)	17.820.122	585	
Total Subscribed and paid-in capital		**1.125.498.016**	**36.916**	

SHAREHOLDER	2014 NUMBER OF SHARES	VALUE COP MILLION	% INTEREST (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**
INVERSIONISTAS CON CAPITAL PÚBLICO Y PRIVADO			
Investors with Public and Private Capital	58.925.480	1.933	5.32
Empresa Colombiana de Petróleos –ECOPETROL–	18.448.050	605	1.665
Empresa de Energía de Bogotá –EEB–	**77.373.530**	**2.538**	**6.985**
Subtotal	**759.451.638**	**24.910**	**68.562**
SUBTOTAL			
PRIVATE CAPITAL INVESTORS			
Mandatory Pension Fund Porvenir Moderate	79.322.882	2.602	7.161
Mandatory Pension Fund Protección Moderate	54.051.718	1.773	4.88
Mandatory Pension Fund Colfondos Moderate	22.440.152	736	2.026
Fondo Bursátil Ishares COLCAP	10.864.920	356	0.981
Mandatory Pension Fund Skandia S.A.	8.474.364	278	0.765
Vanguard Emerging Markerts 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

SHAREHOLDER	2014 NUMBER OF SHARES	VALUE COP MILLION	% INTEREST (1)
PRIVATE CAPITAL INVESTORS			
Ishares MSCI Emerging Markets Index Fund	2.877.451	94	0.26
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**
Own shares reacquired (2)	17.820.122	585	
Total Subscribed and paid-in capital	**1.125.498.016**	**36.916**	

(1) Percentage of interest on outstanding shares, which are common, registered and dematerialized shares.

(2) Shares belonged to CORELCA, and were reacquired by ISA on August, 1998. To this date, all rights inherent thereto have been suspended, and consequently, they do neither participate in the distribution of dividends nor are part of the quorum to deliberate and decide.

The Colombian Centralized Deposit of Securities (El Depósito Centralizado de Valores de Colombia -DECEVAL-), is an entity that receives securities in deposit, for their administration and custody, thereby contributing to facilitate and speed up the market agents operations.

20.2 Authorized shares and nominal value

As of December 31 2015 and 2014, the authorized capital stock included 1.371.951.219 common shares, with a par value of COP 32,800000005352. All issued shares are fully paid.

20.3 Rights and restrictions of shareholders

Shareholders with common shares are entitled to receive dividends as declared from time to time and are also entitled to one vote per share at the Company Shareholders' Meetings. The Company is listed primarily in the Colombian Stock Exchange.

20.4 Premium for placement of shares

This item amounts to COP 1.428.128 in 2015 and 2014. (See note 20.4)

20.5 Dividends

Dividends declared in 2015 and 2014, on income from the previous year, are as detailed below:

		2014
Net income of previous period	(1)	593.064.961
Outstanding shares		1.107.677.894
Ordinary dividend per share (in COP)		208
Extraordinary dividend per share(in COP		60
Total dividends per share decreed		268
Dividends decreed		296.857.676
Form of payment		Ordinary and extraordinary dividends payable in April-July-October-December 2015

(1) Income distributed in 2014 is determined under the Generally Accepted Accounting Principles in Colombia, applied until December 31, 2014.

The detail of paid dividend in the last years is as follows:

ATTRIBUTED TO PERIOD	TYPE OF DIVIDEND	PAYMENT DATE	PESOS PER SHARE
2009	Ordinary	19-Apr-10	40
2009	Ordinary	19-Jul-10	40
2009	Ordinary	19-Oct-10	40
2009	Ordinary	27-Jan-11	40
2010	Ordinary	18-Apr-11	43
2010	Ordinary	18-Jul-11	43
2010	Ordinary	18-Oct-11	43
2010	Ordinary	27-Jan-12	43
2011	Ordinary	26-Jun-12	179
2012	Ordinary	01-May-13	188
2013	Ordinary	21-Jul-14	196
2013	Extraordinary	22-Sep-14	18

20.6 Reserves

		2015	2014	1/01/2014
Legal	(1)	18.458	18.458	18.458
Legal under tax provisions	(2)	716.143	619.210	523.878
Reacquisition of own shares	(3)	38.100	38.100	38.100
Capital strengthening	(4)	681.264	481.989	381.316
Rehabilitation and replacement of National Transmission assets	(5)	37.434	37.434	37.434
TOTAL		**1.491.399**	**1.195.191**	**999.186**

(1) According to the law, the Company is required to set aside 10% of its net annual profits as legal reserve until the balance of this reserve equals 50% of the subscribed capital. The mandatory legal reserve may not be distributed before the liquidation of the Company, but may be used to absorb or reduce net annual losses. Reserve balances are of free availability for shareholders, as to the amount exceeding 50% of the subscribed capital.

(2) The Regular Shareholders' Meeting approves the appropriation of this reserve from the net profits, in compliance with Article 130 of the Tax Code, with the purpose of obtaining tax deductions due to depreciation that exceeds the accounting depreciation. According to legal provisions, this reserve may be released to the extent that accounting depreciation exceeds those annually requested for tax purposes, or if assets are sold that gave rise to the larger amount deducted.

(3) Includes a special reserve for the acquisition of own shares of the Company owned by EPM for COP 38.100.

(4) In compliance with Article 47 of the Bylaws, the Shareholders General Meeting has established occasional reserves, in order for the Company to preserve its financial soundness, maintain the level of financial indicators required by the credit risk rating agencies to grant the degree of investment and comply with the contractual commitments acquired with the financial institutions.

(5) On March 30, 2000, the General Shareholders' Meeting approved an appropriation of COP 24.933 for the rehabilitation and replacement of the National Transmission System assets, and on March 18th, 2002 an addition to this reserve was approved for COP 12.502, for a total of COP 37.434.

21. Revenues from ordinary activities and other revenues

They are revenues for services provided by ISA companies, for concept of: energy transmission (use of National Transmission System -STN-), connection to the STN; services related to energy transmission services, management, operation and maintenance; specialized technical services, design, construction, maintenance, exploitation and operation of road concessions, the financial returns of concessions classified as financial assets, special studies, availability of infrastructure and project management, organization, administration, marketing and provision of telecommunication services, performing all kinds of activities with the construction of transmission lines, power projects of all kinds, intelligent management of real-time systems and in general, any activity in the construction sector.

CONCEPT OF REVENUES		2015	2014
Energy transmission services	(1)	2.739.308	2.282.395
Connection charges	(2)	202.701	175.738
Services CND – MEM		99.900	98.091
Telecommunications	(3)	283.785	237.160
Related activities		51.868	53.339
Roads	(4)	1.095.223	843.299
Constructions for sale	(5)	797.864	527.472
Total operating revenues		**5.270.649**	**4.217.494**

(1) Services provided by ISA and TRANSELCA in Colombia which are regulated by the Energy and Gas Regulation Commission –CREG- and for the provision of services covered by concession contracts in Brazil, Peru and Bolivia paid under the tariff regime of each country and with annual adjustments during the term of the concession fee as agreed in each concession contract.

Since 2014, ISA's affiliate INTERCOLOMBIA is responsible for the representation of energy assets and therefore it receives most of the revenues from the Existing Grid, UPMES and connection to the STN. Periodically, and with the settlement of the contrato en cuenta en participación. ISA, as partner in assets receives the income percentage as revenues from *cuenta en participación.*

In ISA and TRANSELCA, the unavailability of assets for the provision of service of use and connection to STN causes decreases in revenues reflected in the billing of services of the immediately following month through compensation. ISA has been carrying out legal actions and administrative procedures in order to incorporate the STN assets of Betania Substation into the asset base of the system and to have the corresponding remuneration recognized.

For ISA and ITCO rates to use the STN for the existing network are regulated and subject to adjustment by the Producer Price Index -PPI. Revenues from UPME biddings related to new projects in the STN are fixed in dollars and converted to pesos each month with the Representative Market Rate -RMR- and Producer Price Index –PPI- (United States). (PPI 2015: 9,57% - 2014: 6,33%)

As of 2015 ITCO started representing the assets from the expansion of the S/E Cerromatoso and S/E La Reforma, the Sogamoso project bid and the Guatapé variant; likewise, from 2016 it started representing the assets from the expansion of the S/E Termocol and S/E El Bosque, and La Reforma and Copey bidding projects.

In REP, as a result of the application of guaranteed annual remuneration and such additional energy transmission services, the Company recognized in years 2015 and 2014 revenues from energy transmission Services for USD 113.747.545 and USD 106.267.757, respectively.

In CTEEP and the subsidiaries, higher revenues were obtained due to increased RAP by adjusting the remuneration of the July 2015 - July 2016 cycle and the positive variation of the IGPM / IPCA.

(2) Connection fees generally are updated by the Producer Price Index -PPI-.

(3) Telecommunications services are increased by higher growth of customers, mainly in Internexa Brazil.

(4) In Road Concessions in Chile, there was an increase by higher revenues from construction mainly in third lane works and higher financial performance from concession.

(5) Increased revenues from entry into operation of Trujillo-Chiclay Project and early operation of lines of Machupichu-Cotaruse project.

22. Concessions

ISA through its companies, promotes the development in Brazil, Peru and Bolivia through concessions acquired for the provision of energy transmission services; for the provision of intelligent management of real-time systems in Colombia and for road transport service through concessionaires in Chile. The assets built or acquired for the provision of the services of the concession, are referred to as assets related to the concession.

22.1.1 CONCESSIONS IN PERU

Due to the terms and conditions contained in the concession contracts in Peru for the provision of utilities regarding energy transmission, similar in legal terms and rights and obligations to the State, the model that applies to concession contracts to provide the utility of energy transmission at REP, ISA PERU and Transmantaro is the intangible asset model, which applies when the services provided by the operator are paid by users or when the grantor does not unconditionally warrant the collection of accounts receivable.

The intangible asset represents the right granted by the Peruvian State to charge users for the energy transmission service.

22.1.2 CONCESSIONS IN BOLIVIA

Similar to the type of contracts in Peru, concession contracts for the provision of energy utilities in Bolivia, unconditional cash receipt is not guaranteed for the operator, thus the latter must assume the credit risk associated with the collection of invoiced amounts, which could mean that the company cannot recover all the investment. Additionally, the Bolivian State is not required to ensure the remaining either by the absence of demand or lack of payment of any of the market players; therefore, the grantor has no obligation to pay for the construction services received; in this sense, the model that is consistent with the contract terms and framed by IFRIC 12 is the intangible asset model.

22.1.3 CONCESSIONS IN COLOMBIA

At present, Sistemas Inteligentes en Red S.A.S. by means of Business Co-operation Agreement signed with UNE EPM Telecomunicaciones S.A. and Consorcio ITS, is in charge of the performance of Inter-Administrative Agreement No. 5400000C003 of 2006 with the Municipality of Medellín "under concession, and therefore at its account, by contributing with the required technological infrastructure, to provide modernization and optimization for the management of the administrative services of the Department of Transport and Traffic of Medellin, through a comprehensive solution for technology, information, communications and operation of ICTs"; in consideration of the above, it is entitled to share in the revenues from fines captured by the photo-detection system.

This agreement is within the scope of IFRIC 12 due to the following reasons:

- The grantor, in this case the Municipality of Medellín, controls which services should be provided by the operator with the infrastructure, whom should be charged and at what price.
- The grantor controls, through ownership of the right to use, any significant residual interest in the infrastructure at the end of its useful life, as set out in Addendum No. 5 of the agreement: "upon termination of this agreement, all goods, equipment, technology, software licenses shall be reversed in favor of the Municipality... ".

22.1.4 CONCESSIONS IN BRAZIL

According to the concession contracts in Brazil, the operator holds the unconditional and contractual right to receive cash or another financial asset from grantor ANEEL as it provides that at the end of the concession, the reversion of assets linked to the concession will be established by determination and calculation of the compensation to be recognized by the operator.

The company believes that the amount of compensation to which operators are entitled corresponds to the NRV (new replacement value), adjusted for accumulated depreciation of each asset, which is part of the remuneration for the services of construction that is recognized at the time that the work is completed; management believes, therefore, that this value corresponds to the guaranteed minimum value regulated by the State.

According to the above, all energy transmission concessions in Brazil were classified under the financial asset model, with the recognition of revenues and costs of the works related to the formation of the asset.

Financial assets include amounts receivable relating to construction services, financial yields and operations and maintenance services, as well as the amount of compensation received by the concession from the reversal of assets linked to the concession at the end of the contract.

22.1.5 CONCESSIONS IN CHILE

The Chilean concession contracts for the provision of road transport service included guaranteed revenues under the Income Distribution Mechanism (*Mecanismo de Distribución de Ingresos,* MDI), which sets total income to present value, also providing the concept of guaranteed minimum income (*Ingreso Mínimo Garantizado,* IMG) and grants in some concessionaires.

These contracts also include income guarantees representing an unconditional contractual right to be received or other financial assets for construction services provided. The contractually guaranteed payment is a specific and determinable amount.

Based on the above, the model applied to concessions in Chile, is the financial asset model. This asset is extinguished by the payments received from road users through tolls or directly by payments from the Ministry of Public Works (*Ministerio de Obras Públicas,* MOP).

Some of these concession contracts include the construction of infrastructure required for provision of these services, with high quality standards.

BUSINESS	CONCESSIONAIRE	COUNTRY	CLASSIFICATION ASSETS	VALUE OF ASSETS OF CONCESSION			OPERATING REVENUES	
				2015	2014	1/01/2014	2015	2014
Intangible assets:								
Energy transmission	Transmantaro	Peru	Intangible	2.745.408	1.784.991	1.297.344	717.646	382.747
Energy transmission	REP	Peru	Intangible	1.442.089	1.040.168	786.111	444.959	331.062
Energy transmission	ISA Peru	Peru	Intangible	121.890	86.536	70.756	45.693	26.868
Subtotal concessions in Peru:				**4.309.387**	**2.911.695**	**2.154.211**	**1.208.298**	**740.677**
Energy transmission	ISA Bolivia	Bolivia	Intangible	110.430	77.041	71.102	61.688	45.180
Intelligent Management in Real-Time Systems	SISTEMAS INTELIGENTES EN RED	Colombia	Intangible	6.669	7.336	8.003	13.449	9.720
TOTAL CONCESSIONS RECOGNIZED AS INTANGIBLE ASSETS:				**4.426.486**	**2.996.072**	**2.233.316**	**1.283.435**	**795.577**

BUSINESS	CONCESSIONAIRE	COUNTRY	CLASSIFICATION ASSETS	VALUE OF ASSETS OF CONCESSION			OPERATING REVENUES	
				2015	2014	1/01/2014	2015	2014
Financial assets:								
Energy transmission	CTEEP	Brazil	Financial	2.250.287	2.676.868	2.520.287	892.569	828.690
Energy transmission	Pinheiros	Brazil	Financial	459.497	454.670	415.921	87.932	54.283
Energy transmission	Serra do Japi	Brazil	Financial	250.233	224.012	193.755	48.813	34.630
Energy transmission	Minas Gerais	Brazil	Financial	132.406	144.459	136.182	15.821	8.148
Energy transmission	Evrecy Participações	Brazil	Financial	38.806	42.655	30.772	11.979	15.545
Subtotal concessions in Brazil:				**3.131.229**	**3.542.664**	**3.296.917**	**1.057.114**	**941.296**
Road concessions	Ruta del Maipo	Chile	Financial	4.605.622	3.917.574	3.530.801	667.973	487.838
Road concessions	Ruta del Maule	Chile	Financial	567.726	645.700	711.475	88.075	81.557
Road concessions	Ruta de la Araucanía	Chile	Financial	1.066.264	977.896	934.497	132.598	95.618
Road concessions	Ruta del Bosque	Chile	Financial	588.848	570.788	550.229	115.017	102.729
Road concessions	Ruta de los Ríos	Chile	Financial	499.582	496.274	494.859	91.560	75.557
Subtotal concessions in Chile:				**7.328.042**	**6.608.232**	**6.221.861**	**1.095.223**	**843.299**
TOTAL CONCESSIONS RECOGNIZED AS FINANCIAL ASSETS:				**10.459.271**	**10.150.896**	**9.518.778**	**2.152.337**	**1.784.595**

23. Operating costs and expenses

23.1 Operating costs

Operating costs for years ending December 31 are detailed below:

		2015	2014
Personnel costs	(1)	368.880	309.098
Materials and maintenance	(2)	219.534	181.249
Contributions and taxes	(3)	187.403	179.991
Fees		20.200	11.736
Insurance		27.369	27.084
Leases		23.469	22.346
Services		130.994	116.055
Advertising and printed matter		1.760	1.661
Studies and projects		16.771	14.427
Construction costs – concession contracts	(4)	848.566	542.180
Miscellaneous	(5)	86.558	56.990
Total operating costs before depreciation, amortization and transfers		**1.931.504**	**1.462.817**
Depreciations		246.573	243.657
Amortizations	(6)	19.941	14.554
Total depreciations and amortizations		**266.514**	**258.211**
Total operating costs		**2.198.018**	**1.721.028**

(1) Personnel costs include all short-term, long-term and post-employment benefits.

(2) Includes costs associated with construction and building of assets for operation and maintenance of road network and grid, including those incurred in the recovery of infrastructure affected by terrorist attacks and by the rainy season. It also includes costs associated to scheduled maintenance of transmission grid and to constructions and buildings of the operation.

(3) Within the contributions and taxes, the most significant item corresponds to INTERCOLOMBIA from FAER and PRONE contribution for COP 60.752 and COP 36.376 respectively (2014: COP 55.567 and COP 37.685) and wealth tax for COP 1010 million (2014: 0)

(4) It corresponds in Peru - CTM, to contracts for construction, management, administration and supervision of construction, commissioning and operation of transmission lines of Machu Picchu - Cotaruse, Mantaro - Montalvo, Trujillo - Chiclayo, Planícia Industrial, Friaspata Mollepata, Orcotuna. concessions, changing from USD 83 in 2014 to USD105 in 2015.

(5) Increase mainly by right of premiums to reinsurers in Linear System for COP 14.380 and higher costs in Internexa Peru for COP 1.893 in items such as telematic services and solutions to customers in the last kilometers.

(6) Increase in Amortization of concessions and permits in ISA Bolivia due to activation of Reactor projects of Neutro and Sucre.

23.2 Administrative expenses

Administrative expenses for years ending December 31, are detailed below:

		2015	2014
Personnel expenses	(1)	234.190	251.060
Materials and maintenance	(2)	21.492	29.361
Contributions and taxes	(3)	72.078	34.290
Fees		36.375	42.563
Insurance		11.686	8.785
Leases		14.939	11.939
Services		16.736	19.130
Advertising and printed matter		6.205	4.682
Studies and projects		8.270	7.489
Miscellaneous		56.271	60.437
Total administrative expenses before depreciations, amortizations and provisions		**478.242**	**469.736**
Depreciations		25.162	20.747
Amortizations	(4)	213.183	150.280
Provisions	(5)	96.280	41.476
Total depreciations, amortizations and provisions		**334.625**	**212.503**
Total administrative expenses		**812.867**	**682.239**

(1) Personnel expenses include all short-term, long-term and post-employment benefits.

(2) This item includes costs associated with the construction and building of assets for operation and maintenance of road network and grid, including those incurred in the recovery of infrastructure affected by terrorist attacks and by the rainy season. The decreases occurred mainly in REP and IEMG and an increase in Internexa Peru.

(3) Contributions and taxes: Increase in ISA due to wealth tax COP 33.484

(4) Increase for entry of projects in operation at Internexa Brazil (COP 11.700), Transmantaro (COP 28.169) and REP (COP 17.541)

(5) It includes portfolio provisions, fixed assets, investments, contingencies and major maintenance; the increase occurs in CTEEP for COP 50.594 for contingencies from labor lawsuits.

24. Other revenues and expenses

24.1 Other revenues

Other revenues for years ending December 31, are detailed below:

		2015	2014
Extraordinary revenues			
Indemnities	(1)	9.973	471
Lease		1.093	1.102
Recoveries		20.286	23.958
Proceeds from sale property, plant equipment		0	2.369
Other		28.034	37.656
Total extraordinary revenues		**59.386**	**65.556**
Equity method	(2)	127.628	83.956
TOTAL OTHER REVENUES		**187.014**	**149.512**

(1) There was an increase in ISA in this item of COP 8.600 for Compensation for loss of Virginia transformer COP 5.995 and S / E Cerromatoso for COP 2.604

(2) Increase in investments from CTEEP in its companies with joint control mainly due to higher revenues from the tariff update on July 2015 and higher IPCA

24.2 Other expenses

Other expenses for years ending December 31, are detailed below:

		2015	2014
Other Expenses			
Losses from events of loss		1.362	489
Loss from write-off of assets	(1)	9.088	27.345
Other		27.571	25.724
Total extraordinary expenses		**38.021**	**53.558**
Equity method		3.788	4.251
Total other expenses		**41.809**	**57.810**

(1) Decrease given that in 2014 there was a derecognition of assets in CTEEP for BRL19 million as well as in ISA for COP 4.665; however, in 2015 there was derecognition of assets in CTEEP for obsolete computer equipment.

25. Financial income

The detail of financial income and expense as of December 31 2015 and 2014, is as follows:

		2015	2014
Financial revenues			
Accounts receivable due and other loans	(1)	71.762	72.577
Valuation of investments	(2)	100.216	104.029
Commercial discounts, conditioned and agreements	(3)	53.161	30.750
Dividends	(4)	1.780	2.532
Monetary variation	(5)	48.523	47.603
Total financial income		**275.442**	**257.491**
Exchange difference			
Cash		539.118	324.252
Debtors		95.610	65.605
Investments abroad		275	1.158
Other Assets		159	2.658
Accounts payable		33.073	19.870
Financial obligations		70.516	25.849
Total exchange difference	**(6)**	**738.751**	**439.392**
Total Financial revenues		**1.014.193**	**696.883**

(1) It relates to the financial return for placements of securities, yields on deposits and agreements.

(2) It corresponds to profit in trading and sale of fixed and variable income investments, which had lower revenues in CTEEP for COP 2.467 and in ISA for COP 2.061, while in Interligação Elétrica Serra do Japi -IESJ- higher performance was obtained compared to the previous year for COP 776.

(3) The change relates mainly to Transmantaro for COP 11.468, which are related to the interest from accounts receivable for financial lease agreements with third parties.

(4) Revenues mainly related to dividends received from Empresa Propietaria de la Red –EPR- a Panamanian company established in the city of San José de Costa Rica. ISA holds a stake of 11.11% in that company. This company has already started operations in some sections of the line.

(5) It correspond in CTEEP to the recognition of interest and financial update on compensation for COP 41.366 (2014: 46.808 COP)

(6) The translation effect generated by the devaluation of the Colombian peso compared to the currencies of those countries where ISA is present, generated an increase in revenues for exchange difference.

		2015	2014
Financial			
Interest and commissions			
On financial obligations	(1)	233.959	190.718
Interest on bonds	(2)	504.790	364.998
Other interest		115.670	105.958
Commissions and management of securities		43.144	30.386
Loss in valuation and sale of investments		14.587	15.003
Miscellaneous	(3)	40.672	15.478
Total interest and commissions		**952.822**	**722.541**
Exchange difference			
Of Assets		5.757	5.693
Of investments		6.721	20.960
Accounts payable		272.228	141.906
Financial obligations		701.302	578.577
Total exchange difference	(4)	**986.008**	**747.136**
Total financial expenses		**1.938.830**	**1.469.677**

(1) Increased interest from financial obligations for Ruta de la Araucanía and Ruta de los Ríos in Chile for COP 22.352 due to effects of debt conversion into Colombian pesos.

Increase also occurs in the interest of ISA Brazil's obligations for COP 14.250 per increase in reference rates of interbank operations.

(2) Increased interest in bond obligations from Ruta del Maule, Ruta del Maipo and Ruta del Bosque in COP 84.812; for ISA in COP 31.218 by issue of new agreements in May 2015.

(3) Increase in diverse financial expenses mainly in ISA Brazil for COP 22.787 due to the restatement of liabilities under law 4819.

(4) Major Expense from foreign exchange difference due to translation effect generated by the devaluation of the Colombian peso against the currencies from countries where ISA is present.

26. Net earnings per share

Net earnings per share has been calculated on the basis of the annual weighted average of the outstanding shares at the date of the statement of financial position. As of December 31, 2015 and 2014, the number of outstanding shares was 1.107.677.894. Following is the determination of earnings per share:

	2015	2014
Net income of the period	701.548	509.713
Average of outstanding shares in the period	1.107.677.894	1.107.677.894
Net earnings per share (expressed in COP)	633,35	460,16

27. Litigation and complaints

ISA and its companies are currently procedural party, acting as defendant, plaintiff or intervening third party in administrative, civil and labor judicial proceedings. None of the proceedings in which it has been sued or has been summoned as intervening party may undermine the stability of the Company. Also, on its own behalf, it has instituted legal actions required for the defense of its interests.

The following information shows the major judicial proceedings conducted by the Company with their estimated value in millions:

PROCEEDINGS AS PLAINTIFF:

COMPANY	TYPE AND INSTANCE	DEFENDANT	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
ISA	Administrative. First Instance	Atlas Ingeniería Ltda. and Aseguradora Confianza S.A.	Complaint for contractual liability, due to breach of photogrammetry laser work.	1.602
ISA	Administrative. First Instance	Municipality of San Carlos Antioquia	Nullity action against decision ordering payment of certain municipal taxes	1.648
ISA	Administrative. First Instance	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Complaint for contractual liability in supply of certain transformers.	4.155
ISA	Administrative. First Instance	Electrificadora del Atlántico S.A. E.S.P.	Nullity action against a resolution from the defendant's liquidator.	27.513
ISA	Administrative Tribunal of Cundinamarca.	Superintendence of Household Utilities	The SSPD charged 2011 special contribution to ISA in the amount of COP 1.883 because it included certain expenditure accounts that were not admissible and ISA's contribution paid was COP 734. Nullity of such resolution is sought.	734
ISA	Administrative Tribunal of Cundinamarca.	The State - CREG	To declare partial nullity of CREG Resolution CREG 106 of July 1, 2010, whereby the basis of assets and guidelines required to determine ISA's remuneration in the STN, are established.	4.557
ISA	Administrative. Second Instance Council of State.	DIAN	Nullity and redress action. Devolution of interest for 1995 income tax balance.	4.240
ISA	Administrative. Second Instance Council of State.	DIAN	Nullity and redress action, corresponding to penalty for inaccuracy in income tax return, imposed by DIAN due to differential criteria in the calculation of income under Article 211 T.C for 1995.	672
ISA	First Instance-Council of State	Ministry of Communications	To declare nullity of act contained in communication 036-0946-2000 from the Ministry of Communications and consequently to order the payment in favor of ISA for 244.320.572	115

COMPANY	TYPE AND INSTANCE	DEFENDANT	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
ISA	First Instance-Administrative Tribunal	Superintendence of Household Utilities	Nullity of Resolution No. SSPD-20082400007415 of March 26, 2008 is requested, whereby ISA was penalized and declare that ISA is not obliged to pay such penalty.	1.135
ISA	First Instance-Administrative Tribunal	Municipality of Palermo	Request for devolution of COP 438.323.032 paid in excess, for industry and trade tax.	542
ISA	First Instance-Council of State	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Complaint for contractual liability, for delivery of defective electronic equipment.	4.155
XM	Writ accepting amendment and/or addition of complaint	DIAN	Illegality of administrative act imposing rate, tax or tax burden.	23.336
XM	First Instance	CREG	Violation of administrative due process	1.366
TRANSELCA	First Instance	MUNICIPALITY OF BARRANQUILLA	Nullity and redress action against resolution GGI-FI-LA-00001-13	534
Trasnexa	Unfavorable decision	LUTROL S.A.	Mandatory execution	USD71.449

PROCEEDINGS AS DEFENDANT

	TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
ISA	Administrative. First Instance	Fernando Rodríguez García	A group of employees seeks the payment of alleged damages caused by the non-application of Law 226 of 1995, in various conveyance of shares made by the Company. They seek damages for COP 5.693.476 million. This value is considered far from reality as there was no reasonable estimate of the quantum as required by law and it was based on the appointment of hypothetical damages, without grounds or reasoning in the complaint. Such proceeding is considered a remote contingency as there are no factual or legal grounds that might lead to its success.	113.870
ISA	Administrative. First Instance Serial No. 05001233100020030346100	CHIVOR S.A. E.S.P.	CHIVOR S.A E.S.P requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). CHIVOR S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	72.451

	TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
ISA	Administrative. First Instance. Serial No. 05001233100020040461800	CHIVOR S.A. E.S.P.	CHIVOR S.A E.S.P. requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). CHIVOR S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	91.058
ISA	Administrative. First Instance. Serial No. 05001233100020030029 2010	EMGESA S.A. E.S.P.	EMGESA S.A E.S.P requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). EMGESA S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	139.824
ISA	Administrative. First Instance. Serial No. 05001233100020050591700	CHIVOR S.A. E.S.P.	CHIVOR S.A E.S.P. requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). CHIVOR S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	89.673
ISA	Administrative. First Instance. Serial No. 05001233100020020472100	EMGESA S.A. E.S.P.	EMGESA S.A E.S.P. requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). EMGESA S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	119.102
ISA	Administrative. First Instance. Serial No. 05001233100020050591900	EMGESA S.A. E.S.P.	EMGESA S.A E.S.P requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). EMGESA S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	102.169

	TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020050355800	CHIVOR S.A. E.S.P.	Plaintiff Company requests to declare nullity of administrative acts issued by ISA by applying the CRT calculated on the basis of CREG Resolutions 077 and 111 of 2000 contained in invoice N° SIC 16966 of October 12, 2004 signed by Juan Diego Gómez Vélez, Market Operation Director in the portion corresponding to the settlement of the capacity fee for CHIVOR S.A. E.S.P and to restore the right of this Company in virtue of the issuance of these administrative acts.	14.014
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020040118700	EMGESA S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA by applying the CRT calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 14305 of September 12, 2003.	7.455
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020060012500	CHIVOR S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 19104 of August 12, 2005 and Resolution N° 1411 of September 6, 2005, issued by ISA-ASIC.	6.542
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020030296800	CHIVOR S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 12920 of March 14, 2003.	16.173
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020040049800	CHIVOR S.A. E.S.P.	Plaintiff Company seeks to declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 13907 of July 12, 2003.	10.656
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020040084100	CHIVOR S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 1888 of July 13, 2005.	28.802
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020050591800	Central Hidroeléctrica de Betania (today EMGESA)	To declare nullity of administrative acts (challenged acts): the act whereby the CND calculated the theoretical remunerable capacity corresponding to period 2004-2005 equivalent to 280,04 MW monthly, among others.	43.401

	TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020040461900	Central Hidroeléctrica de Betania (today EMGESA)	To declare nullity of administrative acts (challenged acts): the act whereby the CND calculated the theoretical remunerable capacity corresponding to period 2003-2004 equivalent to 273,06 MW monthly, among others.	45.022
ISA	Administrative Tribunal of Antioquia. Serial No. 05001233100020030029100	Central Hidroeléctrica de Betania (today EMGESA)	To declare nullity of administrative acts (challenged acts): the act whereby the CND calculated the theoretical remunerable capacity corresponding to period 2001-2002 equivalent to 256,47 MW monthly, among others.	48.306
ISA	Cassation-Supreme Court of Justice. N° 05001310501220040121801	Juan Carlos Londoño Herrera	Plaintiff is an employee of a work contractor who seeks to have ISA being declared joint and severally liable with his employer for all economic damages derived from a work accident where he partially lost his working capacity.	125
ISA	Cassation-Supreme Court of Justice. N°05001310500720020087301	Jorge Enrique Bayona Bautista	Complaint from a former employee who asserts that the Company forced him to resign and damages for unfair dismissal should be paid, as provided in the collective bargaining agreement to which he was a party at the time of his resignation. Moral damages are also sought.	178
TRANSELCA	Pending second instance decision	Orlando Gomez Marin and other	Remote labor case, taking into account its claims. Absolving decision that dismisses Transelca from plaintiffs' claims. Decision under appeal.	600
TRANSELCA	Complaint replied on September 11, 2014- pending of hearing	Rafael Alcides Rodriguez Cuadrado	Labor recognition and payment of retirement pension.	500
TRANSELCA	Evidentiary stage	Josefina Barbosa	Direct repair action	4.472
XM	Writ accepting leave to proceed	GRUPO POLIOBRAS SA EDP	Illegality of administrative imposing act for breach of contract	358.940
XM	Administrative Tribunal of Antioquia	EMGESA S.A E.S.P.	Illegality of administrative act that settles contract	149,933

The Company management and its legal advisors believes that there is remote possibility of material losses from such complaints.

28. Guarantees

At the end of 2015, the following guarantees were in effect:

ISA

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN MM COP	DUE DATE
Compliance	Energy Mining Planning Unit –UPME–	Secure compliance with the obligations assumed under the award of Public Bidding UPME-05-2014. Caribbean Coast Project	COP	77.803	12-02-16
Compliance	Energy Mining Planning Unit –UPME–	Secure compliance with the obligations assumed under the award of Public Bidding UPME-03-2014. Ituango Project	COP	153.996	25-02-16
Compliance	Energy Mining Planning Unit –UPME–	Secure compliance with the obligations assumed under the award of Public Bidding UPME-07-2013. Montería Project.	COP	29.389	01-03-17
Compliance	Energy Mining Planning Unit –UPME–	Secure compliance with the obligations assumed under the award of Public Bidding UPME-06-2013. Caracolí Project.	COP	9.212	01-03-17
Compliance	Municipality Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	76	23-12-16
Compliance	Municipality Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	76	11-12-16
Compliance	Municipality Los Palmitos	Secure compliance with the payment of Public Lighting Tax as settled	COP	683	11-12-16
Compliance	Municipality Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	296	11-12-16

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN MM COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure execution of Milestone No. 2: Procurement of Environmental Rating Resolution and Submission of Application for Final Concession, exploitation and execution of new work "New Line Cardones - Maitencillo 2x500kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 1	USD	4.996	29-02-16
Compliance	Ministry of Energy of Chile	Secure execution of Milestone No. 2: Procurement of Environmental Rating Resolution and Submission of Application for Final Concession, exploitation and execution of new work "New Line Maitencillo - Pan de Azúcar 2x500kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy". PLEX 1	USD	8.196	29-02-16
Compliance	Ministry of Energy of Chile	Secure execution of Milestone No. 2: Procurement of Environmental Rating Resolution and Submission of Application for Final Concession, exploitation and execution of new work "New Line Pan de Azúcar - Polpaico 2x500kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 1	USD	17.637	29-02-16
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No.1, Insurance procured and Survey that sets the detail specifications of the project, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Cardones, 500/220 kV, 750 MVA, of the Central Interconnected System", and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 4	USD	1.592	25-03-16

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN MM COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No.1, Insurance procured and Survey that sets the detail specifications of the project, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Maitencillo, 500/220 kV, 750 MVA, of the Central Interconnected System", and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 4	USD	1.592	25-03-16
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No.1, Insurance procured and Survey that sets the detail specifications of the project, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Pan de Azúcar, 500/220 kV, 750 MVA, of the Central Interconnected System", and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 4	USD	1.592	25-03-16
Compliance	Ministry of Energy of Chile	Secure execution of Project and payment of fines, as per technical offer for the exploitation and execution of new work "New Line Cardones-Maintencillo 2x500kV". PLEX 1	USD	19.985	02-06-18
Compliance	Ministry of Energy of Chile	Secure execution of Project and payment of fines, as per technical offer for the exploitation and execution of new work "New Line Maintencillo – Pan de Azúcar 2x500kV". PLEX 1	USD	32.782	26-06-18
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines as per technical offer for the exploitation and execution of new work" New Line Pan de Azúcar- Polpaico 2x500kV - PLEX 1.	USD	70.548	16-07-18

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN MM COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Cardones. 500/220 kV. 750 MVA, of the Central Interconnected System" in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 4	USD	6.367	01-08-18
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines, as per Technical Offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Maitencillo. 500/220 kV. 750 MVA, of the Central Interconnected System" in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 4	USD	6.367	01-08-18
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines, as per Technical Offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Pan de Azúcar. 500/220 kV. 750 MVA, of the Central Interconnected System" in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 4	USD	6.367	01-08-18
Compliance	Ministry of Energy of Chile	Secure the execution of Milestone No.4: Testing of Equipment as per Technical Offer for the exploitation and execution of new work "New Line Cardones - Maitencillo 2x500 kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy". PLEX 1.	USD	4.996	02-10-16

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN MM COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure the execution of Milestone No.4: Testing of Equipment as per Technical Offer for the exploitation and execution of new work "New Line Maitencillo - Pan de Azúcar 2x500 kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy". PLEX 1	USD	8.196	02-10-16
Compliance	Ministry of Energy of Chile	Secure the execution of Milestone No.4: Testing of Equipment as per Technical Offer for the exploitation and execution of new work "New Line Cardones - Maitencillo 2x500 kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy". PLEX 1.	USD	17.637	02-10-16
Compliance	Ministry of Energy of Chile	Secure the execution of the project and the payment of fines, as per technical offer for the exploitation and execution of new work "2X220 kV Encuentro – Lagunas, first circuit", in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX 2	USD	9.751	13-10-17
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No. 3: Construction of foundations, as per technical offer for the exploitation and execution of work" New Line 2x220 kV Encuentro– Lagunas, first circuit", and the conditions provided in the Decree of Award issued by the Ministry of Energy". PLEX 2	USD	2.438	02-10-16
				492.570	

GUARANTEES GRANTED TO AFFILIATES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN MM COP	DUE DATE
Joint and Several Bond	Leasing de Crédito S.A.	Security to support financial lease agreement, Leasing de Infraestructura (Infrastructure Leasing), granted in 2004 by Leasing de Crédito S.A. to Flycom Comunicaciones S.A. E.S.P, which was assigned to INTERNEXA S.A. in 2007.	COP	50	17-09-17
Stock Pledge	IDB - CAF	100% Pledge on shares owned by ISA in ISA Bolivia, as compliance guarantee for payment of service of debt acquired by the Affiliate.	USD	27.917	15-02-19
Joint and Several Bond	BCIE	Joint and several bond to secure loan agreement between EPR and BCIE, related with the financing of SIEPAC Project. Bond should be kept until full payment of principal.	USD	110.100	29-06-27
Stock Pledge	Preferential Creditors	100% Pledge on shares owned by ISA in Red de Energía de Perú –REP–, to secure payment of service of debt acquired by the Affiliate.	USD	148.264	19-04-31
Subtotal				**286.331**	
Total				**778.901**	

(1) Guarantees granted in USD were converted at the RMR of December 31, 2015, i.e., 3,149.47.

RED DE ENERGÍA DEL PERU-REP

• Guarantees and Obligations

Corporate bonds are secured with first and preferential mortgage on energy transmission lines concession.

On November 13, 2013, the General Meeting of Program Obligees was held, whereby the holders of outstanding bonds of all issues in effect made under the Second Program approved by majority to amend the Master Agreement of the Second Corporate Bond Program, to delete and remove effect of (i) paragraph 6.11 of Clause Six of the Master Agreement (financial obligations), (ii) sub-paragraph k) of paragraph 8.1 of Clause Eight of the Master Agreement, and (iii) any other reference to paragraph 6.11 of Clause Six of the Master Agreement. The purpose of the amendment is to standardize the financial reserves of the Second Program Issue Master Agreement, with the Third Corporate Bond Program, given that this last bond program did not set the compliance with the financial rations or other kinds of ratios.

• Additional guarantee

On August 29, 2002, the Company (settlor), Banco Continental (trustee) and the Bank Boston, Branch of Peru (Trust Company) entered into a Flow Trust Agreement to secure compliance with obligations in favor of the Company's corporate bond creditors. On March 31, 2005, Bank Boston, Peruvian Branch assigned its contractual position in such agreement in favor of Banque BNP Paribas Andes S.A. Thereafter, on June 28, 2006 Banque BNP Paribas Andes S.A. assigned its contractual position in such agreement in favor of Banco Internacional del Peru S.A.

The purpose of the agreement is to guarantee with the goods composing the trust the specific and full compliance with the secured obligations. According to such agreement, the cash flows deposited by the Company's customers into the collection accounts are transferred to the trustee's account on the following business day. In case of breach, the trust Company will retain 25 percent of the flows deposited into the collection accounts until the event of default is remedied and in addition if the Company does not comply with any secured obligation, the trustee will retain 100 percent of the flows deposited into these accounts.

This agreement will remain into effect until the effective and full discharge of the secured obligations undertaken by the settlor in favor of the creditors, or upon exhaustion of all rights and goods composing the Trust.

ISA CAPITAL DO BRAZIL

• Escrow

A deposit estimated in USD 1,4 million is biannually kept on the account of Bank of New York (BNY MELLON), on the outstanding balance of international bonds issued by ISA Capital, after debt restructuring, to secure the payment of biannual interest.

CTEEP

The following are the guarantees in effect at the end of year, granted by CTEEP to support the financing of some of its companies:

TYPE OF GUARANTEE (SECURED)	BENEFICIARY	PURPOSE	(USD THOUSANDS)	DUE DATE
Bank Bonds (IESul)	BNDES	Secure loan payment obligations	1.624	04-10-16
	BNDES	Secure loan payment obligations	2.361	31-07-17
Bank Bonds (IENNE)	Banco do Nordeste	Secure loan payment obligations	12.835	04-05-16
Bank Bonds (IEMadeira)	Banco da Amazônia	Secure loan payment obligations	40.351	30-06-16
	BNDES	Secure loan payment obligations	213.337	30-06-16
Contragarantía (IEMadeira)	Itaú/BES	Secure loan payment obligations	61.382	30-06-16
Contragarantía (IEGaranhuns)	BNDES	Secure loan payment obligations	44.789	05-12-16
			376.679	

PDI

a) Guarantees granted

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (THOUSANDS USD)	DUE DATE
Guarantee Letter	CTM	Secure the compliance with labor liabilities.	25	06/11/2016
Guarantee Letter	REP	Secure the compliance with labor liabilities.	20	06/11/2016
Guarantee Letter	ISA PERU	Secure the compliance with labor liabilities.	15	09/11/2016
Total			**60**	

TRASMANTARO

• Commitments and Guarantees

As of December 31, 2015, CTM keeps guarantee letters with local financial institutions for USD80 million, and S/1.9 million, respectively (Guarantee letters for USD86,3 and S/1,9 million as of December 31, 2014) mainly with financial institutions, with respect to compliance with contractual conditions of concession contracts.

TRANSELCA

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (USD)	DUE DATE
Stock Pledge	BCP and Bond Holders	100% Pledge on stock on Red de Energía de Peru-REP to secure Debt Service	47.075.865	08/11/1931
Stock Pledge	IDB and CAF	100% Pledge on stock on ISA Bolivia to support Debt Service	8.514.773	15/02/2019
Total			**55.590.638**	

CHILEAN CONCESSIONAIRE COMPANIES

RUTA DE LA ARAUCANÍA

I. Guarantees granted to MOP in connection with Concession Contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	DUE DATE
Bank Guarantee Bond (*Guarantee Bond Bancaria)*	General Directorship of Public Works	Support the full compliance with Concession Contract awarded by Decree MOP N° 443 of April 20, 1998. Published in Official Journal N° 36108 of July 8, 1998, during the exploitation stage. 4 Guarantee Bonds have been issued, each for UF50.000.	200.000	23/08/2018
Total			**200.000**	

Figures in units

II. Guarantees granted in connection with the financing of the concession:

By means of public deed dated July 29, 2010, Ruta de la Araucanía Sociedad Concesionaria entered into a credit line agreement, whereby Banco de Chile, Banco del Estado de Chile and Corpbanca granted to Ruta de la Araucanía a credit line for UF8.100.000 to finance liabilities and work capital.

Pledge to insurer XL Insurance (Bermuda) LTD, terminated as the result of the discharge thereof by debtor XL Insurance (Bermuda) LTD., by means of public deed of August 5, 2010, granted in Notary of Santiago of Mr. Humberto Santelices Narducci. In virtue of this deed, all guarantees granted by Ruta de la Araucanía Sociedad Concesionaria until then in favor of the insurance Company were extinguished, as the result of the termination of the secured obligations, restituting to insurer the insurance policies issued.

In addition, the pledges granted to Banco de Chile, as representative of the bond holders and as Collateral Agent under the corresponding Series A bond issue agreement, were raised due to the early recovery of all certificates, as evidenced by public deed granted on August 5, 2010, in the Notary of Santiago of Mr. Humberto Santelices Narducci. Such raising of bond guarantees was further extensive, as it fully and irrevocably cancelled all guarantees that Ruta de la Araucanía would have granted in favor of the bond holders under the bond issue agreement, making express reference, without limitation, to an industrial pledge granted by Ruta de la Araucanía in favor of the bond holders dated July 20, 2000.

By public deed granted on August 5, 2010 in the Notary of Santiago of Mr. Humberto Santelices Narducci, Ruta de la Araucanía granted first-degree public work special concession pledge in favor of Banco de Chile, Banco del Estado, Corpbanca and Banco Security, on the concession on which Ruta de la Araucanía is holder, such pledge will extend its effective term until the extinction of obligations secured under the 2010 Credit Line.

By public deed granted on July 31, 2013 in the Notary of Santiago of Mr. Humberto Santelices Narducci, Ruta de la Araucanía refinanced its obligations with outstanding creditors Banco de Chile, Banco del Estado and Corpbanca, ratifying and keeping the guarantees granted in August 5, 2010 from the preceding paragraph.

By means of public deed dated July 31, 2013 granted before notary of Santiago of Mr. Humberto Santelices Narducci, the Company granted non-possessory pledge on first-degree public work special concession on which the Concessionaire is the holder, in favor of Banco de Chile, Corpbanca and Banco del Estado of Chile.

By means of public deed dated July 31, 2013 granted before notary of Santiago of Mr. Humberto Santelices Narducci, the Company agreed to grant, from time to time, commercial pledge on money deposited in certain special accounts in favor of Creditor Banks, pursuant to money pledge form.

1) Collection Mandate:

By means of public deed dated July 29, 2010, Ruta de la Araucanía granted collection mandate, empowering Banco de Chile, as Security Agent under 2010 financing, to represent the same before the MOP in order to collect, receive and retain payments committed by the Tax Authority to Ruta de la Araucanía under the concession.

2) Guarantee Bonds Credit Line Opening Agreement

By private instrument signed between Ruta de la Araucanía and Banco de Chile dated July 29, 2010, Ruta de la Araucanía agreed to grant one or more guarantee bonds (*boletas de garantía)* in favor of Ministry of Public Works, to secure full compliance with the obligations under the Concession Contracts for up to CLP 7.005 thousand.

3) Commercial Pledge:

The following are the pledges granted:

COMMERCIAL PLEDGES	31-12-15 THOUSANDS OF CHILEAN PESOS	31-12-14 THOUSANDS OF CHILEAN PESOS
Banco de Chile	6.658.550	2.735.351
Banco Corpbanca	2.300.117	2.751.123
Banco Estado	1.815.759	1.564.480
Banco Santander	7.539.429	6.109.980
Banco BBVA	0	1.835.980
Total	**18.313.855**	**14.996.914**

RUTA DEL MAIPO

I. Guarantees granted to the MOP in connection with the Concession Contract:

1) Exploitation Guarantees

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	DUE DATE
Bank Guarantee Bond	General Directorship of Public Works.	Secure the Contract in exploitation stage - Route 5 International Concession, Section Santiago - Talca and South Access to Santiago. 5 Guarantee Bonds were issued, each for UF107.000.	535.000	02/05/2016

Figures in units

2) Third Lane Works Guarantees

TYPE OF GUARANTEE	BENEFICIARY	CONCEPT	AMOUNT (UF)	DUE DATE
Bank Guarantee Bond	General Directorship of Public Works.	Secure due compliance with each and all obligations of Ruta del Maipo provided in Supreme Decree MOP N° 257 of August 30, 2013, of Works of Contract "Third Lane Work, Section II and New Angostura Toll Plaza" and Technological Equipment agreement. 5 Guarantee Bonds were granted, each for UF16.000.	80.000	30-05-17
Bank Guarantee Bond	General Directorship of Public Works.	Secure due compliance with each and all obligations set in resolution DGOP N° 2145 dated May 13, 2015 (Exempted)".	500	13-05-2016

Figures in units

II. Guarantees granted in connection with the financing of the concession:

The concessionaire obtained with MBIA Insurance Corporation (the "Insurer" or "MBIA"), insurance policies for capital and interest that guarantee, irrevocably and unconditionally, the payments corresponding to Holders of Bonds 144-A in USD, Bonds Series A and Series B, according to the corresponding Bond issues in UF made by the company in virtue of the respective bond issue agreements and their addenda, and to RBS entities, formerly called ABN entities (The Royal

Bank of Scotland N.V, formerly ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), formerly ABN Amro Bank (Chile), RBS Inversiones Chile, formerly ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., formerly ABN Amro Finance (Chile) S.A. and RBS Holding Negocios S.A. formerly ABN Amro Holding de Negocios S.A.), as per Credit Line Opening Agreement.
By means of public deed dated November 29, 2010, the company, the RBS Entities, the Itaú Entities and the Insurer, entered into an agreement whereby the RBS Entities assigned the security agreements granted in virtue of the Credit Opening Agreement mentioned above to the ITAU entities.

In addition, dated November 29, 2010, the Insurer endorsed the aforementioned insurance policy in favor of Banco Itaú Chile, as Agent Bank and in representation of ITAÚ entities. As a result of the above, ITAÚ entities became beneficiaries of the insurance policy.

1) Special Pledge of Concession:

a) By public deed dated August 22, 2001, amended by public deeds dated October 4, 2004, May 19, 2005, September 28, 2005, December 13, 2006 and December 19, 2006, all granted in the Notary of Santiago of Mr. Iván Torrealba Acevedo and by deed dated November 29, 2010, granted in Notary of Santiago of Mr. Raúl Undurraga Laso, a public work concession pledge was granted, for the creation of a special first-degree pledge for public work concession in favor of MBIA Insurance Corporation, and special second-degree pledge for public work concession in favor of the holders of bonds denominated in US Dollars, issued by Ruta del Maipo dated August 22, 2001 (the "US Bond Holders"), the holders of bonds in UF Series A issued by Ruta del Maipo dated October 14, 2004, Itaú Entities and the Holders of Bonds in UF Series B issued by Ruta del Maipo, dated December 20, 2006.

b) Such pledge was granted on: (i) the public work concession right which holder is Ruta del Maipo; (ii) any payment undertaken by the Tax Authority to Ruta del Maipo under any title, in virtue of the concession contract; and (iii) all revenues of Ruta del Maipo.

c) Also, in virtue of the same public deed for pledge, Ruta del Maipo agreed to abstain from encumbering, conveying, disposing of or entering into any act or contract that could affect the goods provided under pledge while such pledge is in effect, unless MBIA grants authorization; or that such act or contract is performed pursuant to clauses nine and ten of the Bond Issue by Certificate Line Agreement granted by public deed dated July 14, 2004, amended by public deed dated September 10, 2004, both granted in the Notary of Santiago of Mr. Iván Torrealba Acevedo.

2) COMMERCIAL PLEDGE:

a) Pursuant to the agreement called Second Amended and Restated Common Agreement, signed by private instrument dated December 18, 2006, Ruta del Maipo agreed to grant money pledging in favor of MBIA, the US Bond Holders, the Series A Bond Holders A, the Itaú Entities and the Series B Bond Holders, on moneys deposited into certain accounts of the project.

The following are the pledges granted:

COMMERCIAL PLEDGES	31/12/2015 THOUSANDS OF CHILEAN PESOS	31/12/2014 THOUSANDS OF CHILEAN PESOS
Banco de Chile	5.640.901	3.510.132
Banco Corpbanca	2.284.849	1.774.684
Banco Estado	5.868.961	1.043.581
Banco BBVA		2.838.271
Total	**13.794.711**	**9.166.668**

b) By public deed dated del August 22, 2001, amended by public deeds dated October 4, 2004, May 19, 2005, September 28, de 2005 and December 21, 2006, all granted in the Notary of Santiago of Mr. Iván Torrealba Acevedo, and by Public Deed granted on November 29, 2010, in the Notary of Santiago of Mr. Raúl Undurraga Laso, Ruta del Maipo granted commercial pledge on the rights it holds from Construction Contract for the execution of works for Road Route 5 South, Section Santiago-Talca and South Access to Santiago, entered into by private instrument dated August 22, 2001 between Ruta del Maipo and Ferrovial Agromán Chile S.A. Such pledge was granted in favor of MBIA and the Itaú Entities. Also, in virtue of the same public deed for pledge, Ruta del Maipo agreed to abstain from encumbering, conveying, disposing of or entering into any act or contract that might affect the credits under pledge while the subject pledge is in effect.

c) By public deed dated del August 29, 2001, amended by public deeds granted on October 4, 2004, May 19, 2005, September 28, 2005, December 21, 2006 and June 20, 2007, all in the Notary of Santiago of Mr. Iván Torrealba Acevedo, and by Public Deed granted on November 29, 2010, in the Notary of Santiago of Mr. Raúl Undurraga Laso, Ruta del Maipo granted commercial pledge on the rights granted from the Construction Guarantee granted by private instrument dated August 29, 2001, by Ferrovial Agromán S.A. in favor of Ruta del Maipo and Citibank, N.A., Agency in Chile, acting as Common Guarantee Representative. Such pledge was granted in favor of MBIA and the Itaú Entities. Also, in virtue of the same public deed for pledge, Ruta del Maipo agreed to abstain from encumbering, conveying, disposing of or entering into any act or contract that might affect the credits under pledge while the subject pledge is in effect.

d) By public deed granted on October 4, 2004, amended by public deeds dated May 19, 2005, September 28, de 2005 and December 21, 2006, in the Notary of Santiago of Mr. Iván Torrealba Acevedo, and by public deed granted on November 29, 2010, Ruta del Maipo granted commercial pledge on the rights it holds on "*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*", entered into between Ruta del Maipo and Ferrovial Agromán Chile S.A. by private instruments dated July 30, 2004. Such pledge was granted in favor of MBIA, the US Bond Holders and the Itaú Entities. Also, in virtue of the same public deed for pledge, Ruta del Maipo agreed to abstain from encumbering, conveying, disposing of or entering into any act or contract that might affect the credits under pledge while the subject pledge is in effect.

e) By public deed granted on del September 28, de 2005 in the Notary of Santiago of Mr. Iván Torrealba Acevedo, amended by public deed dated December 21, 2006 granted in Notary of Santiago of Mr. Iván Torrealba Acevedo and by public deed dated September 15, 2010, granted in Notary of Santiago of Mr. Eduardo Avello Concha, Ruta del Maipo granted commercial pledge on the rights it holds on agreement called "Second Amended and Restated Investor Support and Guarantee Agreement", dated September 28, 2005. Such pledge was granted in favor of MBIA, the US Bond Holders and the Itaú Entities. Likewise, in virtue of the same public deed for pledge, Ruta del Maipo agreed to abstain from encumbering, conveying, disposing of or entering into any act or contract that might affect the credits under pledge while the subject pledge is in effect.

f) By public deed granted before Notary Iván Torrealba Acevedo, dated May 19, 2005 and amended on September 28, and December 21, 2006, Ruta del Maipo granted commercial pledge in favor of MBIA on the rights concerning the swap agreement.

g) By public deed granted before Notary Iván Torrealba Acevedo, dated 28 de July de 2006 and amended on December 21, 2006, Ruta del Maipo granted commercial pledge in favor of MBIA, the US Bond Holders and the Itaú entities on the rights of the *Contrato de Construcción a suma alzada* for Additional Works, Supplementary Work N°4 between the Company and Ferrovial Agromán Chile S.A. dated June 23, 2006.

h) By public deed granted before Notary Eduardo Avello Concha, dated 4 de November de 2013 Ruta del Maipo granted in favor of MBIA, the US Bond Holders, the Holders of Bonds in UF Series A, the Itaú Creditors and the Holders of Bonds in UF Series B, Commercial Pledge of Rights on all personal rights and credits in its favor from agreement entered into with INTERVIAL CHILE S.A. by private instrument dated August 21, 2013, called "Contribution Agreement" related with the "Third Lane" Project (Ad Referendum Agreement N°5, CAR 5), whereby INTERVIAL CHILE S.A. agreed to hold the Concessionaire Company harmless from any damage it might suffer as a result of delays in the procurement of new works for "Third Lanes" required under the subject agreement CAR 5.

RUTA DEL BOSQUE

I. Guarantees granted to the MOP in connection with the Concession Contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	DUE DATE
Bank Guarantee Bond	General Directorship of Public Works	Secure due performance of Concession Contract, awarded by Supreme Decree MOP N° 576 of June 30, 1997, published in Official Journal N° 35,890 of October 14, 1997, in the Exploitation stage.	300.000	31-10-17

Figures in units

II. Guarantees granted in connection with the Concession financing:

The company obtained with XL Capital Assurance Inc., today Syncora Guarantee Inc. (the "Insurer") Insurance Policies for capital and interest, which secure, irrevocably and unconditionally the payments corresponding to Series A and Series B Bond Holders, according to the bond issues made by the concessionaire in virtue of the bond issue agreements and its addenda and to the RBS Entities, formerly called ABN Entities (The Royal Bank of Scotland N.V, formerly ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), formerly ABN Amro Bank (Chile), RBS Inversiones Chile, formerly ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., formerly ABN Amro Finance (Chile) S.A. and RBS Holding Negocios S.A. formerly ABN Amro Holding de Negocios S.A.), as per Credit Line Opening Agreement. In virtue of public deed dated November 29, 2010, granted in Notary of Santiago of Mr. Raúl Undurraga Lazo, the Company, the RBS entities, the Itaú Entities and the Insurer entered into agreement whereby the RBS Entities assigned the security agreements granted in virtue of the Credit Line Agreement mentioned above to the Itaú Entities.

In addition, on November 29, 2010, the aforementioned insurance policy was restored by the RBS Entities to the Insurer, whereby the latter issued a new Policy in favor of Banco Itaú Chile, as Agent Bank, in representation of the Itaú Entities.

1) Special Pledge of Concession:

By public deed dated March 16, 2001 granted in Notary of Santiago of Mr. René Benavente Cash, amended by public deeds dated November 30, 2004, October 19, 2006 and November 9, 2006, granted in the Notary of Santiago of Mr. Iván Torrealba Acevedo and by deed dated November 29, 2010, granted in Notary of Santiago of Mr. Iván Torrealba Acevedo, special first-degree pledge for public work concession was granted in favor of Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.), and second-degree special pledge was granted in favor of the Series A and Series B bond holders and the Itaú Entities.

The special pledges of public work concession are granted on: (i) the public work concession right from the concession contract; (ii) any payment undertaken by the tax authority to the Concessionaire under any title and (iii) all revenues of the Concessionaire.

2) Industrial Pledge:

a) First-degree industrial pledge granted by the concessionaire in favor of Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.) and second-degree pledge to Series A bond holders, on certain goods, as evidenced in public deed dated March 16, 2001, amended by public deeds dated November 30, 2004 and October 19, 2006 in the Notary of Santiago of Mr. Iván Torrealba.

3) Commercial Pledge:

a) Commercial Pledge on money, granted by the concessionaire in favor of Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.), Series A Bond Holders and the Itaú Entities, from time to time, when funds enter certain accounts of the project.

The following are the pledges granted:

COMMERCIAL PLEDGES	31-12-15 THOUSANDS OF CHILEAN PESOS	31-12-14 THOUSANDS OF CHILEAN PESOS
Banco de Chile	11.027.494	-
Banco Corpbanca	1.880.248	7.535.602
Banco Estado	5.765.090	-
Banco BBVA	1.761.408	7.378.220
Banco Itaú Chile	-	8.315.319
Total	**20.434.240**	**23.229.141**

b) Commercial pledge and prohibition to encumber and convey rights, granted by the concessionaire in favor of Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.) on the rights arising from "Supervision Agreement on Operation and Routine Maintenance of Fiscal Public Work: Route 5 International Concession Section Chillán Collipulli", as evidenced in public deed dated October 30, 2006, amended by means of public deed of September 15, 2010, both granted in the Notary of Santiago of Mr. Eduardo Avello Concha.

c) Commercial pledge and prohibition to encumber and convey rights, granted by the concessionaire in favor of Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.) on the rights arising from agreement called Shareholders Support Agreement , as evidenced in public deed dated October 30, 2006 in the Notary of Santiago of Mr. Eduardo Avello Concha.

d) Commercial pledge and prohibition to encumber and convey rights, granted by the concessionaire in favor of Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.) on the rights arising from "Construction Contract of Works from the First Private Bidding – Supplementary Agreement Number 3 (MDI)", as evidenced in public deed dated October 30, 2006 in the Notary of Santiago of Mr. Eduardo Avello Concha.

RUTA DEL MAULE

I. Guarantees granted to the MOP in connection with the Concession Contract:

Exploitation Guarantees:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	DUE DATE
Bank Guarantee Bond	General Directorship of Public Works.	Secure due performance of Concession Contract approved by Decree MOP N° 21 del January 12, 1996, published in Official Journal on March 13, 1996, in the Exploitation stage.	150.000	30-11-16
Bank Guarantee Bond	General Directorship of Public Works.	Secure due performance of Concession Contract approved by Decree MOP N° 21 del January 12, 1996, and Supplementary Agreement No.5 approved by Decree MOP No.602 and Published in Official Journal on August 24, 2004, during the exploitation stage.	150.000	31-12-19

Figures in units

In February 2015, enters into effect article 7.6 of Supplementary Agreement N°5, which provides an additional guarantee in favor of DGOP for UF 150.000 given that the MDI balance has reached a percentage greater than or equal to 90% of Total Guaranteed Revenues, as provided.

II. Guarantees granted in connection with the Concession financing:

The company obtained with MBIA Insurance Corporation (el "Insurer") Insurance Policies for capital and interest, that guarantee, irrevocably and unconditionally, the payments corresponding to Series A, Series B and Series C Bond Holders, according to the corresponding bond issues made by the concessionaire in virtue of the respective bond issue agreements and its addenda, and to the RBS entities, formerly called ABN Entities (The Royal Bank of Scotland N.V, formerly ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), formerly ABN Amro Bank (Chile), RBS Inversiones Chile, formerly ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., formerly ABN Amro Finance (Chile) S.A. and RBS Holding Negocios S.A. formerly ABN Amro Holding de Negocios S.A.), as per Credit Line Opening Agreement. In virtue of public deed dated November 29, 2010, granted in Notary of Santiago of Mr. Raúl Undurraga Laso, the subject Credit Opening Agreement was assigned to Banco Itaú BBA S.A., Nassau Branch and Banco Itaú Chile (hereinafter, jointly, the "Itaú Entities").

By means of public deed dated November 29, 2010, granted in Notary of Santiago of Mr. Raúl Undurraga Laso, the company, the RBS entities, the Itaú entities and the Insurer entered into agreement whereby the RBS Entities assigned the security agreements granted in virtue of the Credit Line Agreement mentioned above to the Itaú Entities.

In addition, dated November 29, 2010, the Insurer endorsed the aforementioned insurance policy in favor of Banco Itaú Chile, as Agent Bank and in representation of the Itaú entities. As a result of the above, the Itaú Entities became beneficiaries of the insurance policy.

On December, 2015 all outstanding bonds were paid, which operation was made in two stages, (i) Voluntary redemption dated November 12, 2015, which was financed with cash from concession and a subordinated credit, granted to Intervial and then (ii) mandatory redemption on payment date of coupon dated December 15, 2015.

Upon termination of the aforementioned obligations and the signing of the "Omnibus Termination Agreement" by MBIA, a Release of Bails was made from MBIA Insurance Corporation, Banco Chile, as Representative of the Bond Holders, and as Collateral Agent, and ITAÚ Unibanco S.A and other, granted under document N° 37.921-2015, dated December 16, 2015, in Notary of Santiago of Mr. Eduardo Avello Concha.

On November 10, 2015 a Non-Possessory Conditional Pledge Agreement was entered into on the Public Work Concession, by public deed granted in Notary of Santiago of Mr. Eduardo Avello Concha, on such Concession held by Ruta del Maule, in favor of Banco Bilbao Vizcaya Argentaria.

In addition, dated December 21, 2015 novation and debt recognition was entered into by Intervial Chile S.A, Ruta del Maule and Banco BBVA Vizcaya Argentaria, agreement signed by public deed granted in Notary of Santiago of Mr. Eduardo Avello Concha dated December 21, 2015, document N° 38.650-2015 and attestation was made on the compliance with the suspensive conditions of the agreement for enforcement of pledges.

1) Special Pledge of Concession:

a) By public deed dated November 6, 1998, amended on June 21, 2005, October 18, 2006, February 22, 2008, March 19, 2008 (whereby the obligations of Series A Bond obligations were terminated) before Notary Public Santiago Iván Torrealba Acevedo and by deed dated November 29, 2010, granted in Notary of Santiago of Mr. Iván Torrealba Acevedo, special first-degree pledge for public work concession was granted as well as prohibition to encumber and convey on such concession held in favor of MBIA Insurance Corporation, and second-degree to the Itaú entities and the holders of bonds series B and C issued by the company, dated June 29, 2005 and October 27, 2006 in virtue of the bond issue agreement held by means of public deed of May 5, 2005 and its further amendments, all granted in the Notary of Santiago of Mr. Iván Torrealba Acevedo.

b) The special pledges of public work concession are granted on: i) the public work concession right held by the issuer from the Concession Contract, ii) any payment undertaken by the Tax Authority to the issuer, under any title, in virtue of the Concession Contract, iii) all revenues of issuer from the Concession, and iv) payments from expropriation held by issuer, pursuant to Article 20 of Decree Law 2.186 of 1978.

2) Industrial pledge:

a) By public deed dated November 6, 1998, amended on February 22, 2008 (whereby the obligations of Series A Bond obligations were terminated) before Notary Public Santiago Iván Torrealba Acevedo, the company granted first-degree industrial pledge and prohibition to encumber and convey on goods detailed in such deed, in favor of MBIA.

b) By means of public deed dated December 16, 2015 entre MBIA Insurance Corporation, Banco de Chile (as representative of Bond holders and as Collateral Agent), Itaú Unibanco S.A. –Nassau Branch and Banco Itaú Chile to Ruta del Maule and other, raised the following Commercial Pledges: dated November 6, 1998 granted in Notary of Santiago de Mrs. María Gloria Acharán Toledo, Document N° 9.688, in favor of MBIA, in first degree and, in favor of the Bond Holders, in second degree and dated June 21, 2005 granted in Notary of Santiago of Mr. Iván Torrealba Acevedo, Document N° 5.047-05, in favor of the Bond Holders and the Banco Itaú.

3) Commercial Pledge:

a) By public deed dated November 13, 1998, amended on February 22, 2008(whereby the obligations of Series A Bond obligations were terminated) before Notary Public Santiago Iván Torrealba Acevedo, the company granted in favor of MBIA commercial pledge on its right to receive any payment pursuant to: (i) the guarantee granted by Grupo Ferrovial, S.A. in favor of MBIA and the Company dated November 13, 1998; and (ii) the agreement entered into by public deed granted on November 13, 1998 in the Notary of Santiago of Mrs. María Gloria Acharán Toledo, by MBIA, the Company and Empresa Constructora Delta S.A., whereby Empresa Constructora Delta S.A. and Grupo Ferrovial S.A. guaranteed obligations from construction contract signed between Sociedad Chillán and Constructora Delta-Ferrovial Ltda. dated September 10, 1998. Although the guarantees of items (i) and (ii) and the construction contract have terminated as defined in such agreements, the parties have not formally signed a deed to raise and end this commercial pledge.

b) By public deed dated November 13, 1998, amended by means of public deed of December 13, 2002 and February 22, 2008, (whereby the obligations of Series A Bond obligations were terminated), the company granted commercial pledge in favor of MBIA, on rights arising under agreement called "Amended and Restated Shareholder Support Agreement", entered into on November 13, 1998 and amended by private instrument dated December 13, 2002. Although this agreement has terminated, the parties have not formally signed a deed to raise and end this commercial pledge

c) Pursuant to the "Second Amended and Restated Collateral Agency and Security Agreement", to the extent that funds enter into certain accounts of the Company's projects, the latter must create in favor of MBIA, the Series B and series C bond holders and the Itaú entities, a money commercial pledge on such funds.

d) By public deeds dated June 21, 2005, granted in the Notary of Santiago of Mr. Iván Torrealba Acevedo, the company granted in favor of MBIA commercial pledge on credits arising on 4 agreements in effect on that date.

e) Raising of Pledge. By means of public deed dated December 16, 2015 granted in Notary of Santiago of Mr. Eduardo Avello Concha, MBIA Insurance Corporation, Banco de Chile (as representative of the Bond Holders and as Collateral Agent), Itaú Unibanco S.A. –Nassau Branch and Banco Itaú Chile to Ruta del Maule and other, ended and released the following commercial pledges:

i. First-degree commercial pledge on Company's shares in favor of MBIA, granted by the Shareholders by public deed de November 13, 1998, granted in Notary of Santiago de Mrs. María Gloria Acharán Toledo, under Document N° 9.945.

ii. Commercial pledge on Company's shares, granted by the Shareholders by public deed de 04/06/2005, at Notary of Iván Torrealba, under Document N° 5.549-05, amended by public deed dated 16/10/2006, granted in the same Public Notary and by public deed dated 15/09/2010, granted in Notary of Santiago of Mr. Eduardo Avello Concha.

iii. First-degree commercial pledge on right of usufruct on Company's shares in favor of MBIA, granted by CB Infraestructura S.A., by public deed de November 13, 1998, granted in Notary of Santiago de Mrs. María Gloria Acharán Toledo, under Document N° 9.947.

iv. Pledge on subordinated loan, granted by Ruta del Maule in favor of MBIA, entered into by public deed dated 11/11/2015, in the Notary of Santiago of Mr. Eduardo Avello Concha, under Document 33.655-2015.

v. Money commercial pledge granted in favor of, jointly, MBIA, the Series B and Series C Bond holders and the Itaú Entities.

Pledge on subordinated loan, granted by Ruta del Maule in favor of MBIA, entered into by public deed dated 11/11/2015, in the Notary of Santiago of Mr. Eduardo Avello Concha, F) By public deed dated November 10, 2015, granted in Notary of Santiago of Mr. Eduardo Avello Concha, a non-possessory pledge was granted on the Shares of the Concession in favor of Banco Bilbao Vizcaya Argentaria, to guarantee to the Bank the due, full, effective and timely compliance by shareholder of each and all obligations under the loan agreement and by means of public deed of December 21, 2015 attestation was made on the suspensive conditions, being the pledge duly formalized and perfected in favor of the Bank.

The following are the pledges granted:

COMMERCIAL PLEDGES	31/12/2015 THOUSANDS OF CHILEAN PESOS	31/12/2014 THOUSANDS OF CHILEAN PESOS
Banco de Chile	-	15.384.997
Banco Corpbanca	-	3.663.349
Banco Estado	4.398.303	10.839.224
Banco BBVA	-	5.030.496
Total	**4.398.303**	**34.918.066**

RUTA DE LOS RÍOS

I. Guarantees granted to the MOP in connection with the Concession Contract:

TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	AMOUNT (UF)	DUE DATE
Bank Guarantee Bond	General Directorship of Public Works.	To guarantee due compliance with Concession Contract approved by Decree MOP N° 758 del 14 de August de 1997, published in Official Journal del 28 de October de 1997, in the exploitation stage	200.000	30-09-18
Bank Guarantee Bond	General Directorship of Public Works.	Secure due compliance with each and all obligations undertaken by Ruta de los Ríos Concessionaire Company in connection with the execution of work "Atravieso Peatonal Población Los Rios-Villa San Pedro" included in resolution DOP No.3.791 (Exempted) dated September 16, 2013 of Concession Contract International Route 5, Section Temuco-Rio Bueno.	950	31-03-16
Total			**200.950**	

Figures in units

II. Guarantees granted in connection with the Concession financing:

Along with the Credit Assignments mentioned in item a) of note 11 above and the credit line agreement between the company and a syndicate of banks composed by Banco BICE, BCI and Banco Security, where, among others, a long-term loan was granted in the amount of UF 4.640.912,38 (Tranche A and B),

and a financing of guarantee bonds for a maximum amount of UF 249.966,62 to secure future obligations with the MOP (Tranche C); on September 13, 2012 a Special Pledge of Public Work Concession was granted by the Company to Banco de Chile, Banco del Estado de Chile and Banco Security and registered in folios 166, N° 90 in the Industrial Pledge Registry, and the prohibition on the Concession, registered in folios 11, N° 20 of the Industrial Pledge Registry, both from the Real Estate Record Keeper of Santiago corresponding to year 2009. Also, with same date, a subordination agreement was terminated, released and cancelled, which agreement was granted by Cintra Chile Ltda. and Ferrovial Agromán Chile S.A in favor of the credit assignor banks, as well as the release of the agreements for money pledge and permitted investments granted by the Company in favor of such assignor banks.

Also, along with the aforementioned financing agreement held, Ruta de los Ríos granted the following guarantees to secure the obligations undertaken in favor of the syndicate of banks composed by Banco BICE, Banco de Crédito e Inversiones and Banco Security:

1) Stock Pledge:

In order to guarantee the obligations of Ruta de los Ríos under the aforementioned financing agreement, INTERVIAL CHILE S.A. granted, in favor of the financing banks, pledge on securities, pursuant to the provisions of Law N° 4.287, and mercantile pledge on 75% of the Company stock, pursuant to articles 813 et seq. of the Code of Commerce.

In the same deed, INTERVIAL CHILE S.A. agreed not to encumber, convey, promise to encumber or convey, dispose of, grant in re guarantees or any burden, lien, prohibition or rights in favor of third parties on the shares, or enter into any act or agreement on the same.

Also, in virtue of the herein-referred deed, Banco BICE, acting as Guarantee Agent Bank, released and cancelled the security pledge and commercial pledge on shares granted in virtue of the aforementioned financing, granted by INTERVIAL CHILE S.A. by means of public deed of 14 de March de 2006, granted in Notary of Santiago of Mr. Eduardo Avello Concha, in favor of Banco de Chile, Banco del Estado de Chile, Corpbanca and Banco Security.

2) Non-possessory pledge on Public Work Concession rights:

In order to guarantee the obligations of Ruta de los Ríos under the aforementioned financing agreement, Ruta de los Ríos granted, in favor of the financing banks, non-possessory pledge pursuant to Article 14 of Law 20.190 and the Rules for Registry of Non-Possessory Pledges contained in Supreme Decree N° 722, of the Ministry of Justice of 2010, on (i) the public work concession right it holds; (ii) any payment undertaken by the Tax Authority in favor of Ruta de los Ríos under any title under the concession, specially including the annual subvention and minimum annual revenues guaranteed by the State, included in the bidding conditions; and (iii) all revenues corresponding to Ruta de los Ríos in virtue of the exploitation of the concession.

In the same deed, Ruta de los Ríos agreed not to encumber, convey, promise to encumber or convey, assign, dispose of in any way, grant the use and enjoyment, grant in re guarantees or any encumbrance, lien, prohibition or rights in favor of third parties on pledged assets, without prior written authorization from Banco BICE, acting as Guarantee Agent Bank.

3) Pledge on money deposits and permitted investments:

In order to guarantee the obligations of Ruta de los Ríos under the aforementioned financing agreement, by public deed granted in Notary of Santiago of Mr.

Eduardo Avello Concha dated September 13, 2012, Ruta de los Ríos granted, in favor of the financing banks, commercial pledge on all money deposits made or to be made on restricted accounts, pursuant to articles 813 et seq. of the Code of Commerce. Likewise, Ruta de los Ríos granted, in favor of the financing banks, commercial pledge on registered investment instruments issued on behalf of the Company, pursuant to articles 813 et seq. of the Code of Commerce.

In the same deed, Ruta de los Ríos agreed not to encumber, convey, promise to encumber or convey, dispose of, grant in re guarantees or any burden, lien, prohibition or rights in favor of third parties on money deposits and investment instruments or enter into acts or agreements on the same, without prior written authorization from Banco BICE, acting as Guarantee Agent Bank.

4) Commercial Pledge:

The following are the pledges granted:

COMMERCIAL PLEDGES	31/12/2015 THOUSANDS OF CHILEAN PESOS	31/12/2014 THOUSANDS OF CHILEAN PESOS
Banco de Chile	7.386.989	6.373.211
Banco Corpbanca	-	5.502.297
Banco Estado	7.830.492	-
Banco Santander	3.596.637	6.159.477
Total	**18.814.118**	**16.034.985**

5) Special Pledge of Concession:

By public deed dated December 18, 1998, granted in Notary of Santiago of Mr. René Benavente Cash, and its amendments, the company granted a special first-degree pledge for public work concession in favor of creditor Banks. The subject pledge was raised and proposed n virtue of non-possessory pledges; therefore, it is currently a third-degree guarantee.

INTERVIAL CHILE S.A.

i. Pledge and prohibition to convey on the shares it holds in Ruta del Maipo Sociedad Concesionaria S.A., granted in favor of (x) MBIA Insurance Corporation (hereinafter "MBIA"); (y) the holders of bonds issued in US Dollars by Autopista del Maipo in 2001 and (z) The Royal Bank of Scotland N.V., formerly called ABN Amro Bank N.V., The Royal Bank of Scotland (Chile), formerly ABN Amro Bank (Chile), RBS Inversiones Chile, formerly ABN Amro Inversiones (Chile) S.A., RBS Finance Chile S.A., formerly ABN Amro Finance (Chile) S.A. and RBS Holding Negocios S.A., formerly ABN Amro Holding de Negocios S.A. (jointly the "RBS entities"), by means of public deed of August 22, 2001, granted in Notary of Santiago of Mr. Iván Torrealba Acevedo, with its further amendments;
ii. Pledge and prohibition to convey on the shares owned by Intervial Chile in Ruta del Maule Sociedad Concesionaria S.A., granted in favor of MBIA and the RBS Entities by means of public deed of 4 de July de 2005, granted in Notary of Santiago of Mr. Iván Torrealba Acevedo, with its further amendments;
iii. Pledge and prohibition to convey on the shares owned by Intervial Chile in Ruta de la Araucanía Sociedad Concesionaria S.A., granted in favor of Banco de Chile and other banks by means of public deed of August 5,

2010, granted in Notary of Santiago of Mr. Humberto Santelices Narducci;
iv. Pledges and prohibition to convey on the shares held by Intervial Chile in Ruta de los Ríos Sociedad Concesionaria S.A., granted in favor of Banco Chile, Banco del Estado de Chile, Banco Security and Corpbanca, by means of public deed of 14 de March de 2006, granted in Notary of Santiago of Mr. Eduardo Avello Concha; and

v. Pledge and prohibition to convey on the shares of Sociedad Concesionaria Ruta del Bosque S.A. owned by Intervial Chile, in favor of Syncora Guarantee Inc. ("Syncora Inc."), by means of public deed of October 30, 2006 granted in Notary of Santiago of Mr. Eduardo Avello Concha, with its further amendments.

Pursuant to Section 4.1 of agreement called Transfer Restrictions Agreement, signed by private instrument dated August 22, 2001 and amended on October 4, 2004 and September 15, 2010, between Autopista del Maipo, Cintra Concesiones de Infraestructuras de Transporte, S.A. ("Cintra España"), Cintra Chile, Ferrovial Agromán Chile S.A., Interconexión Eléctrica S.A., E.S.P. and Citibank N.A., Agency in Chile ("Citibank"), Cintra Chile agreed not to materially dispose of its assets without prior consent from MBIA, unless the solvency of Cintra Chile after such disposal of assets has an "Investment Grade" risk rating, or in case of not having the risk rating mentioned above, it should have, in opinion of MBIA, a financial situation comparable to such companies with Investment Grade risk rating.

Pursuant to Section 3.1 of agreement called Second Amended and Restated Support and Guaranty Agreement signed by private instrument dated June 21, 2005, and amended on September 15, 2010, between MBIA, Cintra Chile, Constructora Delta-Ferrovial Limitada, Inversiones Sodeia Cinco S.A., Ferrovial-Agromán, Empresa Constructora Limitada, Interconexión Eléctrica S.A., E.S.P. and Cintra España, Cintra Chile agreed to abstain from assigning its interest in currently Ruta del Maule Sociedad Concesionaria S.A. to any person other than a Sponsor or Guarantor, as per such terms defined in such agreement, unless it has prior approval from MBIA and unless the requirements and conditions in the agreement above are met.

In accordance with Section 3.1 of agreement called Shareholder Support Agreement, signed by private instrument dated October 30, 2006 and amended on September 15, 2010, between Syncora Inc., Ruta del Bosque, Cintra Chile, Cintra Inversiones and Asesorías Chile Limitada, Interconexión Eléctrica S.A., E.S.P., Cintra España and Citibank, Cintra Chile agreed to abstain from assigning its interest in Ruta del Bosque, unless the requirements and conditions set in the subject agreement are met.

In accordance with the agreement called Second Amended and Restated Investor Support and Guaranty Agreement, signed by private instrument dated September 28, 2005 and amended on September 15, 2010, between Autopista del Maipo, MBIA, Cintra Chile, Interconexión Eléctrica S.A., E.S.P., Cintra España and Citibank, Cintra Chile agreed to abstain from assigning its interest in Ruta del Maipo, unless the requirements and conditions set in the subject agreement are met.

Intervial Chile has signed credit line agreements with Banco de Chile, Santander, Corpbanca and BBVA for the issue of guarantee bonds procured on behalf of Concessionaire Companies Ruta del Maipo, Ruta del Maule, Ruta del Bosque, Ruta de la Araucanía and Ruta de los Ríos. As of December 31, 2015, guarantees have been issued for UF 1.473.103,20.-

INTERNEXA

At the end of 2015 the following guarantees were in effect:

TYPE OF GUARANTEE (SECURED)	BENEFICIARY	PURPOSE	AMOUNT (USD THOUSANDS)	DUE DATE
Stand By (ITX Chile)	BBVA Chile	Secure credit obligations	4.963	28/02/2020
Stand By (ITX Chile)	BANCOLOMBIA	Secure credit obligations	1.380	03/04/2016
Joint and Several Bond (ITX Chile)	Helm Bank Panamá	Secure credit obligations	1.600	13/09/2019
Joint and Several Bond (ITX Chile)	Helm Bank Panamá	Secure credit obligations	800	06/11/2019
Joint and Several Bond (ITX Chile)	Helm Bank Panamá	Secure credit obligations	2.700	18/01/2020
Joint and Several Bond (ITX Chile)	Helm Bank Panamá	Secure credit obligations	900	02/05/2020
Joint and Several Bond (ITX Chile)	Helm Bank Panamá	Secure credit obligations	450	24/06/2020
Joint and Several Co-Debtor (ITX Peru)	Helm Bank Panamá	Secure credit obligations	400	08/08/2016
Joint and Several Co-Debtor (ITX Peru)	Helm Bank Panamá	Secure credit obligations	1.250	27/03/2017
Stock Pledge (ISA Bolivia)	IDB-CAF	Secure credit obligations	17	27/03/2017
Stand By (Transamerica Telecomunication)	BBVA	Secure credit obligations	3.000	23/02/2016
Total			**17.460**	

INTERNEXA PERU

As of December 31, 2015 the Company had not granted mortgages or specific guarantees on debts. There is no other restriction.

INTERNEXA CHILE

To guarantee the financing granted by Banco de Crédito e Inversiones-BCI, the company granted a Comfort Letter, and Internexa Colombia signed as Joint and Several Co-Debtor. In the loan held with Helm Bank Panamá, Internexa Colombia is also Joint and Several Co-Debtor.

The Company holds two Standby Letters of Credit in support of financial obligations acquired with Banco BBVA, and with BCI.

29. Commitments

At the end of 2015 the following commitments were in effect:

ISA

DERIVED FROM ITS AFFILIATE ISA BOLIVIA:	DUE DATE
Signature of "Support and Guaranty Agreement" whereby ISA and TRANSELCA agree, as sponsors of ISA Bolivia, to guarantee the credits granted by the IDB and CAF.	Termination of agreements
Obligation in effect: pay the balance of the outstanding debt with such lenders, in case of Government intervention or at the date when the license is revoked.	(February 15, 2019).

The loans were used for the implementation of transmission licenses of lines Santivañez-Sucre, Punutuma and Carrasco-Urubó for 30 years, and the license for project Arboleda Substation.

ISA BOLIVIA

Covenants and other debt negotiations

As part of the financing agreements, specifically such called "Amended and Restated Common Terms Agreement" in Article VI, Sections 6.1 and 6.2, it provides "Covenants" for the Company, which as of December 31, 2015, have been met by Interconexión Eléctrica ISA Bolivia S.A.

The covenants and obligations related with these financial debts cover the following areas:

Compliance with laws, rules and environmental aspects: any event that represents a breach of laws and rules could be considered an event of default for the purposes of agreement with IDB and CAF.

The Company may not acquire new credits other than the loans acquired with the IDB and CAF, except for those authorized by the financing entities.

The management of cash flows related with the operation and used for the payment of obligations must be made through a trust signed with Banco de Crédito de Bolivia S.A. Also, this type of Covenants include the following financial ratios:

Debt / Equity equal or lower than 9.

Historic debt service hedge ratio equal or higher than 1,2 times.

INTERNEXA PERU

Other obligations undertaken in effect at the end of 2015 are as follows:

TYPE OF GUARANTEE (SECURED)	BENEFICIARY	PURPOSE	AMOUNT (USD THOUSANDS)	DUE DATE
Guarantee Letter (ITX Peru)	Electro Peru	Secure compliance with the full delivery of band width service for Telecommunications with the Mantaro Production Center, agreed under the derivative agreement of the derivative minor quantum award.	35.492	18-12-18
Guarantee Letter (ITX Peru)	Entel del Peru	Secure compliance with the provision of service of Carrier National Ethernet Point to Point for 1 Gbps between Piura and Trujillo	37.188	03-04-16
Guarantee Letter (ITX Peru)	Telefónica del Peru	Secure good handling of the advance payment, and compliance with the full delivery of usufruct of two optical fiber pairs in the section Tarapoto-Moyobamba	1.595.432	13-09-19
Total			**1.668.112**	

30. Subsequent events

ISA's domestic public debt securities issue and placement program:

On February 16, 2016, ISA issued four hundred thousand (400.000) Bonds denominated in Colombian Pesos, equivalent to four hundred billion pesos (COP 400.000.000.000). The placement term of this Issue is two (2) years from the Issue date, i.e., February 16, 2018.

ISA Inversiones Chile Ltda., capitalized Interchile S.A.:

The Extraordinary Board of Shareholders of Interchile S.A. on February 1, 2016, unanimously approved the credit capitalization that ISA Inversiones Chile Ltda. Previously granted to the company, corresponding to the total amount of COP 43.713.885.000 Chilean Pesos; this way, the capital increase is materialized by the issue and payment of shares.

This capitalization represents an amendment in the share interest of ISA and ISA Inversiones in Interchile as follows. ISA held 99,99% and now holds 75,11% and ISA Inversiones held 0,01% and now holds 24,89%; however, ISA's effective interest in Interchile remains in 100%. This amendment has the relevant authorizations and it is made with the purpose of strengthening the equity structure of the affiliate.

» Table of reference for acronyms

ANEEL:	Agencia Nacional de Energía Eléctrica (Brazil-National Electric Power Agency)
ASIC:	Administración del Sistema de Intercambios Comerciales (Management of Trade Exchange System)
BCI:	Banco de Crédito e Inversiones
BCIE:	Banco Centroamericano de Integración Económica
BCP:	Banco de Crédito del Peru
IDB:	Inter-American Development Bank
BNDES:	Banco Nacional de Desenvolvimiento Económico and Social
BRL:	Brazilian Real
CAF:	Banco de Desarrollo de América Latina (Latin American Development Bank) or Corporación Andina de Fomento (Andean Development Corporation)
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)
CESP:	Compañía Energética de São Paulo (Brazil)
CGN:	Contaduría General de la Nación (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 (formerly CRT) (Communications Regulatory Commission)
CRD:	Centro Regional de Despacho (Regional Dispatch Center)
CREE:	Contribución Empresarial para la Equidad (Business Contribution for Equity) or Impuesto sobre la renta para la equidad (Income Tax for equity)
CREG:	Comisión de Regulación de Energía and Gas (Commission for the Regulation of Energy and Gas
CSM:	Centro de Supervisión and Maniobras (Supervision and Maneuvers 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 (Central Securities Depository of Colombia)
DIAN:	Dirección de Impuestos and Aduanas Nacionales (National Tax and Customs Office)
DNP:	Dirección Nacional de Planeación (National Planning Directorship)
ECOPETROL:	Empresa Colombiana de Petróleos
EEB:	Empresa de Energía de Bogotá
ELETROBRÁS:	Centrales Eléctricas Brazileñas 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 (National Tax Code)

FAER: Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Energizing Rural Zones)

FAZNI: Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Energizing Non-Interconnected Zones

FOES: Fondo de Energía Social (Social Energy Fund)

FUT: Fondo de Utilidades Tributables (Chile) (Taxable Income Fund)

GMF: Gravamen a los Movimientos Financieros (Financial Transaction Tax)

IASB: International Accounting Standards Board

ICO: Instituto de Crédito Oficial (Chile) (Official Credit Institute)

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 (Bolivia) (Corporate Income Tax)

LAC: Liquidación and Administración de Cuentas (Liquidation and Management of Accounts)

LT: Línea de Transmisión (Transmission Line)

MOP: Ministerio de Obras Públicas (Chile) (Ministry of Public Works)

NDF: Non-Deliverable Forward

IAS: International Accounting Standards

IAS SP: International Accounting Standards for the Public Sector

NCIF: Normas de Contabilidad e Información Financiera (Standards of Accounting and Financial Information)

OSINERGMIN: Organismo Supervisor de la Inversión en Energía and Minería (Peru) (Supervisory Body for Investment in Energy and Mining)

PAAG: Porcentajes de Ajuste del Año Gravable (Taxable Year Adjustment Percentages)

PCGP: Plan General de Contabilidad Pública (General Plan for Public Accounting)

PGE: Procuraduría General del Estado (Brazil) (Attorney General's Office)

PLP: Portadora por Línea de Potencia (Power Line Carrier)

PROINVERSIÓN: Promoción de la Inversión Privada del Peru (Private Investment Promotion of Peru)

PRONE: Programa de Normalización de Redes Eléctricas (Standardization Plan for Grids)

PT: Power Transformer

RAG: Remuneración Anual Garantizada (Peru) (Guaranteed Annual Remuneration)

REP: Red de Energía del Peru

RTT: Régimen Tributario de Transición (Transitional Tax Regime)

RTU: Unidad Terminal Remota (Remote Terminal Unit)

FPS: Fire Protection System

SIC: Sistema de Intercambios Comerciales (Trading System)

SIEPAC: Sistema de Transmisión Eléctrica para América Central (Energy Transmission System for Central America)

SID:	Sistema de Información de Descargas (Discharge Information System)
SIN:	Sistema Interconectado Nacional (National Interconnected System)
SINAC:	Sistema Interconectado Nacional (Peru) (National Interconnected System)
SSPD:	Superintendencia de Services Públicos Domiciliarios (Superintendence of Household Utilities)
STE:	Servicio de Transporte de Energía (Energy Transmission Service)
STN:	Sistema de Transmisión Nacional (National Transmission System)
STFC:	Servicios de Telefonía Fija Conmutada (Commuted Fix Telephone Services)
SUNARP:	Superintendencia Nacional de los Registros Públicos (National Superintendence of Public Records)
SUNAT:	Superintendencia Nacional de Administración Tributaria (Peru) (National Superintendence of Tax Administration)
UNE:	Une Telecommunications S.A. E.S.P.
UPME:	Unidad de Planeación Minero Energética (Energy Mining Planning Unit)
USD:	US Dollar
VQ:	Voltage Quality
VRN:	Valor de Reposición a Nuevo (New Replacement Value)
VUCE:	Ventanilla Única de Comercio Exterior (Single Foreign Trade Window)
WAAC:	Costo Promedio Ponderado de Capital (Capital Weighted Average Cost)

» Statutory Auditor's Report

Statutory Auditor's Report

To 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, comprising the consolidated statement of financial position as of December 31, 2015 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Company's management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards accepted in Colombia adopted by the General Accounting Office; for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and establishing reasonable accounting estimates in the circumstances.

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I obtained the information necessary to fulfill my duties and performed my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that we comply with ethical requirements, plan and perform my audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatements in the financial statements. In the process of evaluating these risks, the auditor considers internal control relevant for the preparation and presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. It also includes an assessment of the accounting policies adopted and significant estimates made by Management, as well as the overall presentation of the consolidated financial statements. I believe that my audit provides me with a reasonable basis for my opinion.

In my opinion, the accompanying consolidated financial statements fairly present, in all material respects, the consolidated financial position of Interconexión Electrica S.A. E.S.P., and its Subordinated entities as of December 31, 2015, the consolidated result from its operations and the consolidated cash flows for the year then ended in accordance with accounting and financial reporting standards accepted in Colombia adopted by the General Accounting Office.

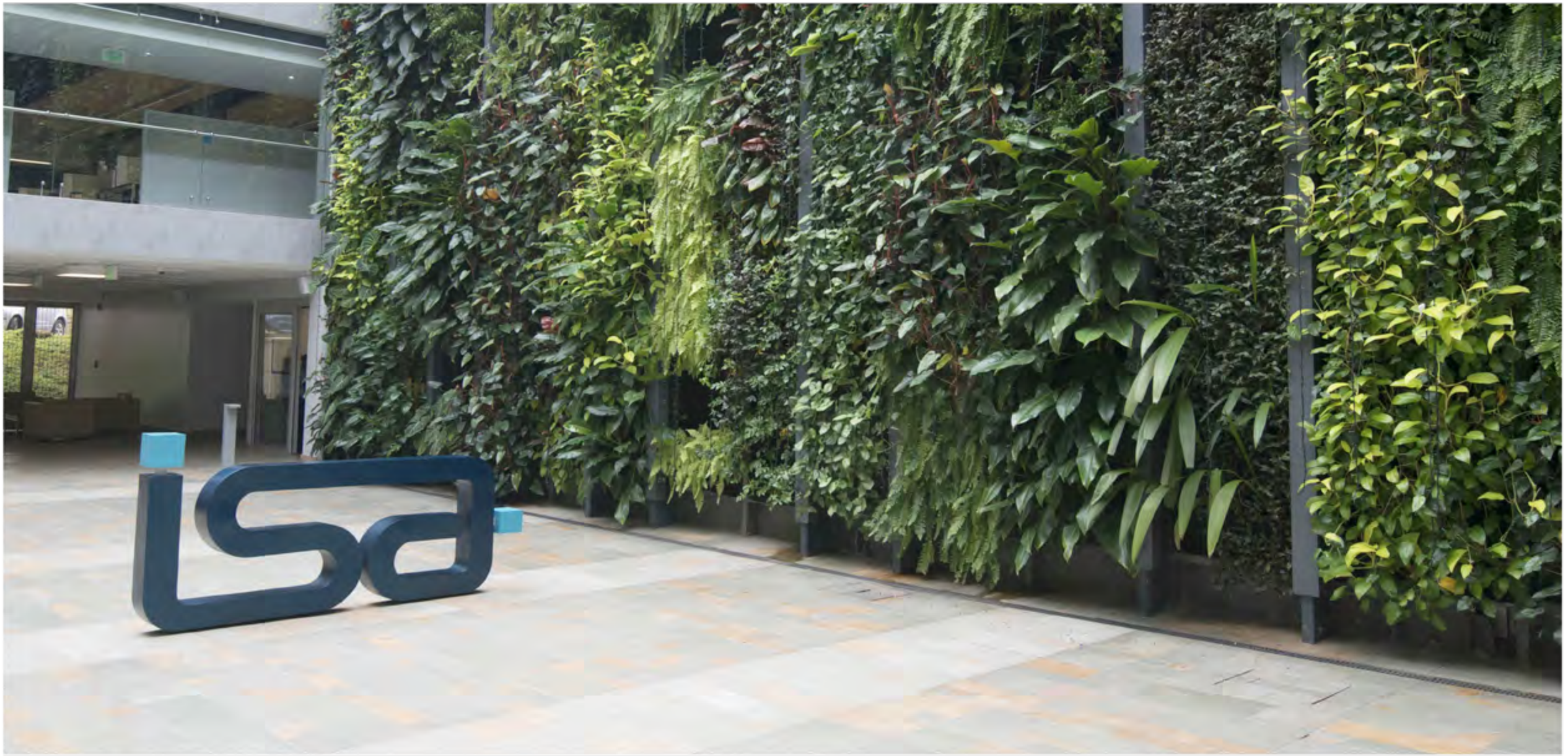
As pointed out in Note 8 to the consolidated financial statements, CTEEP, subsidiary of Interconexión Eléctrica S.A. E.S.P through ISA Capital do Brasil, holds a claim before the Agencia Nacional de Energía Eléctrica de Brasil - ANEEL - a claim relating to compensation for assets classified as Existing Service –Servicio Existente, SE- on the occasion of the renewal in 2012 of the concessions associated with Law 12.783 of 2013 and technical note 402 of 2013 from ANEEL. The result of the assessment of the compensation by CTEEP in 2014 was approximately COP 4,2 trillion (base value at December 31, 2012). On December 21, 2015, ANEEL issued Order No. 4036/2015, with a new understanding of the value that CTEEP should receive for the SE facilities for COP 3,1 trillion (base value at December 31, 2012), CTEEP , by appeal, continues claiming the recognition of goodwill of approximately COP 1,1 trillion. The accompanying financial statements do not include adjustments related to such compensation.

As indicated in Note 8 to the consolidated financial statements, CTEEP, subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, has registered a net balance of accounts receivable from the State Sao Paulo for approximately COP 779.072 million, related to the impact of Law 4.819 of 1958, which granted to employees of companies under control of the State of Sao Palo, benefits already granted to other public servants. CTEEP has advanced legal measures before the respective State authorities to collect these receivables. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Statutary Auditor
Professional Card 35265-T
Designated by Ernst & Young Audit S.A.S. TR-530

Medellin, Colombia
February 29, 2016

Financial Statements
ISA



» Separate Statement of Financial Position

AS OF DECEMBER 31, 2015, 2014 AND JANUARY 1, 2014

Amounts expressed in millions of Colombian pesos

ASSETS		2015	2014	1/01/2014
Current assets				
Cash and cash equivalent	4	312.161	465.037	292.258
Financial assets	8	110.600	139.425	214.068
Non-financial assets	7	8.149	10.370	16.912
Current tax	19.5	4.464	5.470	7.462
Hedging operations	6	3.797	-	-
Total Current assets		**439.171**	**620.302**	**530.700**
Non-current assets				
Restricted cash	5	27.542	31.718	107.186
Non-financial assets	7	1.400	1.500	1.600
Financial assets	8	321.880	268.900	291.539
Investments in subsidiaries and joint control	10	5.644.911	4.378.252	3.801.918
Investments in financial instruments	10	22.635	22.635	22.635
Property, plant and equipment	11	4.834.583	4.675.022	4.694.631
Investment property	12	7.886	7.730	7.814
Intangible assets	13	93.614	107.362	77.137
Total Non-current assets		**10.954.451**	**9.493.119**	**9.004.460**
Total assets		**11.393.622**	**10.113.421**	**9.535.160**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Financial liabilities	15	189.597	248.485	26.422
Accounts payable to related parties	9.1	75.030	11	8
Current tax	19	60.805	75.912	52.819
Accounts payable	17	47.823	70.308	167.809

	NOTES	2015	2014	1/01/2014
Provisions	18	7.750	25.338	26.919
Employee benefits	20	5.795	5.994	4.590
Other non-financial liabilities	21	4.174	4.928	9.325
Total current liabilities		**390.974**	**430.976**	**287.892**
Non-current liabilities				
Financial liabilities	15	1.537.871	1.145.234	1.409.987
Deferred tax liabilities	19.2	911.710	878.731	844.712
Accounts payable to related parties	9.1	275.704	323.912	303.561
Other non-financial liabilities	21	227.413	245.447	265.495
Employee benefits	20	196.135	193.206	199.246
Accounts payable	17	2.783	3.512	4.393
Other Provisions	18	1.261	1.556	1.563
Total Non-current liabilities		**3.152.877**	**2.791.598**	**3.028.957**
Total liabilities		**3.543.851**	**3.222.574**	**3.316.849**
Shareholders' equity				
Subscribed and paid-in capital	22.1	36.916	36.916	36.916
Premium for placement of shares	22.4	1.428.128	1.428.128	1.428.128
Reserves	22.6	1.491.399	1.195.191	999.186
Net income		706.321	514.486	433.048
Retained earnings		3.242.453	3.321.033	3.321.033
Other comprehensive income		944.554	395.093	-
Total Shareholders' Equity		**7.849.771**	**6.890.847**	**6.218.311**
Total Liabilities and Shareholders' Equity		**11.393.622**	**10.113.421**	**9.535.160**

See accompanying notes to Financial Statements.

Bernardo Vargas Gibsone
Chief Executive Officer
(See attached certification)

John Bayron Arango Vargas
Chief Accounting Officer
Professional Card N° 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

» Separate Statement of Comprehensive Income

YEARS ENDED AS OF DECEMBER 31, 2015 AND 2014

Amounts expressed in millions of Colombian pesos, except net income per share expressed in Colombian pesos

	NOTES	2015	2014
Revenues from ordinary activities	**23**		
Income from "contrato de cuentas en participación"		807.753	707.563
Energy transmission services		15.838	25.961
Connection charges		2.162	6.399
Infrastructure projects		11.388	9.707
Dark Fiber		2.500	664
Other services		8.441	12.638
Total Revenues from ordinary activities		**848.082**	**762.932**
Sales and operation costs	24.1	(214.080)	(215.886)
Gross profit on sales		**634.002**	**547.046**
Other revenues and expenses			
Administrative expenses	24.2	(95.066)	(70.763)
Net equity method revenues/(expenses)	25	384.806	289.773
Other net revenue/(expense)	25	25.734	(67.822)
Income from operating activities		**949.476**	**698.234**
Financial income	25	234.855	157.846
Financial expenses	25	(290.733)	(199.093)
Profit before taxes		**893.598**	**656.987**
Income tax provision	19	(187.277)	(142.501)
Net income		**706.321**	**514.486**
Net earnings per share	**27**	**637,66**	**464,47**

OTHER COMPREHENSIVE INCOME	2015	2014
Actuarial earnings from definite benefits plans, net of taxes	1.220	3.928
Profit from cash hedging, net of taxes	1.593	7.786
Earnings from foreign exchange difference, net of taxes	546.648	383.379
OTHER COMPREHENSIVE INCOME	**549.461**	**395.093**
COMPREHENSIVE INCOME OF YEAR	**1.255.782**	**909.579**

Bernardo Vargas Gibsone
Chief Executive Officer
(See attached certification)

John Bayron Arango Vargas
Chief Accounting Officer
Professional Card N° 34420-T
(See attached certification)

Alba Lucía Guzmán Lugo
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» Separate Cash Flow Statement

YEARS ENDED AS OF DECEMBER 31, 2015 AND 2014

Amounts expressed in millions of Colombian pesos

CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	2015	2014
Net income		**706.321**	**514.486**
Plus (less) - Adjustments to reconcile net income with net cash provided by operating activities:			
Depreciation of property, plant and equipment		168.056	162.527
Amortization of intangible and other assets		1.727	1.397
Adjustment on actuarial calculation of retirement pensions and extra-legal benefits - net		8.618	(4.600)
Recovery of impairment of accounts receivable		(565)	(127)
Income tax provision		187.277	142.501
Earnings from exchange difference		(34.960)	(21.909)
Income from equity method		(384.806)	(289.773)
Accrued interest and commissions		128.382	84.337
Total		**780.050**	**588.839**
Changes in operating assets and liabilities			
Financial assets		3.390	16.147
Other assets		(8.646)	79.840
Accounts payable		193.826	(12.541)
Employee benefits		(200)	(3.135)
Provisions		(220.109)	107.283
Other deferred liabilities and taxes		14.191	(967)
Cash flows in other operations			
Payments of retirement pension and other benefits		(5.847)	(9.142)

	NOTES	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments of taxes and contributions		(197.121)	(115.895)
Net cash provided by operating activities		**559.534**	**650.429**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition of investments in subsidiaries and joint ventures		(417.572)	(54.749)
Dividends received		160.077	170.115
Variations in other assets and property, plant and equipment		(348.182)	(214.828)
Net cash used in investment activities		**(605.677)**	**(99.462)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received in cash		14.825	25.623
Interest paid in cash		(122.741)	(99.577)
Dividends paid		(296.858)	(237.042)
Financial obligations received		222.432	-
Bonds issued		500.000	-
Payment of financial liabilities (financial obligations-bonds)		(424.391)	(67.192)
Net cash used in financing activities		**(106.733)**	**(378.188)**
Net increase (decrease) in cash and cash equivalents		**(152.876)**	**172.779**
Cash and cash equivalents at the beginning of the year		**465.037**	**292.258**
Cash and cash equivalent at the end of the year		**312.161**	**465.037**

See accompanying notes to Financial Statements.

Bernardo Vargas Gibsone
Chief Executive Officer
(See attached certification)

John Bayron Arango Vargas
Chief Accounting Officer
Professional Card N° 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

» Separate Statement of Changes in Shareholders' Equity

YEARS ENDED AS OF DECEMBER 31, 2015 AND 2014

Amounts expressed in millions of Colombian pesos

	SUBSCRIBED AND PAID-IN CAPITAL	SHARE PLACEMENT PREMIUM	RESERVES						YEAR-END INCOME	OTHER COMPREHENSIVE INCOME	NCIFNCIF CONVERSION RETAINED INCOME	TOTAL
			LEGAL	BY TAX REGULATION	RESERVE FOR REACQUISITION OF OWN SHARES	FOR CAPITAL STRENGTHENING	FOR REHABILITATION AND REPLACEMENT OF NATIONAL TRANSMISSION SYSTEM ASSETS	TOTAL RESERVES				
NOTE	21.1	21.4	21.6									
Balance as of January 1, 2014	**36.916**	**1.428.128**	**18.458**	**523.878**	**38.100**	**381.316**	**37.434**	**999.186**	**433.048**	**-**	**3.321.033**	**6.218.311**
Transfers approved by the General Shareholders' Meeting	-	-	-	95.332	-	100.673	-	196.005	(196.005)	-	-	-
Payment of ordinary dividends at COP 196 per share settled on 1.107.677.894 outstanding shares, payable in one installment in July, 2014 and extraordinary dividend of COP 18 per share payable in September, 2014.	-	-	-	-	-	-	-	-	(237.043)	-	-	(237.043)
Retained earnings NCIF	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income in 2014	-	-	-	-	-	-	-	-	514.486	395.093	-	909.579
Balance as of December 31, 2014	**36.916**	**1.428.128**	**18.458**	**619.210**	**38.100**	**481.989**	**37.434**	**1.195.191**	**514.486**	**395.093**	**3.321.033**	**6.890.847**
Transfers approved by General Shareholders' Meeting	-	-	-	96.933	-	199.275	-	296.208	(296.208)	-	-	-
Payment of ordinary dividends at COP 208 per share and extraordinary dividend at COP 60 per share settled on 1.107.677.894 outstanding shares, payable in four installments April – June – October-December.	-	-	-	-	-	-	-	-	(296.858)	-	-	(296.858)
Retained earnings NCIF	-	-	-	-	-	-	-	-	78.580	-	(78.580)	-
Comprehensive income in 2015	-	-	-	-	-	-	-	-	706.321	549.461	-	1.255.782
Balance as of December 31, 2015	**36.916**	**1.428.128**	**18.458**	**716.143**	**38.100**	**681.264**	**37.434**	**1.491.399**	**706.321**	**944.554**	**3.242.453**	**7.849.771**

Bernardo Vargas Gibsone
Chief Executive Officer
(See attached certification)

John Bayron Arango Vargas
Chief Accounting Officer
Professional Card N° 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

» Notes to Financial Statements

AS OF DECEMBER 31, 2015 AND 2014 AND JANUARY 1, 2014

(Amounts expressed in millions of Colombian pesos, and foreign currency in original amounts)

I. GENERAL NOTES

1. General Information

Interconexión Eléctrica S.A. E.S.P. –ISA–, parent company, was registered as limited company by public deed No 3057 executed before Notary Eighth of Circle of Bogota, dated September 14, 1967.

On November 22, 1996, by means of public deed No 746 granted by the Single Notary of Public Sabaneta, ISA changed its legal nature to Mixed-Ownership Utility Company, established as a national business company, by shares, and of the kind of incorporations, ascribed to the Ministry of Mines and Energy, with indefinite term and subject to the legal regime set forth in Law 142, situation that materialized on January 15, 1997 with the entry of private contributions.

According to the Constitutional Court under ruling C-736 dated September 19, 2007, ISA has a special legal nature, defined as a Mixed-Ownership Utility Company, entity decentralized by services that is part of the executive branch of the public power with a special legal private law regime.

Its headquarters are located in the city of Medellin at calle 12 sur #18-168.

ISA'S corporate purpose comprises[1]:

- The provision of Energy Transmission utility, according to Laws 142 and 143 of 1994 and the rules adding, amending or replacing them, as well as the rendering of services connected, complementary and related with such activities, according to the legal and regulatory framework in force.
- The development of Telecommunications systems, activities and services.
- Direct and indirect participation in activities and services related to transportation of other energy.
- Rendering of technical and non-technical services in activities related to its corporate purpose.
- The development of infrastructure projects and its commercial exploitation as well as activities performed in connection with the exercise of engineering in terms of Law 842 of 2003, as amended.
- Investment in national or foreign Companies which corporate purpose is the exploitation of any legal economic activity; investment in real and personal property, and investment in shares, quotas or parts, bonds, commercial papers or fixed or variable rate instruments, registered in the stock

1 At Regular Shareholders' Meeting No. 103 held on March 28, 2014, a change was approved on the corporate purpose by amendment of the corporate bylaws to adjust them to the new actual situation of the Company, in connection with the definitions of roles and responsibilities of the Corporate entity and basic roles of the parent company.

exchange market or any other mode provided by the law that allows investment of resources

- Management of the economic group's companies by means of the definition of strategic, organizational, technical, and financial guidelines, among others.

2. Basis of presentation

The main policies and practices adopted by ISA are described as follows:

2.1 Accounting principles

The Company prepares its financial statements in accordance with the Standards of Accounting and Financial Reporting -NCIF-, for its acronym in Spanish, adopted by the Colombian General Accounting Office, established in Law 1314 of 2009, regulated by Resolution 743 of 2013 of the General Accounting Office and all its subsequent amendments and Regulatory Decree 2784 of 2012 and all its subsequent amendments. These accounting and financial reporting standards correspond to the International Financial Reporting Standards (NCIF) officially translated and authorized by the International Accounting Standards Board (IASB) as of December 31, 2012.

According to article 11 of Decree 2496 of 2015, section 2, the Company has decided to apply in advance the amendments to IAS 27 – Equity Method in Separate Financial Statements. The amendments allow entities to use the equity method to account for subsidiaries, joint control and associated companies in their separate financial statements. Such entities that have already implemented NCIFNCIF and choose to change to the equity method will have to apply this change retroactively. Such entities applying NCIFNCIF for the first time and choose to use the equity method in their separate financial statements will have to apply the method from the date of transition to NCIFNCIF.

The separate financial statements as of December 31, 2015 were authorized for disclosure by the Board of Directors at meeting held on February 26, 2016.

2.2 Adoption of new standards and interpretations

STANDARDS OF ACCOUNTING AND FINANCIAL REPORTING ACCEPTED IN COLOMBIA, ISSUED BUT NOT YET IN FORCE

Article 2.1.2 of book 2, Part 1 of Decree 2420 of 2015 as amended by Decree 2496 of 2015 includes the standards that have been issued by the IASB and adopted in Colombia that will become in effect in years subsequent to 2015.

- **New Standards of Accounting and Financial Reporting (NCIF) accepted in Colombia in force from January 1, 2016.**

DISCLOSURE OF RECOVERABLE VALUE OF NON-FINANCIAL ASSETS THAT AMENDS IAS 36 IMPAIRMENT OF ASSETS (MAY 2013)

This amendment reduces the cases in which disclosures on the recoverable value of assets or cash generating units are required, it clarifies these disclosures and introduces the express requirement of disclosing the discount rate used to determine impairment (or their reversions) in which the recoverable value is determined by using the present value.

IFRIC 21 LEVIES – NEW INTERPRETATION (MAY 2013)

The interpretation intends to provide guidance on the circumstances under which a liability must be recognized by levies, in accordance with IAS 37. In this regard, the IFRIC may be applied to any situation that leads to a current obligation of paying taxes or levies to the State.

NOVATION OF DERIVATIVES AND CONTINUATION OF THE HEDGE ACCOUNTING THAT AMENDS IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT (JUNE 2013)

Under this standard it would not be necessary to cease applying hedge accounting to novated derivatives that meet the criteria detailed by the standard.

ANNUAL IMPROVEMENTS TO NCIFNCIF: CYCLE 2010-2012 (DECEMBER 2013):

IFRS 2 Share-based payments; IFRS 3 Business Combinations; IFRS 8 Operating Segments; IAS 16 Property, plant and equipment, IAS 24 Related party disclosures; IAS 38 Intangible assets.

THE AMENDMENTS APPLICABLE TO THE COMPANY INCLUDE:

IFRS 8 OPERATING SEGMENTS

Amendments are retrospectively applied and clarify that:

- If the other party, regardless of the reason, fails to provide service during the concession period, the service condition is not met
- An entity must disclose the judgments made by the management to apply the aggregation criteria of paragraph 12 of IFRS 8; this includes a brief description of the operating segments that have been added and the economic indicators (for example, sales and gross margins) which have been evaluated to determine that the added operating segments share similar economic characteristics.
- It is required to disclose reconciliation between segment assets and total assets only if the reconciliation is reported to the highest authority in the decision-making of the entity operation, according to the disclosure required for the segment liabilities.

IAS 16 PROPERTY, PLANT AND EQUIPMENT AND IAS 38 INTANGIBLE ASSETS

The amendment is retrospectively applied and clarifies in IAS 16 and IAS 38 that an asset may be revalued in reference to observable data, either by adjusting the gross carrying amount of the asset at fair value or by adjusting the gross amount and the accumulated depreciation or amortization proportionally so that the resulting carrying value is equal to the fair value. In addition, the accumulated depreciation or amortization is the difference between the gross amount and the carrying value of assets.

IAS 24 RELATED PARTY DISCLOSURES

The amendment is retroactively applied and clarifies that a management entity (an entity that provides services of key management staff) is a related party subject to related party disclosures. In addition, a Company that uses a management entity is obliged to disclose the expenses incurred for management services. This amendment is not relevant for ISA, since it does not receive management services from other entities.

ANNUAL IMPROVEMENTS TO IFRS: CYCLE 2011-2013 (DECEMBER 2013):

IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations; IFRS 13 Fair Value Measurement; IAS 40 Investment Property

THE AMENDMENTS APPLICABLE TO THE COMPANY INCLUDE:

IFRS 3 BUSINESS COMBINATIONS

The amendment is prospectively applied and clarifies the exceptions of scope within IFRS 3:

- Joint agreements, and non-joint businesses are out of the scope of NCIF 3
- This exception in the scope applies only to the accounting of joint agreement financial statements.

IFRS 13 FAIR VALUE MEASUREMENT

The amendment is prospectively applied and clarifies that the exception of portfolio in IFRS 13 can be applied not only to the financial assets and financial liabilities, but also for other contracts within the scope of IAS 39.

IAS 40 INVESTMENT PROPERTY

The description of ancillary services of IAS 40 makes difference between investment property and property occupied by the owner (for example, property and equipment). The amendment is prospectively applied and clarifies that IFRS 3, and not the description of ancillary services under IAS 40, is used to determine whether the transaction is the acquisition of an asset or a business combination.

The company is in the process of analysis and assessment of impacts of those standards that will come into effect and that are applicable to the same. The Company has not adopted in advance any standard, interpretation or amendment issued but not yet in force.

DEFINED BENEFIT PLANS: CONTRIBUTIONS TO EMPLOYEES, WHICH AMENDS IAS 19 EMPLOYEE BENEFITS (NOVEMBER 2013)

IAS 19 requires that an entity considers the remuneration to employees or third parties in the accounting of the defined benefit plans. When remuneration is linked to the service, they should be attributed to periods of service as a negative benefit. These amendments clarify that if the amount of remuneration is independent from the number of years of service, an entity may recognize such remuneration as a reduction in the cost of the service in the period in which the service is provided, instead of assigning the remuneration to periods of service.

IFRS 9: FINANCIAL INSTRUMENTS, HEDGE ACCOUNTING AND AMENDMENTS TO IFRS 9, IFRS 7 AND IAS 39 (NOVEMBER 2013).

This amendment changes the following main aspects:

- It add a new chapter about hedge accounting in which introduces a new model where accounting and risk management are aligned and introduces improvements with regard to the disclosure of these topics.
- It introduces improvements to the reporting of changes in the fair value of the entity debt within IFRS 9 more easily available
- It removes the effective date of mandatory application of IFRS 9.

- **New Standards of Accounting and Financial Information (NCIF) accepted in Colombia, applicable from January 1, 2017 (with early adoption allowed), excepted IFRS 15 applicable from January 1, 2018**

IFRS 9 FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

In July 2014, the IASB released the final version of IFRS 9 Financial Instruments that collects all the phases of the financial instruments project and supersedes IAS 39 Financial Instruments: measurement and classification and all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, impairment and hedge accounting. IFRS 9 is to be applied on periods beginning on January 1, 2018 although Decree 2420 has established the same for January 1, 2017 and earlier application is allowed. Retroactive application is required, but comparative information is not required to be amended. Earlier application is permitted for previous versions of IFRS 9 (2009, 2010 and 2013) if the date of initial application is prior to February 1, 2015.

ANNUAL IMPROVEMENTS OF IFRS, CYCLE 2010 – 2012

These improvements are effective from July 1, 2014. The improvements include the following amendments:

IFRS 15 REVENUES FROM ORDINARY ACTIVITIES FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was published in May 2014 and establishes a new five-step model applied to revenues from contracts with customers. In accordance with IFRS 15 the revenue is recognized by an amount that reflects the consideration that an entity expects to have in return for the transfer of goods or services to a customer. The principles of IFRS 15 entail a more structured approach to measure and record revenues.

This new standard is applicable to all entities and will repeal all previous standards for revenue recognition. A total or partial retroactive application is required for fiscal years beginning on January 1, 2018, allowing advance application.

AMENDMENTS TO IFRS 11: ACCOUNTING FOR ACQUISITIONS OF INTEREST IN JOINT OPERATIONS

Amendments to IFRS 11 require that a joint operator should record the acquisition of interest in a joint operation, which constitutes a business, by applying the relevant principles of IFRS 3 for accounting business combinations. The amendments also clarify that interest previously held in the joint operation will not be revalued in the acquisition of additional interest while the joint control is held. Additionally, an exception has been added to the scope of these amendments for not applying the same when the parties that share joint control are under the common control of an ultimate holding company.

The changes are to be applied to the initial acquisitions of interest in a joint operation and acquisitions of any additional interest in the same joint operation. They will be prospectively applied to fiscal years beginning on January 1, 2016, although its early implementation is allowed.

AMENDMENTS TO IAS 16 AND IAS 38: CLARIFICATION OF ACCEPTABLE METHODS OF AMORTIZATION

These amendments clarify that the revenues reflect a pattern of obtaining benefits arising from the exploitation of a business (which includes the asset), rather than the economic benefits consumed by the use of the asset. Therefore, the fixed material asset cannot be amortized using an amortization method based on revenues and it can only be used in very limited circumstances to amortize intangible assets. These amendments will be prospectively applied for fiscal years beginning on January 1, 2016, although they can be applied in advance.

AMENDMENTS TO IFRS 10 AND IAS 28: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATES OR JOINT BUSINESS

The amendments address the conflict between IFRS 10 and IAS 28 in the treatment of loss of control of a subsidiary that is sold or contributed to an associate company or joint business. The amendments clarify that gain or loss resulting from the sale or contribution of assets that constitutes a business, as defined in IFRS 3, between the investor and its associate company or joint business is recognized in its entirety. However, any gain or loss arising from the sale or contribution of assets which do not constitute a business, is only recognized up to the interest of investors not related to the associate or joint business. These amendments should be prospectively applied and are effective for fiscal years beginning on or after January 1 2016; early adoption is allowed.

ANNUAL IMPROVEMENTS CYCLE 2012-2014

These improvements are effective for fiscal years beginning on or after January 1, 2016; early adoption is permitted. They include:

IFRS 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets (or disposal groups) are generally prepared either through sale or distribution to their owners. The amendment clarifies that the change from one of the methods of disposal to another would not be considered a new plan of disposal but a continuation of the original plan. Therefore, there is no interruption in the application of the requirements of IFRS 5. This amendment should be prospectively applied.

IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES

(i) Servicing Contracts

The amendment clarifies that a servicing contract that includes a fee may constitute continuous involvement in a financial asset. An entity must assess the nature of the fee and the agreement against the guide of continuous involvement under IFRS 7 in order to assess whether disclosures are required. The assessment of which servicing contracts constitute a continuous involvement must be retrospectively performed. However, the requirement of disclosure would not have to be provided for a period beginning before the annual period in which the entity applies amendments for the first time.

(ii) Applicability of Amendments to IFRS 7 to Condensed Interim Financial Statements

The amendment clarifies that disclosure requirements of compensation do not apply to interim condensed financial statements, unless such disclosures provide a significant updating of the reported information in the most recent annual report. This amendment should be retrospectively applied.

IAS 19 EMPLOYEE BENEFITS

The amendment clarifies that the depth of the high-quality corporate bond market is evaluated based on the obligation currency rather than the country where the obligation is located. When there is no deep market for high-quality corporate bonds denominated in that currency, the rates of government bonds must be used. This amendment should be prospectively applied.

IAS 34 INTERIM FINANCIAL INFORMATION

The amendments clarify that required interim disclosures must be either in its interim financial statements or embedded by cross-referencing between interim financial statements and wherever the interim financial information is included (for example, in the management reports or in the reports of risk). The other information within the interim financial information must be available to users in the same conditions as interim financial statements and at the same time. This amendment should be retrospectively applied.

AMENDMENTS TO IAS 1 DISCLOSURE INITIATIVE

Amendments to IAS 1 Presentation of Financial Statements clarify, instead of changing significantly, existing requirements of IAS 1. The amendments clarify:

- The materiality requirements in IAS 1.
- Which specific items in the income statement and OCI and statement of financial position can be disaggregated.
- That entities have flexibility about the order in which the notes to the financial statements are presented.
- That participation of the associates and joint business in OCI accounted by using the equity method must be presented together in a single line, and classified among those items that may or may not be later reclassified to the income statement.

In addition, the amendments clarify the requirements which are applied when additional subtotals are presented in the statement of financial position and the income statement and OCI. These amendments are effective for annual periods beginning on or after January 1, 2017; early adoption is allowed.

AMENDMENTS TO IFRS 10, 12 AND IAS 28 INVESTMENT ENTITIES: APPLICATION OF THE CONSOLIDATION EXCEPTION

The amendments address issues which have arisen in the application of the consolidation exception in investment entities under IFRS 10.

The amendments to IFRS 10 clarify that the exception to present consolidated financial statements is applied to the parent company which is a subsidiary of an investment entity, when the investment entity measures all its subsidiaries at fair value.

On the other hand, amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity as such and that provides support services to the investment entity is consolidated. All the other subsidiaries of an investment entity are measured at fair value. When applying the equity

method, the amendments to IAS 28 enable investor to leave the measurement of fair value applied by the investment associate entity or joint control to its participation in the subsidiaries.

These amendments should be retrospectively applied and are effective for annual periods beginning on or after January 1, 2017; early adoption is permitted.

2.3 First application of Standards of Accounting and Financial Information

In accordance with legal regulations, ISA prepared the initial statement of financial position as of January 1, 2014, and its transition period is 2014. The separate financial statements as of December 31, 2015 are the first separate financial statements prepared in accordance with the Standards of Accounting and Financial Information accepted in Colombia, and established in Law 1314 of 2009 and all its subsequent amendments and Regulatory Decree 2784 of 2012, 3023 if 2013, 2420 and 2496 of 2015 and the Resolution 743 of 2013 of the General Accounting Office.

Before the implementation of the IFRS, accepted in Colombia, ISA applied the accounting standards issued by the General Accounting Office -CGN-, for its acronym in Spanish, which regulates accounting matters for ISA and the accounting provisions issued by the Superintendence of Household Utilities -SSPD-, for its acronym in Spanish, and other applicable rules.

The first-time adoption of IFRS, accepted in Colombia, requires the Company to apply existing standards and interpretations retrospectively. This involves returning to the initial recognition of an item of assets, liabilities and equity and adjust them to the requirements of IFRS, accepted in Colombia from that time to the opening statement of financial position. IFRS, accepted in Colombia, prohibit retrospective application of certain standards and provides voluntary exemptions to this principle of retroactivity.

The application of IFRS in the preparation of the separate financial statements involves a number of changes regarding the presentation and measurement standards as were implemented until December 31, 2013, because certain principles and requirements established by these rules materially differ from those established by the Generally Accepted Accounting Principles in Colombia -GAAP-.

RECONCILIATIONS BETWEEN COLOMBIAN GAAP AND IFRS

The following reconciliations provide a quantification of the effects of transition to IFRS as of January 1, 2014, and December 31, 2014 –equity and comprehensive income:

• Equity reconciliation

Equity reconciliation is as follows:

		1/01/2014
EQUITY ACCORDING TO GAAP		**7.447.541**
EQUITY ACCORDING TO IFRS		**6.218.311**
EQUITY VARIATION		**1.229.230**
PLUS		
Recognition cost attributed assets	(1)	2.704.709
Recognition equity method	(2)	1.188.122
Recognition finance lease	(3)	77.475
Elimination amortization easements	(6)	5.069
Recovery of provisions	(6)	173
LESS		
Elimination of deferred charges	(6)	(665)
Elimination of inflation adjustments	(1)	(461.614)
Recognition of employee benefits	(4)	(91.841)
Adjustment to deferred tax	(5)	(533.421)
Elimination of valuations according to Colombian standard	(1)	(2.542.404)
Elimination of equity method set according to Colombian standard	(2)	(1.574.833)
		(1.229.230)

(1) Property, plant and equipment

The value of most fixed assets at deemed cost was adjusted at the transition date, i.e. January 1, 2014. For operating transmission assets such as lines and substations, the revalued GAAP was used, which was calculated by the methodology of depreciated replacement cost -DRC-. For Lands, buildings and vehicles, the update is performed by technical appraisals at the date of transition and computer equipment, telephone lines, satellites, antennas, furniture and equipment and intangible assets were allocated in accordance with the historical cost recognized under the Generally Accepted Accounting Principles –GAAP– formerly applied. Inflation adjustments are eliminated.

The practical effect of this adjustment can be noted as the reclassification of unrealized valuation in accordance with previous existing rules as higher value of the property, plant and equipment. This value is the basis for calculating depreciation in subsequent years, further considering a technical useful life for each item.

The value recognized in the opening statement of financial position was used as historical cost for the following years and new positive revaluation of asset values will not be made, but negative revaluations will be made if there is sign of deterioration or loss of value.

(2) Investments in subsidiaries, joint controlled entities, and associates

The Company updated the investments in subsidiaries and joint control in its separate financial statements by the equity method, in accordance with IAS 28.

(3) Finance leases

At the date of preparation of the opening statement of financial position, the Company held some contracts, which due to the characteristics described in IAS 17 were classified as finance leases. In contracts classified as finance leases, the Company acts as lessee in some cases and as lessor in others.

(4) Post-employment and long-term employee benefits

The Company made the calculation of pension liabilities in accordance with the methodology of IAS 19, including all benefits to retirees are recognized such as: aid for education and health plan for which recognition was not required under local regulations. Additionally, long-term benefits were recognized by actuarial calculation, by using the projected unit credit methodology. The Company recognized 100% of actuarial profits and losses in its first financial statements under IFRS.

(5) Deferred tax

According to Colombian accounting principles, recognition of deferred tax is made considering only those temporary differences that arise between accounting results and fiscal results. Under IFRS, the method is called "liability method", which considers all temporary differences between the accounting and tax bases of assets and liabilities. The greatest effect was basically disclosed by the recognition of deferred tax on the temporary difference generated by the use of the option of deemed cost at the transition date.

(6) Other

At the date of preparation of the opening statement of financial position, the characteristics of intangibles were analyzed and resulted as follows:

- Energy easements are assets of indeterminate useful life, thus accumulated depreciation is reversed to date.
- Some intangible - deferred charges - did not meet the characteristics contained in IAS 38, and therefore they were discharged.

	DECEMBER 31, 2014
EQUITY ACCORDING TO PREVIUS COLOMBIAN GAAP	**8.629.070**
EQUITY ACCORDING TO NCIF	**6.890.847**
EQUITY VARIATION	**1.738.223**
PLUS	
Adjustment by equity method - OCI -	391.165
Adjustment by post-employment benefit - OCI -	3.928
LESS	
Retained earnings ESFA	(1.229.230)
Elimination of valuations as determined by Colombian standard 2014.	(476.630)
Elimination of equity method as determined by Colombian standard 2014.	(348.876)
Difference of income in 2014.	(78.580)
	(1.738.223)

• Reconciliation of total comprehensive income

Following is the conciliation of all local comprehensive income vs. IFRS, accumulated as of December 31, 2014:

	DECEMBER 31, 2014
NET INCOME PREVIUS COLOMBIAN GAAP	**593.065**
Updating of investments by equity method	46.667
Difference in deferred tax	24.051
Adjustment to employee benefits	4.432
Adjustment to amortized cost	3.709
Recognition of finance leases	1.503
Other adjustments	130
Removal of property, plant and equipment at NCIF amounts	(5.020)
Higher depreciation and amortization per attributed cost.	(73.494)
Termination of optical fiber contract	(80.557)
Adjustment other comprehensive income - Employee benefits	3.928
Adjustment other comprehensive income – Conversion effect	391.165
Net income NCIF	**909.579**

2.4 Primary judgments and estimates

The preparation of financial statements under IFRS, requires Management to use judgment, estimates and assumptions to determine reported figures of assets and liabilities, the presentation of contingent assets and liabilities at the date of the financial statements, as well as reported figures of revenues and expenses, and the application of accounting policies as of December 31, 2015.

However, the final results may differ from the estimates included in the statements of financial position. Management expects that variations, if any, have no significant effect on the statements of financial position.

These estimates are based on the Management's best experience, the best use of information available on the date of issuance of these interim condensed separate financial statements and best expectations regarding the present and future events; current events may differ from these estimates but are adjusted once they are known.

MANAGEMENT HAS DETERMINED THAT THE MOST SIGNIFICANT JUDGMENTS AND ESTIMATES RELATE TO:

• Identification of Cash Generating Units –CGU–: they defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The identification of CGUs involves significant judgment, mainly in the way the Company must add its assets.

ISA has the following three types of assets through which it provides Energy Transmission service:

- Assets for connection to STN
- Existing Assets for Use of STN –Existing Grid-
- Assets for Use of STN from Bidding

a. Assets for connection to STN: Assets for connection to STN correspond to assets built by ISA to allow the connection of different types of users -generators, large consumers and grid operators- to STN. The remuneration of these assets is governed by connection agreements, which are signed under

a scheme of bilateral negotiation, and through which connection charges are paid by users to ISA for providing the service, leading to specific parameters for each user and agreement. Thus, it is considered that the CGU at the level of assets for connection to the STN, correspond to the group of assets involved in each connection agreement, thus, there are as many CGU associated to the STN connecting service as connection agreements.

b. Existing Assets for Use of STN –Existing Grid-: The remuneration of Energy Transmission service for existing assets for STN use, is made based on a regulated scheme through which the CREG defines a single methodology for all assets that are part of the existing grid –not built under the scheme of free competition defined by the regulator. By applying the above methodology, the total value of the existing grid is determined for each transmission Company and, based from the same, the corresponding annual revenue. In the case of ISA, both values - the value of the existing grid and the annual income from the existing grid- are contained in CREG Resolution 106 of 2010, as amended by CREG Resolutions 078 and 098 of 2011.
In addition, the CREG has defined a new scheme of service quality whereby the revenues of a specific asset of the system, known in the regulation as a constructive unit, end up being affected by the unavailability of other assets that do not meet the quality and availability standards set by the regulator, as a result of the application of the concept of non-operating assets.
According to the above, it is considered that the group of assets that are remunerated under the aforementioned scheme, and that are part of the existing network, are a CGU as such.

c. Assets for Use of STN from Bidding: The remuneration of assets built under the scheme of free competition or bidding established by the regulator is based on the bid submitted by the bidder awarded for the project implementation, which comprises a profile of 25 flows of expected annual revenues corresponding to the first 25 years of operation of the project, which takes into account the particularities of each project, the risk perception of the bidder, the expected rate of return and the costs and risks inherent to the time of submission of the bid, among others.
Projects are awarded independently and separately, so that the regulator issues a resolution for each project through which the profile of respective revenues is formalized, i.e. the revenues for each of the first 25 years of operation thereof. Thus, it is considered that each of the projects built by bidding is a CGU itself. It is worth noting that once 25 years of operation have been completed of a project awarded under the bidding mechanism, remuneration begins under the methodology applicable to existing assets using STN, and therefore at that time it would become part of the generating cash unit corresponding to the existing grid.

- **Definition of hierarchy levels of financial instruments:** (See notes 3.8 and 14.3.c.)

- **Lease agreements:** lease agreements may be financial or operational and their classification is based on the extent to which the risks and benefits of ownership of the asset affect lessor or lessee. These risks include the possibility of losses from idle capacity or technological obsolescence, as well as variations

in performance due to changes in economic conditions. Benefits may be represented by the expectation of a profitable exploitation throughout the economic life of the asset and the gain from revaluation or realization of a residual value. This classification is made at the beginning of the agreement and is not changed during its term, unless lessee and lessor agree to change the terms of the lease. However, changes in the estimates –economic life or residual value of asset- do not give rise to a new classification of the lease.

• **Impairment:** the estimate for doubtful accounts is established if there is objective evidence that the Company may not recover the amounts of debts according to the original terms of the sale or services rendered. To this end, ISA's Management periodically evaluates the adequacy of the estimate through the aging analysis of accounts receivable and collectability statistics held by the Company. The estimate for doubtful accounts is recorded against income in the year where their need is determined. In the opinion of the management, this procedure allows to reasonably estimate the provision for bad debts, in order to adequately cover the risk of loss in accounts receivable, according to market conditions where the Company operates.

• **Estimated recoverable amount of a non-financial asset:** the carrying value of non-financial assets, excluding deferred taxes is reviewed at each balance sheet date to determine whether there is indication of impairment. If there are indications, the recoverable amount of the asset is estimated and charged to income for the year.

• **Useful life and residual values of property, plant and equipment:** the determination of useful lives and residual values of the components of property, plant and equipment involves judgments and assumptions that could be affected if circumstances change. Management of the Company reviews these assumptions periodically and adjusts them prospectively if any change is identified.

• **Provision for legal and administrative proceedings:** the estimate of loss contingencies necessarily involves an exercise of judgment, probability of occurrence and is a matter of opinion. In estimating loss contingencies in legal proceedings that are pending against ISA, legal advisors analyze, among other things, the merits of the claims, the jurisprudence of the courts involved and the current status of proceedings, and based on the same, they estimate the value of the provision.

• **Recovery of deferred tax assets:** the use of professional judgment is required to determine whether deferred tax assets should be recognized in the statement of financial position. Deferred tax assets require Management to assess the likelihood that the Company will generate taxable income in future periods to use the deferred tax assets. Estimates of future taxable revenues are based on financial projections and application of tax laws. To the extent that future cash flows and taxable revenues materially differ from estimates, this could have an impact on the ability of the Company to realize the net deferred tax assets recorded at the reporting date.

Additionally, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. Any difference between estimates and effective further disbursements is recorded in the year in which it occurs.

• **Employee benefits:** the cost of defined benefit pension plans and other post-employment medical benefits and the present value of pension obligations are determined using actuarial valuations. Actuarial valuations involve making several assumptions that may differ from actual future events. These include determining the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, the calculation of the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

To determine the appropriate discount rate, Management considers the interest rates of corporate bonds in the relevant currency with a minimum AA rating, having extrapolated maturity corresponding to the expected duration of the defined benefit obligation. Furthermore, the quality of the underlying bonds is reviewed and those having excessive credit spreads are removed from the portfolio of bonds in which the discount rate is based, by considering that they are not bonds with high credit ratings.

The mortality rate is based on the country's public mortality rates. The future wage increases and pension increase are based on expected future inflation rates for each country (See note 20 Employee Benefits).

2.5 Transactions and balances in foreign currency

Items included in the financial statements are expressed in the currency of the primary economic environment in which the Company operates (Colombian pesos). The financial statements are presented in "Colombian Pesos", which is the functional currency of the Company and the presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Gains and losses from exchange differences resulting from the payment of such transactions and from the translation at exchange rates at year-end of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Gains from exchange related to loans, cash and cash equivalent are presented in the statement of comprehensive income under "financial revenues". Losses from exchange are presented in the statement of comprehensive income in the "financial expenses" item.

• Rates used

Transactions and balances in foreign currencies are translated at current exchange rates certified by the Central Bank in Colombia or official banks from the main countries where the Company carries out transactions.

The exchange rates used for the preparation of financial statements as of December 31, 2015 and 2014 and January 1, 2014, expressed in Colombian pesos, were as follows:

CURRENCY	CODE	2015	2014	2013
USD	USD	3.149,47	2.392,46	1,926,83
Euro	EUR	3.426,01	2.897,80	2,655,36
Nuevos soles	PEN	925,28	795,51	688,35
Bolivian Peso	BOB	452,51	343,74	276,84
Brazilian Real	BRL	806,56	900,71	822,52
Chilean Peso	CLP	4,43	3,94	3,67

2.6 Classification of current and non-current balances

In the accompanying statement of financial position, balances could be classified according to their maturities, i.e., current are those with maturities equal to or exceeding twelve months, except for provisions for post-employment obligations and the like, and as non-current for maturities exceeding such period.

3. Main accounting policies

The main accounting practices and policies applied in the preparation of the accompanying financial statements, are as follows:

3.1 Investments in subsidiaries, joint business and associates

The Company restates investments in subsidiaries, joint business and associates in its separate financial statements by the equity method.

Subsidiaries are entities (including structured entities) over which the parent Company exercises direct or indirect control. (See list of companies Note 10).

Structured entity is an organization created with a definite purpose and limited termination. ISA holds investments in autonomous equities that meet this definition.

An investor controls an entity when it is exposed to, or has rights on, variable returns from its involvement in the organization and has the ability to affect those returns through its power over the same.

Joint business is an agreement whereby the parties exerting joint control have rights on the net assets of the entity. Joint control occurs only when decisions about relevant activities require the unanimous consent of the parties sharing control.

The accounting policies of subsidiaries, associates and joint businesses of the Group are applied on a uniform basis with ISA's, in order to ensure consistency in the Group's financial information, basis for the proper application of the equity method.

The equity method is an accounting method whereby the investment is initially recorded at cost and adjusted by post-acquisition changes in the Company's participation on the net assets of the entity. The profit or loss of the period and other comprehensive income of the Company include its share on profit or loss of the period and other comprehensive income of the entity.

Dividends received from companies where there is control, joint control or significant influence are recorded as a lower value the investment.

Transactions involving a loss of significant influence over an associate or joint business are accounted for recognizing any retained interest at fair value and the gain or loss resulting from the transaction is recognized in income for the period including the corresponding items of other comprehensive income.
For transactions that do not involve a loss of significant influence over an associate or joint business, the equity method continues being applied, and the portion of gain or loss recognized in other comprehensive income, regarding the reduction in the share of the ownership, is reclassified in income.

3.2 Property, plant and equipment

Property, plant and equipment, are valued at their acquisition cost -historical cost- or construction cost, less depreciation and accumulated impairment losses, if any. Additionally, the price paid for the acquisition of each item, cost, also includes the following items:

- Import tariffs and non-recoverable indirect taxes imposed on the acquisition, after deducting trade discounts and rebates.
- All costs directly related to the placing of the asset and the necessary conditions for its operation in the manner intended by Management.
- Loan costs directly attributable to the acquisition of a qualifying asset.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is based, when they are obligations in charge of the Company as a result of using the item during a particular period, for purposes other than production of inventories during that period.
- Expenditures for maintenance, preservation and repair of these assets are recorded directly in income as an expense in the period incurred.

Additions and costs of expansion, modernization or improvements are capitalized as higher value of the relevant property, provided they increase their useful life, expand their production capacity and operational efficiency, improve the quality of services, or allow significant reduction costs.
An item from property, plant and equipment is derecognized upon sale or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an asset is determined as the difference between net sales proceeds, if any, and the carrying value of the asset. This effect is recognized in income.

• Safety and environment assets

Certain items from property, plant and equipment may be acquired for safety or environmental purposes. Although the acquisition of such kind of property, plant and equipment does not increase the economic benefits provided by the items of existing property, plant and equipment, it might be necessary for the Company to obtain future economic benefits from its other assets. Safety assets are depreciated linearly over their estimated useful life.

• Assets under construction and assembly

The assets used during the course of construction for management, production, supply or non-defined purposes, are recorded at cost, less any recognized impairment loss. Such property is classified in the appropriate categories of property, plant and equipment when they are ready for their intended use. Depreciation of these assets, like other assets from property, starts when the assets are ready for use, i.e., when they are in the location and under the required conditions for operating as intended.

• Loan costs

Loan costs directly attributed to the acquisition, construction or production of qualifying assets, which are assets that require a substantial period of time for use, are added to the cost of those assets until such time as they are ready for use. In general terms for ISA, it will be considered a substantial period and it would correspond to capitalizing interest costs if the construction of an asset has a duration equal to or greater than six (6) months. However, in case of periods shorter than such necessary for the construction of a qualifying asset, ISA's management will financially support the generation of future profits.

The capitalization rate is based on generic loan costs, divided by the weighted average of the loans received by the Company that are outstanding during the accounting period, excluding loans considered specific.

Capitalization rate = Cost of total loans for the period (excluding specific loans) / Weighted average of loans (excluding specific loans).

The revenue earned from temporary investment in specific loans outstanding to be consumed on qualifying assets is deducted from the loan costs eligible for capitalization.

All other loan costs are recognized in income during the period they are incurred.

Every year, the Company reviews the remaining life of the assets, for which it established a methodology based on the rate of deterioration of each asset associated with an instantaneous rate of failure, which in turn is associated with its effective age. The aging rate is calculated with the effective age and then the estimate life expectancy and remaining life based on international survival curves. This methodology has enabled more reliable values in estimating the remaining life of the assets, useful input for assets renewal plan and basis of valuation thereof.

Lands are not depreciated as they have an indefinite useful life. Depreciation of other items of property, plant and equipment is calculated using the straight-line method on the cost, based on the estimated useful life of assets.

• Components of assets

A component of a fixed asset is an item that can be seen as part of another asset, but due to its own characteristics, the role it plays and the type of strategies or activities that continue during its technical service life, it may be treated as a separate asset.

The methodology for calculating the remaining life of the asset components is reviewed annually.

The following is the estimated useful life of the assets or components of assets for the periods ended December 31 2015 and 2014:

TYPE OF ASSETS / ASSET COMPONENT	USEFUL LIFE
Transmission lines	63
Buildings	100
Optical fiber	25
Machinery and equipment	15
Telecommunication equipment	15
Furniture, office equipment, laboratory equipment	10
Communication equipment	10
Transport, traction and lifting equipment	10
Equipment from the Centro de Supervisión y Maniobras –CSM–	6
Computing equipment and accessories	5
Components of substations	
Battery bank	15
Charger	15
SAS Components	15
Condensers	25
SVC Condensers	25
Compensation control - series	15
SVC control	15
Converter	15
CT – Current Transformer –	39
Switch	40
Inverter	15
Lines – Grounding Grid S/E´s–	63
Lightning rods	30
Diesel Station	30
Telephone Station	15
Power Line Carrier -PLC-	15
PT –Power Transformer –	39
Reactor	32
SVC Reactors	30
Fault Recorder	15
Protection relays	15
RTU – Remote Terminal Unit –	15
Fire Protection System–FPS–	20
Isolator	40
Sensors – Discharge Information System –	15
Sub mobile	25
Tele protection	15
Power transformer	40
Valve of SVC thyristors	18
Voltage Quality –VQ–	15

3.3 Investment property

Investment property comprises -lands, buildings, considered in whole or in part, or both- held by the Company or by the lessee under a finance lease to obtain income, capital appreciation or both, rather than having them for use in production, supply of goods or services, for administrative purposes, or for sale in the ordinary course of business. Investment property generates cash flows that are largely independent of other assets owned by the Company.

Its initial measurement is carried at cost, which includes the purchase price and any directly attributable expenditure –professional fees for legal services, tax on property transfers, among others. Subsequently, they measured at cost less accumulated depreciation and impairment.
Investment property is depreciated linearly over estimated useful life, regardless of its residual value. The useful lives are as follows:

TYPE OF ASSET	USEFUL LIFE
Land for investment	Not depreciated
Buildings for investment	100

Transfers are made to or from the investment property, only when there is a change in use. In the case of a transfer from investment property to property, plant and equipment, the cost taken into account for subsequent accounting is the carrying value at the date of change in use. If a property, plant and equipment becomes an investment property it will be accounted for its carrying value.

Transfers that can be generated are:

- The Company occupies an asset classified as investment property; in these cases, the asset is reclassified to property, plant and equipment.
- Conducting an operating lease transaction to a third party or occupation ended by the Company. In these cases, the asset is reclassified to investment property.

Investment property is derecognized at the time of sale or when no future economic benefits from its use or disposal is expected. The gain or loss arising on derecognition of the investment property is calculated as the difference between the net sales revenues, if any, and the carrying value of the asset. This effect is recognized in income in the period in which it was discharged.

3.4 Other non-financial assets

It includes prepaid expenses and other assets. Prepaid expenses mainly include monetary items such as insurance premiums, among others, which are amortized according to the effective term of the respective policies, or time expected to receive benefits.
These assets include, among others, telecommunications services, which are amortized by the straight-line method over the periods in which it expects to receive economic benefits.

3.5 Intangibles

An intangible asset is recognized as such when the condition of being identifiable and separable are met, the Company has the ability to control the future economic benefits associated with it and the item will generate future economic benefits.
Intangible assets are initially recognized at acquisition or production cost and subsequently measured at cost, net of accumulated amortization and impairment losses incurred, if any.
An intangible asset is derecognized at its disposal, or when no future economic benefits from its use or disposal are expected. The gain or loss arising from the derecognition of an intangible asset, measured as the difference between net revenues from the sale and the carrying amount of the asset, are recognized in income when the asset is derecognized.

Residual values, useful lives and amortization methods are reviewed at each annual period and are applied prospectively if necessary.

• Easements

Easements are rights obtained for the use of a strip of land in the installation of a transmission line. It involves restrictions by the owner on land use and authorizations to the line owner for construction, operation and maintenance operations. Such intangibles are permanent rights which term of use is indefinite, although the transmission lines related to these easements have a fixed life. ISA has the possibility of either replacing the transmission lines when their useful life are exhausted or using the right of easements acquired for any other service related to power transmission and telecommunications as described in the purposes of the constitution of easements. Easements have an indefinite useful life, thus they are evaluated for impairment on an annual basis.

• Software and licenses

Software is amortized by the straight-line method over a maximum period of three years. Licenses are amortized by the straight-line method over such periods in which it is expected to receive benefits, according to feasibility studies for recovery.

Charges for studies and research projects will be treated as expenditures.

3.6 Impairment of assets value

• Non-financial assets

ISA's activities in the Colombian electricity sector are essentially two: the service of energy transmission in the National Transmission System *(Sistema de Transmisión Nacional, STN),* commonly known as the STN service use, and access service for different users to such system, known as the connection service to the STN.

Meanwhile, the use service to the STN is provided through two different schemes: the first, known as scheme of existing usage, refers to assets that were in service in 1999, including assets that on such date were in pre-construction and those that are built under the regulatory enlargement scheme; and the second, known as scheme of use for biddings, refers to assets that are or have been built under the scheme of free competition defined by the CREG in 1998, for the implementation of projects that are part of the transmission expansion plan.

According to the above, the Cash Generating Units for ISA under the Energy Transmission Service are as follows:

- Existing network assets.
- Assets associated with each STN connection contracts signed between the Company and system users.
- Assets related with each bidding projects in which the Company has been awarded.

At the end of each reported period, or before, if there is indication of impairment, the Company evaluates the carrying amounts of its tangible and intangible assets with indefinite useful lives to determine whether there is an indication that these assets have suffered an impairment loss. In this case, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Under these conditions, provided that the fair value or recoverable amount is less than the carrying value of assets, ISA must register deterioration.

To determine the value in use in future cash flows, projections of revenues and expenditures are used for a 32-year horizon, being consistent with the existing CREG regulation for use and connection activities, with the purpose to consider changing the remuneration scheme for bidding-related assets which, from year 26 of entering into operation, must be remunerated as existing.

The impairment loss is recognized as a minor cost of asset or component of asset that generated the same and an expense for the year in which it was determined.

The recovery of asset loss impairment, cannot exceed the carrying value, net of depreciation, which could have been obtained if impairment loss for the same asset in prior periods would not been recognized.

• Financial assets

In the process of estimating the provision for doubtful collection, the Company management regularly evaluates market conditions, for which it uses aging analysis on the portfolio according to risk rating for commercial operations and portfolio in general. According to the analysis made by the Management, it is considered that a receivable is impaired when collection is impossible due to debtors' and guarantors' insolvency, lack of collateral, or any cause that leads to consider them as losses in accordance with sound business practice.
When accounts receivable show a high risk of loss without having been provisioned, provided there is objective and explicit evidence that the flows are not recoverable under the initial terms of the transaction or business, a customer impairment loss is recognized charged to the comprehensive income statement, in the item of provision for customers of difficult recovery.

Financial assets other than those measured at fair value through profit or loss, are assessed at the date of each statement of financial position to establish the presence of impairment indicators. Financial assets are impaired when there is objective evidence that, as a result of one or more events occurring after initial recognition, the estimated future cash flows of the investment have been impacted.
The impairment loss of financial assets at the amortized cost is determined as the difference between the carrying value of the asset and the present value of future estimated cash flows, discounted at the original effective interest rate of the financial asset.
Investments in subsidiaries, associates and businesses are assessed at the date of each statement of financial position to establish the presence of impairment indicators. In cases where goodwill has occurred, the Company performs impairment testing on an annual basis. The test is performed through cash flow methodology.

3.7 Lease

Lease is classified as operating and finance lease. Lease that transfers substantially all risks and rewards incidental to ownership of the asset is classified as finance lease, otherwise, it is classified as operating lease.

3.7.1 FINANCE LEASES

• When ISA acts as lessee

When ISA acts as lessee of an asset under finance lease, the cost of the leased assets is disclosed in the separate statement of financial position, depending on

the nature of the asset under lease and, simultaneously, a liability is recorded in the separate statement of financial position for the same value; which is the lower between the fair value of the leased property or the present value of minimum lease payments payable to lessor plus, if applicable, the exercise of the purchase option.

These assets are depreciated using the same criteria applied to the items of property, plant and equipment for own use. Lease payments are divided between interest and debt relief. Financial expenses are recognized in the income statement.

• When ISA acts as lessor

When ISA acts as lessor of an asset under finance lease, assets are not presented as property, plant and equipment since the risks have been transferred to lessee and in exchange a financial asset is recognized at the present value of the minimum lease payments received from the lease and any unguaranteed residual value.

3.7.2. OPERATING LEASE

Leases in which the ownership of the leased asset and all substantial risks and rewards of the asset remain with lessor.

Payments for operating leases are recognized as expenses, or revenues- in the income statement linearly over the lease term. Contingent payments are recognized in the period in which they occur.

When ISA makes advance lease payments related to the use of property, these payments are recorded as prepaid expenses and amortized over the term of the lease.

3.8 Financial instruments

Financial assets and liabilities are recognized when the Company becomes part of the contractual provisions of the instrument.

3.8.1 FINANCIAL ASSETS

Their classification depends on the business model used to manage the financial assets and the characteristics of contractual cash flows of the financial asset; this classification is determined at the time of initial recognition. Financial assets are presented as current if maturity is less than one year; failing that, they are classified as non-current.

• Financial assets at fair value with changes in income:

Its characteristic is that they are incurred mainly for the purpose of obtaining liquidity management with frequent instrument sales. These instruments are measured at fair value and changes in value are recorded in income when they occur.

• Financial assets at amortized cost:

They correspond to non-derivative financial assets with known payments and fixed maturities, in which Management intends and is capable of collecting the contractual cash flows of the instrument.

These instruments are measured at amortized cost using the effective interest method. The amortized cost is calculated by adding or deducting any premium or discount over the residual life of the instrument. Gains and losses are recognized in the income statement when assets are recognized, either by amortization or if there is any objective evidence of impairment.

• Loans and accounts receivable:

Loans and accounts receivable are financial assets issued or acquired by ISA for cash, goods or services delivered to a debtor.

Accounts receivable from sales are measured by the value of the original invoice, net of accumulated impairment losses and when all risks and rewards are transferred to third party.

Non-current loans -more than one year from their date of issue- are measured at amortized cost using the effective interest method when the amounts involved are material; impairment losses are recognized in income.

These instruments are included in current assets, except for maturities greater than 12 months from the date of the statement of financial position, in which case they are classified as non-current assets.

• Financial assets at fair value with changes in other comprehensive income:

They correspond to investments in equities not held for trading or not corresponding to a contingent consideration from an acquirer in a business combination. For these investments, ISA may choose at initial recognition and irrevocably, to disclose gains or losses on subsequent measurement at fair value in other comprehensive income.

These instruments are measured at fair value. Gains and losses arising from the re-measurement at fair value are recognized in other comprehensive income until derecognition of the asset. In these cases, gains and losses that were previously recognized in equity are reclassified to income of the period.

These Financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months from the date of the statement of financial position.

• Cash and cash equivalent

Cash and cash equivalent in the statement of financial position of the Company includes all cash balances and held in banks. For purposes of preparing the cash flow statement and due to their liquidity, temporary investments with original maturities less than 90 days are considered cash equivalents; these accounts are not subject to significant risk of changes in value.

Bank overdrafts payable on demand and that are an integral part of ISA's cash management are included as a component of cash and cash equivalents for purposes of the cash flow statement. And for the statement of financial position, the financial accounts disclosing overdrafts are classified as financial obligations.

• Derecognition of financial assets

A financial asset or a portion thereof, is derecognized when sold, transferred, expires or control is lost over the contractual rights or cash flows of the instrument. When substantially all risks and rewards of ownership are retained by ISA, the financial asset continues to be recognized in the statement of financial position for its full value.

3.8.2 FINANCIAL LIABILITIES

All Financial liabilities are initially recognized at fair value plus directly attributable transaction costs, except in the case of loans, which are initially recognized at fair value of cash received, less directly attributable transaction costs.

ISA determines the classification of its financial liabilities at initial recognition, which include: financial liabilities at fair value through profit or loss or at amortized cost.

• Financial liabilities at fair value with changes in income

They include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

• Financial liabilities at amortized cost

They include received loans and bonds, which are initially recognized at the amount of cash received, net of transaction costs. Subsequently, they are measured at amortized cost method using the effective interest rate, recognizing interest expense based on the effective yield.

• Derecognition of financial liability

The Company will derecognize a financial liability if, and only if, it expires, is canceled or the obligations originating the same have been met. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognized in income.

3.8.3 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING OPERATIONS

Derivative financial instruments are initially recorded at fair value at the date of the transaction being valued on subsequent dates at fair value of those dates. The recognition of gains or losses from changes in fair value depends on the designation made of derivative financial instruments.

ISA designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives with respect to foreign currency risk as a fair value hedge, cash flow hedge, or net investment hedge in a foreign operation.

At the inception of the hedge, the Company documents the hedging relationship and objective and risk management strategy of the Company for undertaking the hedge; such documentation will include how the Company will measure the effectiveness of the hedging instrument to offset the exposure to changes in the fair value of the hedged item or changes in cash flows attributable to the hedged risk.

• Fair value hedging

Changes in fair value of derivatives designated and qualified as fair value hedges are recognized immediately in income, along with any changes in fair value of the hedged asset or liability attributable to the hedged risk. The change in fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of income with the hedged item.

Hedge accounting is interrupted by the Company when: the hedging relationship is revoked, the hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting.

Any adjustment to the carrying amount of a hedged financial instrument is amortized to income for the period.

• Cash flow hedging

The portion of changes in fair value of derivatives, determined to be an effective hedge of cash flows, is recognized in other comprehensive income and will be accumulated under the heading "cash flow hedge reserve." The ineffective portion of gain or loss on the hedging instrument is recognized immediately in income in the line "other gains and losses".

Amounts previously recognized in other comprehensive income and accumulated in equity, amounts are reclassified in income of the period in which the hedged item in income is recognized, in the same line of the statement of comprehensive income/ income from recognized hedged item. However, if the hedge

of a forecasted transaction would lead later to the recognition of a non-financial asset or non-financial liability, the gains or losses previously accumulated in equity are transferred and included in the initial measurement of the cost of non-financial asset or non-financial liability.

A Company will discontinue hedge accounting when: the hedging instrument expires, is sold or exercised and no longer meets the requirements for hedge accounting or hedge cash flow ceases to be effective in the ranges set between 85% and 125%. In this case, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income and accumulated in equity will remain separate in equity until the forecasted transaction is recognized in income. When it is no longer expected that the forecasted transaction will occur, any cumulative gain or loss is reclassified from equity to income.

3.8.4 OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and reported net in the financial statements if and only if there is a legally enforceable right to the closing date requiring to receive or cancel the amounts recognized for their net amount, and when there is an intention to offset on a net basis to realize the assets and settle the liabilities simultaneously.

3.9 Fair value measurement

The fair value of an asset or liability is defined as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the primary market, i.e., the market with higher volume and level of activity for the asset or liability. In absence of a primary market, it is assumed that the transaction is carried out in the most advantageous market to which the Company has access, i.e., the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability.

To determine the fair value, the Company uses valuation techniques that are appropriate to the circumstances and on which there are sufficient data for measurement, maximizing the use of relevant observable input data and minimizing the use of non-observable input data.

In consideration of the hierarchy of input data used in valuation techniques, assets and liabilities measured at fair value can be classified in the following levels:

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: valuation techniques for which the data and variables that have a significant effect on the determination of fair value recorded are observable, either directly or indirectly.
- Level III: valuation techniques (there is no observable market information).

By measuring the fair value, the Company takes into account the characteristics of the asset or liability, in particular:

For non-financial assets, measurement of fair value takes into account the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For liabilities and equity instruments, the fair value assumes that the liability will not be settled and the equity instrument will not be canceled, nor otherwise extinguish on the measurement date. The fair value of the liability reflects the

effect of default risk, i.e. the risk that a Company does not fulfill an obligation, which includes but is not limited to own credit risk of the Company.
In the case of financial assets and financial liabilities with offset positions in market risk or credit risk of the counterparty, it is allowed to measure the fair value on a net basis, consistently with how market participants would price net risk exposure at the measurement date.

3.10 Provisions

The Provisions are recognized when the Company has a present obligation -whether legal or implicit- as a result of a past event, it is likely that an outflow of resources to settle the obligation is required, and a reliable estimate of the obligation amount can be performed.
The amount recognized as provision should be the best estimate of the disbursement required to settle the present obligation at the end of the reporting period is reported, taking into account the risks and associated uncertainties. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount represents the present value of the cash flow, when the effect of the value of money over time is material-.
Certain contingent conditions may exist at the date of issuance of the statement of financial position. They may result in a loss for the Company and will only be resolved in the future, when one or more events occur or may occur; such contingencies are estimated by Management and its legal counsels. The estimated loss contingencies necessarily involves an exercise of judgment and is a matter of opinion.
In estimating loss contingency in legal proceedings that are pending against the Company, legal advisors analyze, among other things, the merits of the claims, the jurisprudence of the courts involved and the current status of proceedings. The value is determined by using the methodology established by the National Agency for Legal Defense of the State in External Circular No. 00023 of December 11, 2015. This methodology consists of three steps: determining the value of the claims, adjustment of value of claims and calculation of risk of adverse decision.
If the assessment of a contingency indicates that it is probable that a material loss will occur and the amount of the liability can be estimated, then it is recorded in the statement of financial position. And if the assessment indicates that a potential loss is not probable and the amount is known, or is probable but the amount of the loss cannot be estimated, then the nature of the contingency is disclosed in a note to the statement of financial position, with an estimate of the probable range of loss. Loss contingencies considered as remote are generally not disclosed.

3.11 Income tax

The expense for income tax for the period comprises current and deferred income tax. Tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. The expense for income tax is recognized in income, except in the case related to items recognized directly in equity, in which case it is recognized in equity.

3.11.1 CURRENT TAX

The current tax payable is based on taxable profits recorded during the year. Taxable profit differs from the profit reported in the income statement because of items of revenues or taxable or deductible expenses in other years and items

that are never taxable or deductible. Liabilities for current tax is calculated using tax rates enacted or substantially approved at the end of the period.

Management periodically evaluates positions taken in tax returns with respect to situations where tax laws are subject to interpretation. The Company, where applicable, creates provisions on the amounts expected to be paid to the tax authorities.

3.11.2 DEFERRED TAXES

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities included in the statement of financial position and the corresponding tax bases used for determining taxable income. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the assets and liabilities by current tax and are related to income taxes applied by the same tax authority on the same taxable Company.

Deferred tax assets are recognized by all deductible temporary differences, including tax losses, to the extent that it is likely to be taxable income against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses, can be recovered.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that there will be sufficient taxable profits available to allow the use of all or part of the deferred tax asset. The deferred tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

3.12 Employee benefits

Employee benefits include all compensation to employees and former employees related to the provision of services to the Company. These are wages, current and non-current benefits, termination benefits and post-employment benefits.

3.12.1 POST-EMPLOYMENT BENEFITS

• Defined contribution plan

The defined contribution plan is a post-employment benefit in which the Company pays fixed contributions to a pension fund, and which has no legal obligation to pay additional amounts. The obligations for payment of contributions to defined benefit pension plans are recognized as an expense for employment benefits into income in the periods in which the services are rendered by employees.

• Defined benefit plan

In the case of defined benefit plans, the obligation and the cost of such benefits is determined by using the method of the projected unit credit with independent actuarial valuations on an annual basis.

The liability recognized in the statement of financial position regarding defined benefit pension plans is the present value of the obligation set at the date of the statement of financial position, less the fair value of the plan assets, along with adjustments for unrecognized actuarial gains or losses and past service costs. The present value of the defined benefit obligation is determined by discounting the estimated outflow of cash, using interest rates calculated from the yield curve of Colombian Government bonds –TES B curve-, denominated in Actual Value Units (*Unidades de Valor Real,* UVR with periods near to the terms of the pension obligation until maturity.

Actuarial gains and losses arising from adjustments based on experience and

changes in actuarial assumptions, are charged or credited in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in income, unless changes in the pension plan are conditional on the employee to continue in service for a specific period of time –period granting the right. In this case, the past service costs are amortized using the straight-line method during the period granted by the law.

• Other post-employment obligations

ISA provides its pensioners with medical plan benefits, contributions to social security and educational aid after the employment relationship. The right to this benefit generally conditioned that the employee has worked until retirement age. The obligation and the cost of such benefits are determined through a projected unit credit methodology. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to the comprehensive income statement in the period in which they arise. These obligations are valued annually by qualified independent actuaries.

3.12.2 LONG-TERM BENEFITS

ISA provides its employees with benefits associated with their time of service, such as seniority premium and five-year period payments.

These benefits are discounted to determine their present value, and the fair value of any related asset is deducted; the calculation is performed using the method of projected unit credit. Any actuarial gain or loss is recognized in income in the period concerned. These obligations are valued annually by qualified independent actuaries.

3.12.3 SHORT-TERM BENEFITS

Short-term obligations from employee benefits are recognized as expenses as the related service is provided. Employment obligations are adjusted at the end of each year, based on the laws and labor agreements.

An obligation for the amount expected to be paid within the following cut-off year is recognized when a legal or current constructive obligation is held to pay this amount as a result of a service provided by the employee in the past and the obligation can be estimated with reliability.

3.13 Onerous contracts

Present obligations arising from an onerous contract is recognized as a provision when the unavoidable costs of meeting the obligations of the contract exceed the economic benefits expected to be received under the same. To date of the statement of financial position, the Company has no provisions for onerous contracts.

3.14 Recognition of revenues, costs and expenses

The revenues, costs and expenses are recorded based on the principle of accrual.

3.14.1. REVENUES

Revenues are calculated at fair value of the consideration received or receivable, taking into account the estimated amount of any discount, bonus or commercial rebate that the Company may grant. Revenues from rendering of services are recognized over the contractual period or when services are rendered.

The following criteria apply for the recognition of revenues:

• Revenues from "contrato en cuentas de participación"

The revenues for the contrato en cuentas de participación are recognized in accordance with the monthly settlement thereof by its subsidiary INTERCOLOMBIA, considering the contractually agreed distribution percentages.

• Revenues from energy transmission and other associated services

ISA for being a provider of energy transmission and other associated services, is regulated by the Gas and Energy Regulatory Commission (*Comisión de Regulación de Energía y Gas,* CREG). The revenues by operating costs are recorded at the time of the service.

• Revenues from construction contracts

When the outcome of a construction contract can be estimated reliably, the revenues from ordinary activities and their associated costs should be recognized based on the progress of the work at the end of the reporting period measured on the basis on the proportion that contract costs incurred for work performed to that date represent to total estimated contract costs, except that if this ratio is not representative of the status of completion. Variations in contract works, claims and incentive payments are included to the extent that it can reliably measure the amount and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, the revenues from ordinary activities should be recognized only to the extent that it is probable recovering costs incurred in virtue of the contract. Contract costs should be recognized as expenses in the period incurred. Where there is the possibility that the total contract costs will exceed total revenues, the expected loss is recognized as an expense immediately.

When the contract costs incurred to date plus recognized profits less recognized losses exceed billings, the surplus is shown as amounts due from customers for work contract. For contracts where billings based on work progress exceeds the contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as amounts due to customers for work contract. Amounts received before the related work is performed are included in the statement of financial position as a liability, as an advance payment received. The amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade accounts receivable and other accounts receivable.

• Earnings from dividends and interest

Earnings from dividends are recognized once shareholders' rights to receive the payment have been established –provided that the economic benefits will flow to the Company and ordinary revenues can be measured reliably.

Earnings from interest are recognized when it is probable that ISA will receive economic benefits associated with the transaction. Earnings from interest are recorded on a time basis, by reference to the outstanding principal and the effective interest rate applicable, which is the discount rate that exactly matches the cash flows receivable or payable estimated throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability on initial recognition.

3.14.2 OPERATING COSTS AND EXPENSES

For recording operating or production costs –class 7– and sales costs –class 6– during 2015 and 2014, the Company used the costing methods and procedures

established in Resolution No. 20051300033635 of 2005 from the Superintendence of Household Utilities.

The costing system is called "activity-based costing" –ABC–, in which the products offered by each service or business are the result of a series of operational processes that interact sequentially, so in its structure or map cost, it is necessary to observe how operations or tasks gradually flow to include activities, to shape these processes and the latter to provide a public service.

This system considers that the costs incurred in each of the areas of administrative responsibility must be assigned to business units or services, according to the activities (support processes) developed by such areas.

In 2015 no internal or external advisors or managers were retained whose main function was to process issues before public or private entities or advise or prepare studies for such purposes.

3.15 Operation segments

Interconexión Eléctrica S.A. E.S.P. has a single segment defined, the management of linear infrastructure, through which it has business lines: management of linear infrastructure investments, energy transmission, connection to grid and construction services. The Company's corporate strategy is defined by business and management is performed by Company.

The business lines of the Company are described below:

- **Management of investments in linear infrastructure:** consists in the management of investments related to linear infrastructure in Energy Transmission, Telecommunications Transport, Road Concessions and Intelligent Management of Real-Time Systems.

- **Energy transmission service:** consists in energy transmission by transmission systems and the operation, maintenance and expansion of transmission systems, either national or regional.

- **Connection to grid:** lines, substations and associated equipment that interconnect the regions.

- **Construction service:** construction services for third party-owned projects.

3.16 Earnings per basic and diluted shares

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average of common shares outstanding in the year, excluding common shares acquired by the Company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the average number of common shares outstanding to simulate the conversion of all dilutive potential common shares. The Company has no dilutive potential common shares.

3.17 Distribution of dividends

Distribution of dividends to shareholders is recognized as a liability in the financial position of the Company in the period in which the dividends are approved by the Shareholders' Meeting, or when the corresponding obligation is in place according to the applicable legal provisions or policies established by the Shareholders' Meeting.

3.18 Capital stock

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction of the amount received, net of tax.

The repurchase of own equity instruments of the Company, is recognized and deducted directly in equity at acquisition cost and difference with the par value is recognized as a higher or lower value of the premium for placement of shares.

Rights are suspended for repurchased own shares and therefore they do not participate in the distribution of dividends.

The company is listed primarily on the Colombian Stock Exchange.

3.19 Premium for placement of shares

The premium corresponds to the overprice on placement of shares resulting in capital increase operations.

3.20 Related parties

Among others, the following are parties related to the parent company:

i. Shareholders that, directly or indirectly, hold an interest greater than or equal to twenty percent (20%) of ISA's capital stock.

ii. Members of Board of Directors and members of Senior Management[2] and their close members of the family[3] and/or businesses where any of the members of the Board of Directors and members of senior management exercise control or joint control.

iii. Companies in which ISA holds control or joint control, direct or indirect; as well as companies or joint businesses in which ISA directly or indirectly holds interest greater than or equal to twenty percent (20%), or companies in which ISA has the power to intervene in decisions of financial and operating policy.

Business transactions between ISA and members of the Board of Directors, Senior Management and other managers and/or relatives and spouses or permanent companions of the above and legal entities in which they have an interest or hold management positions in the terms defined by law, are subject to the legal regime of disabilities and incompatibilities applicable to the procurement of ISA as a Mixed-Capital Utility Company, which prohibit them from contracting with the Company.

The legally valid commercial transactions between related parties are carried out under market conditions and prices, i.e., in conditions equivalent to those existing for arm's-length transactions.

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2 Senior Management is composed by the President and first-level directive employees reporting directly to the President, who hold positions as Vice-Presidents and Corporate Directors."

3 According to the definition of IAS24, "close members of the family are: "those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: (a) that person's children and spouse or domestic partner; (b) children of that person's spouse or domestic partner; and (c) dependants of that person or that person's spouse or domestic partner."

» II. Financial Information Notes

4. Cash and cash equivalent

The following is the composition of this item as of December 31 2015 and 2014:

		2015	2014	1/01/2014
Cash				
Cash and banks	(1)	245.738	170.665	114.192
Cash equivalents				
CDT's, bonds and securities	(2)	3.066	217.164	170.943
Other fixed income investments	(3)	63.004	76.565	5.915
Trusts		353	643	1.208
Total cash equivalents		**66.423**	**294.372**	**178.066**
Total cash and cash equivalent		**312.161**	**465.037**	**292.258**

(1) It considers resources in current and savings accounts. The increase is mainly explained by the issue of bonds held in May 2015 in order to meet specific needs, mainly INTERCHILE's capitalization, which is still in process.

(2) It includes mainly a CDT for COP 3.057 (2014: COP 217.066), Bonds and Securities for COP 9 (2014: COP 98). Current deposits mature in less than three months from the acquisition date and accrue the market interest for such current investments. They also include purchasing operations with repurchase agreements maturing within 90 days from the date of investment.

(3) Other fixed income investments correspond to "time deposit", which at the end of 2015 had a balance of USD 20.000 thousand (2014: USD 32.000 thousand).

5. Restricted cash

	2015	2014	1/01/2014
Restricted cash	27.542	31.718	107.186

Restricted cash includes trusts created with resources for execution of delegated management projects FAER, FAZNI and Variante Ipiales, and management trusts and payments for projects from the Energy Mining Planning Unit (*Unidad de Planeación Minero Energética*, UPME).

6. Hedging operations

	2015	2014	1/01/2014
Hedging operations	3.797	-	-

As of December 31, 2015 there was a forward purchase transaction in the amount of USD15.000.000. The purpose of this derivative is to hedge the risk held by the Company on the Peso / Dollar exchange rate for a future firm capitalization commitment in Dollars for subsidiary INTERCHILE, which creates the obligation for the Company of purchasing US Dollars. This capital contribution was approved in Ordinary Session of the Board No. 14 of 14 November 2014. The conditions are as follows:

DELIVERY FORWARD OF PURCHASE	
Amount in dollars	15.000.000
Initial date	30-oct-15
Maturity date	15-jan-16
Term	77 days
Spot	2900
Devaluation	4,98%
Forward rate	2.929,89
Type of hedging	Cash flow hedge

Given that the terms of the forward hedging instrument and the hedged asset are identical (Nominal value and expiration date), from the start date of the operation, hedging has been highly effective. In 2015 COP 3.797 was recorded in other comprehensive income.

7. Non-financial assets

		2015		2014		1/01/2014	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Pre-paid expenses	(1)	8.149	-	10.370	-	16.680	-
Other assets		-	1.400	-	1.500	232	1.600
Total non-financial assets		**8.149**	**1.400**	**10.370**	**1.500**	**16.912**	**1.600**

(1) Pre-paid expenses mainly comprise insurance and advance payments for travel expenses and acquisition of services.

8. Financial assets (Accounts receivable)

		2015		2014		01/01/2014	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Customers	(1)	16.217	74	13.066	-	96.389	-
Interest receivable		1.067	-	1.264	-	1.805	-
Loans to economic related parties	(2)	-	312.405	81.454	258.489	3.421	287.181
Cuentas en Participación	(3)	96.876	2.921	46.753	782	-	-
Loans to employees	(4)	1.417	5.433	1.172	4.299	4.091	717
Other debtors		3.083	1.047	4.341	5.330	117.114	3.641
Total debtors		**118.660**	**321.880**	**148.050**	**268.900**	**222.820**	**291.539**
Less - impairment of portfolio	(5)	(8.060)	-	(8.625)	-	(8.752)	-
Total net debtors		**110.600**	**321.880**	**139.425**	**268.900**	**214.068**	**291.539**

(1) It mainly includes accounts receivable from revenues for use and connection, for COP 6.842 (COP 6.815 in 2014); accounts receivable for use rights to members of partnership created in 1997 between ISA and companies from the Telecommunications sector to jointly develop an optical fiber network between the cities of Bogotá, Medellin and Cali to improve the country's telecommunications system, for COP 439 (COP 1.998 in 2014); accounts

receivable for infrastructure projects for COP 3.897 associated to technical assistance services in subordinated companies from Panama, Peru and Chile. For amounts concerning accounts receivable with related parties, refer to Note 9.

(2) Loans to economic related parties mainly correspond to loans granted to ISA Inversiones Maule, which balance as of December 2015 is COP 312.405 (2014: COP 258.489) including exchange difference. In 2014, dividends decreed by companies INTERCOLOMBIA for COP 16.656, TRANSELCA for COP 58.672 and XM for COP 6.126, were also included. For amounts concerning accounts receivable with related parties, refer to Note 9.

(3) This item corresponds to the receivable from subsidiary INTERCOLOMBIA for profits generated in the monthly settlement of the "contrato de cuentas en participación". Its increase is due to the fact that according to the conditions of the settlement of accounts and management of the agreement, during 2015 the income from the agreement was higher than the figure disclosed in 2014.

(4) It corresponds to accounts receivable from employees for housing loans, purchase of vehicles and other loans of general purpose, granted at interest rates of 5% to 7% and a maturity of 5 years for vehicles and between 13 and 15 years for housing.

(5) The following is the movement of the portfolio provision:

	2015	2014
Initial balance	8.625	8.752
Provisions of year charged to profit or loss	47	111
Recovery of provisions	(612)	(238)
Final balance	**8.060**	**8.625**

As of December 31 2015 and 2014, the Company management believes that, except for accounts receivable provisioned as doubtful accounts, it is not necessary to increase this provision because their main customers are renowned in the international market and they do not show any financial issues or have any indication of impairment at the closing of the period.

There are no restrictions on providing such accounts receivable of significant amount.

The Company does not have any clients with whom it records sales representing 10% or more of its ordinary revenues for the year ended December 31 2015 and 2014.

As of December 31, 2015 and 2014, the analysis of trade receivables, due and unpaid, is as follows:

CUSTOMERS	2015	2014	1/01/2014
Current	10.012	7.051	90.120
Due			
Due > 1 and <= 90 days	292	-	267
Due > 91 and <=180 days	-	24	-
Due > 181 and <= 360 days	-	6	103
Due > 360 days (1)	5.987	5.985	5.899
Due	**6.279**	**6.015**	**6.269**
Total accounts receivable from customers	**16.291**	**13.066**	**96.389**

(1) It includes accounts receivable from related parties due and not impaired for COP 8.

The Company charges interest on overdue accounts to its customers at the maximum rate authorized by law. By December 2015 and 2014, the rates were 29% and 28.76% respectively. As of December 31, 2015 and 2014, no individually impaired portfolio.

9. Balances and transactions with related parties

Transactions between related parties are carried out under market conditions and prices, i.e. in conditions equivalent to those existing for arm's-length transactions. At the date of these financial statements, there are no guarantees granted associated with balances between related parties, nor provisions for doubtful debts.

9.1 Balances and transactions with related parties

The following were the main balances and transactions of the Company with its related parties during 2015 and 2014:

	2015	2014	1/01/2014
Amounts on Statement of Financial Position			
Accounts receivable			
TRANSELCA S.A. E.S.P.	-	-	397
INTERNEXA S.A.	153	1.950	18.402
Compañía de Expertos en Mercados S.A. E.S.P.-XM-	16	6.126	424
INTERCOLOMBIA S.A. E.S.P.	97.507	63.467	-
Consorcio Transmantaro S.A.	-	-	42
Red de Energía del Perú S.A. -REP-	3.871	2.696	2.503
ISA Perú S.A.	-	149	239
Proyectos de Infraestructura del Perú S.A.C. -PDI-	2.536	-	453
INTERNEXA en Perú S.A.	-	-	35
ISA Bolivia S.A.	1.195	881	4.216
INTERVIAL CHILE S.A.	-	537	457
Ruta de la Araucanía Sociedad Concesionaria S.A.	-	641	637

	2015	2014	1/01/2014
Ruta del Maipo Sociedad Concesionaria S.A.	-	670	599
INTERCHILE S.A.	1.224	3.235	-
Transnexa S.A. E.M.A.	308	59	38
Loans to related parties			
ISA Inversiones Maule Ltda.	312.655	258.960	208.560
Accounts payable			
INTERNEXA S.A.	244	30.121	4.015
Compañía de Expertos en Mercados S.A. E.S.P.-XM-	-	32	52
INTERCOLOMBIA S.A. E.S.P.	1.451	2.221	-
Proyectos de Infraestructura del Perú S.A.C. -PDI-	-	599	57
ISA Inversiones Chile Ltda.	1.027	1.027	-
Empresa de Energía de Bogotá - EEB-	358	-	-
Loans from related parties			
TRANSELCA S.A. E.S.P.	275.704	266.971	257.702
ISA Capital do Brasil S.A.	75.030	56.952	45.867
Equity transactions			
Dividends decreed in favor of ISA			
TRANSELCA S.A. E.S.P.	24.746	126.007	67.612
INTERNEXA S.A.	3.448	-	-
Compañía de Expertos en Mercados S.A. E.S.P.-XM-	3.561	8.339	3.642
INTERCOLOMBIA S.A. E.S.P.	6.044	16.656	-
Red de Energía del Perú S.A. -REP-	20.093	8.254	45.687
ISA Perú S.A.	6.642	3.456	410
Proyectos de Infraestructura del Perú S.A.C. -PDI-	6.438	3.339	3.624
SISTEMAS INTELIGENTES EN RED S.A.S. -SIER-	339	-	-
ISA Bolivia S.A.	5.668	4.064	3.910

INCOME-RELATED TRANSACTIONS	2015	2014	1/01/2014
Revenues			
TRANSELCA S.A. E.S.P.	212	69	1.887
INTERNEXA S.A.	5.255	15.855	18.094
Compañía de Expertos en Mercados S.A. E.S.P.-XM-	-	-	2.837
INTERCOLOMBIA S.A. E.S.P.	813.825	708.023	-
INTERNEXA Participações S.A	-	949	628
Consorcio Transmantaro S.A.	-	-	64
Red de Energía del Perú S.A. -REP-	3.849	2.680	2.841
ISA Perú S.A.	-	182	251
Proyectos de Infraestructura del PERÚ -PDI-	6.181	4.074	2.071
INTERNEXA Perú S.A.	-	-	69
INTERCHILE S.A.	2.010	3.780	-
INTERVIAL CHILE S.A.	-	2.011	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.	13.942	11.338	10.721
Transnexa S.A E.M.A.	1.294	992	815
Interconexión Eléctrica Colombia Panamá S.A. -ICP-	20	-	-
ISA Bolivia S.A.	1.360	4.831	5.064
Empresas Públicas de Medellín E.S.P. –EEPPM–	-	11.550	-
Empresa Colombiana de Petróleos - ECOPETROL-	-	79	-
Empresa de Energía de Bogotá - EEB-	-	31	-

INCOME-RELATED TRANSACTIONS	2015	2014	1/01/2014
TRANSELCA S.A. E.S.P.	9.597	10.163	16.351
Compañía de Expertos en Mercados S.A. E.S.P.-XM-	-	10.208	8.746
INTERNEXA S.A.	2.554	2.013	8.541
INTERCOLOMBIA S.A. E.S.P.	15.214	39.025	-
ISA Capital do Brasil S.A.	2.437	1.664	1.584
Red de Energía del Perú S.A. -REP-	-	896	167
Proyectos de Infraestructura del Perú S.A.C. -PDI-	3.963	2.230	187
Consorcio Transmantaro S.A.	-	13	-
INTERCHILE S.A.	-	28	-
ISA Inversiones Chile Ltda.	-	1.027	-
Ruta de la Araucanía Sociedad Concesionaria S.A.	-	92	-
INTERVIAL CHILE S.A.	-	11	-
Ruta del Maipo Sociedad Concesionaria S.A.	-	93	-
ISA Perú S.A.	-	298	-
INTERNEXA Perú S.A.	-	10	-
Transnexa S.A. E.M.A.	-	15	-
Empresas Públicas de Medellín E.S.P. –EEPPM–	-	584	-
ISA Bolivia S.A.	-	885	-

ACCOUNTS PAYABLE WITH RELATED PARTIES

Credits with related parties accrued interest during year 2015 for COP 11.914 (2014: COP 11.631).

The balance of financing with related parties as of December 31, 2015, 2014 and January 1, 2014, comprised:

AFFILIATE	DUE DATE	TYPE OF INTEREST	2015		2014		1/01/2014	
			NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
CREDITS GRANTED BY NATIONAL AFFILIATES								
TRANSELCA S.A. E.S.P.	12-oct-22	Fixed rate DTF E.A. of December 31, previous year	60.798	68.950	60.798	66.697	60.798	64.395
TRANSELCA S.A. E.S.P.	12-oct-24	Fixed rate DTF E.A. of December 31, previous year	72.642	82.292	72.642	79.690	72.642	76.941
TRANSELCA S.A. E.S.P.	12-oct-24	Fixed rate DTF E.A. of December 31, previous year	12.537	14.202	12.537	13.753	12.537	13.279
TRANSELCA S.A. E.S.P.	12-oct-25	Fixed rate DTF E.A. of December 31, previous year	28.500	32.269	28.500	31.265	28.500	30.186
TRANSELCA S.A. E.S.P.	12-oct-25	Fixed rate DTF E.A. of December 31, previous year	12.500	14.153	12.500	13.713	12.500	13.240
TRANSELCA S.A. E.S.P.	26-dec-26	Fixed rate DTF E.A. of December 31, previous year	31.908	34.493	31.908	33.394	31.908	32.186
TRANSELCA S.A. E.S.P.	31-oct-27	Fixed rate DTF E.A. of December 31, previous year	26.000	29.345	26.000	28.459	26.000	27.475
Total credits with national subsidiaries			**244.885**	**275.704**	**244.885**	**266.971**	**244.885**	**257.702**
Credits granted by foreign subsidiaries								
ISA Capital do Brasil S.A.	28-dec-16	Libor 6M + 3%	74.957	75.030	56.941	56.951	45.859	45.867
Total credits with foreign subsidiaries			**74.957**	**75.030**	**56.941**	**56.951**	**45.859**	**45.867**
Total credits with subsidiaries			**319.842**	**350.734**	**301.826**	**323.923**	**290.744**	**303.569**
Less– short-term portion			-	75.030	-	11	-	8
Total long-term credits with subsidiaries			**319.842**	**275.704**	**301.826**	**323.912**	**290.744**	**303.561**

9.2 Board of Directors and key staff of the Senior Management

ISA is managed by a Board of Directors composed of nine (9) principal members. The Board of Directors effective as of December 31, 2015 was elected at the Regular Shareholders´ Meeting of March 27,2015. At a meeting of the Board of Directors held on April 25, 2015, was appointed the current President of the Board of Directors and the appointment was made of new directors to replace those who submitted his resignationduring the period.
There are no outstanding receivables and payables between the company and members of Board of Directors.

a) Accounts receivable from key staff of the Senior Management

	2015	2014	1/01/2014
President	300	97	115
Vice-President	329	35	199
Corporate Directors	513	583	336
General Secretary	101	47	-
TOTAL	**1.243**	**762**	**650**

There are no outstanding payables between the company and members of the Senior Management of ISA.
There are no other transactions other than remuneration between the Company and its members of ISA'S Board of Directors and Senior Management.

b) Remuneration of Board of Directors

In compensation for attending meetings of Board and its committees, the members received the remuneration determined by the Regular Shareholder's Meeting, equivalent to 103 UVT per meeting (2015 UVT value: COP 28.279).
The remuneration to the Board of Directors during 2015 was COP 572 (2014: COP 803).
As of December 31, 2015 and 2014, there are no labor links between the members of the Board and the Company, or business links between the Company and close relatives of members of the Board of Directors. (See note 3.20)

c) Remuneration to key staff of Senior Management

The following are such remunerations received by the key staff of the Senior Management:

	2015	2014	1/01/2014
Remuneration	5.775	5.427	3.872
Short-term benefits	2.068	1.647	1.160
Long-term benefits	-	9	-
TOTAL	**7.843**	**7.083**	**5.032**

There are no guarantees granted in favor of Senior Management key staff.

10. Investments in subsidiaries, joint business and financial instruments

	MAIN ACTIVITY	PLACE AND CREATION OF TRANSACTIONS	SHAREHOLDING					
			2015	2014	1/01/2014	2015	2014	1/01/2014
Investments in subsidiaries								
TRANSELCA S.A. E.S.P.	Energy Transmission	Colombia	99,997%	99,997%	99,997%	849.260	717.429	735.613
INTERNEXA S.A.	Telecommunications Transport	Colombia	99,420%	99,420%	99,420%	151.164	157.286	16.014
Compañía de Expertos en Mercados S. A. E.S.P.-XM-	Intelligent Management of Real-Time Systems	Colombia	99,730%	99,730%	99,730%	25.249	20.434	18.110
INTERVIAL COLOMBIA S.A.S.	Toll Roads	Colombia	100,000%	100,000%	100,000%	1.268	415	411
Sistemas Inteligentes en Red S.A.S. -SIER-	Intelligent Management of Real-Time Systems	Colombia	15,000%	15,000%	15,000%	1.210	901	524
INTERCOLOMBIA S.A. E.S.P.	Energy Transmission	Colombia	99,996%	99,996%	99,996%	78.369	66.370	65.137
ISA Capital do Brasil S.A. (1)	Energy Transmission	Brazil	68,220%	66,860%	66,860%	705.698	687.265	639.116
Consorcio TRANSMANTARO S.A.	Energy Transmission	Peru	60,000%	60,000%	60,000%	745.683	525.313	410.664
Red de Energía del Perú S. A. -REP-	Energy Transmission	Peru	30,000%	30,000%	30,000%	190.569	138.665	103.224
ISA Perú S. A.	Energy Transmission	Peru	45,146%	45,146%	45,146%	53.780	43.095	34.641
Proyecto de Infraestructura Perú S. A. C. -PDI-			99,967%	99,967%	99,967%	13.763	12.809	9.870
ISA Bolivia S. A.	Energy Transmission	Peru	51,000%	51,000%	51,000%	44.709	28.979	20.838
INTERCHILE S. A.	Energy Transmission	Bolivia	100,000%	100,000%	100,000%	480.851	73.654	40.492
ISA Inversiones Chile Ltda.	Road Concessions	Chile	100,000%	100,000%	100,000%	1.512.979	1.233.419	1.088.357
ISA Inversiones Maule Ltda.	Road Concessions	Chile	100,000%	100,000%	100,000%	770.061	654.290	606.815
CAUTIVA	Reinsurance	Chile	100,000%	100,000%	0,000%	3.056	1.087	-
Betania	Trust	Bermudas	100,000%	100,000%	100,000%	7.929	8.432	6.396
Total investments in subsidiaries						**5.635.598**	**4.369.842**	**3.796.221**

	MAIN ACTIVITY	PLACE AND CREATION OF TRANSACTIONS	SHAREHOLDING					
			2015	2014	1/01/2014	2015	2014	1/01/2014
Investments in joint controlled entities	**(2)**							
Interconexión Eléctrica Colombia Panamá S. A. -ICP-	Energy Transmission	Panama	50,000%	50,000%	50,000%	9.308	8.404	5.582
Interconexión Eléctrica Colombia Panamá S.A.S. E.S.P.	Energy Transmission	Colombia	1,172%	1,172%	50,000%	5	6	115
Total investments in joint controlled entities						**9.313**	**8.410**	**5.697**
Financial instruments	**(3)**							
Electricaribe S.A. E.S.P.	Energy distribution and trading	Colombia	0,481%	0,481%	0,481%	10.108	10.108	10.108
Compañía Propietaria de la Red - EPR-	Energy Transmission	Costa Rica	11,110%	11,110%	11,110%	12.524	12.524	12.524
Financiera de Desarrollo Nacional S.A.	Financial and credit institution for Colombian energy sector	Colombia	0,000%	0,000%	0,000%	3	3	3
Total financial instruments						**22.635**	**22.635**	**22.635**
Total investments in companies						**5.667.546**	**4.400.887**	**3.824.553**

(1) Liabilities include BRL439 million (COP 353.821), (2014: BRL411 million, COP 370.504) payable to the Government of the State of São Paulo BRL270 million (COP 217.467) and minority shareholders adhering to the Public Offer for Acquisitions dated January 9, 2007 BRL169 million (COP 136.354), as payment commitment for the difference between the purchase price of CTEEP shares and payments for retirement pensions, provided in Law 4819/58, in case CTEEP is released.

In addition, CTEEP has a recognized account receivable net of provision from the Government of the State of São Paulo associated to the processes under Law 4819/58 for BRL966 million (COP 779.072), (2014: BRL802 million, COP 722.460).

ISA holds 68,22% of capital stock on ISA Capital do Brasil and keeps 100% of common shares. ISA's interest increased in 2015 given that ISA Capital do Brasil repurchased shares from its preferential shareholders.

Compensation for CTEEP's unamortized and/or depreciated assets existing at May 2000:

On the other hand, CTEEP recognizes account receivable for COP 1.202.583 corresponding to the historic cost of assets called "Existing System" (*Sistema Existente, SE*) from CTEEP. These assets were valued at the Depreciated New Replacement Value (*Valor de Reposición a Nuevo Depreciado, VRN*), pursuant to appraisal conducted on November 14, 2012. CTEEP believes it is entitled to receive such amount for compensation of these assets. However, in 2013, the amount was reduced to the historical cost of these assets taking into consideration the pronouncement from ANEEL N° 155 issued in January 23, 2013.

On August 13, 2014 CTEEP submitted to ANEEL technical appraisal report for an amount of BRL5.186.018 thousands (COP 4.182.853) with December 31, 2012 base date.

On January 8 2015, CTEEP received from the Economic and Financial Control Superintendence (*Superintendencia de Fiscalización Económica y Financiera, SFF*), internal body of the National Electric Power Agency (*Agencia Nacional de Energía Eléctrica, ANEEL*), Audit Report (*Informe de la Fiscalización*, IF) N° 077/2014 of the Company's Non-Amortized and/or Depreciated Assets, existing as of May 31, 2000, whereby the SFF disclosed its understanding on the value of compensation provided in article 15, paragraph 2 of Law N° 12783/13 (Law for Conversion of Provisional Measure 579) to which CTEEP is entitled to receive estimating the same in BRL3.604.982 thousands (COP 3.247.035) with December 31, 2012 base date. On February 6, 2015 CTEEP filed reconsideration petition before the SFF to challenge the compensation amount disclosed in the IF pursuant to the amount and terms of the Technical appraisal prepared by Delos Consultoría Ltda., an ANEEL-qualified independent firm.

On December 15, 2015, at the 47th Public Annual Meeting of ANEEL's Board, a compensation value was approved for BRL 3.896.328 (COP 3.142.637), by dispatch N° 4036/2015 published in Official Journal of December 21, 2015. On December 30, 2015, CTEEP formalized the reconsideration petition against this decision by ANEEL's Board. The effects and accounting recognition depend of the approval of the final value and form and term of collection, which should be defined by the Ministry of Mines and Energy.

(2) ISA holds joint control on these companies, expressly defined by the Bylaws and for which there is arbitration in case of conflict with the counterparty.

(3) ISA holds these investments as strategic business mobilized plan in different countries. Electrificadora del Caribe was received as ration in payment.

11. Property, plant and equipment

The following is the balance of property, plant and equipment:

		2015	2014	1/01/2014
Property, plant and equipment in operation	**(1)**			
Grids, lines and cables		8.758.866	8.768.346	8.669.079
Plants and ducts		4.514.341	4.329.096	4.236.408
Buildings		303.976	296.190	262.766
Machinery and equipment		45.237	42.897	38.270
Communication and computing equipment		25.290	24.448	24.062
Transport, traction and lifting equipment		6.042	5.183	5.122
Furniture, chattels and office equipment		25.871	24.404	18.940
Lands		169.431	168.900	166.780
Subtotal Property, plant and equipment		**13.849.054**	**13.659.464**	**13.421.427**
Less accrued depreciation		(9.241.456)	(9.100.722)	(8.942.671)
Total property, plant and equipment		**4.607.599**	**4.558.742**	**4.478.756**
On-going constructions	(2)	207.475	98.329	196.367
Machinery, plant and equipment under assembly		19.510	17.951	19.508
Total property, plant and equipment, net		**4.834.583**	**4.675.022**	**4.694.631**

During 2015, interest for COP 6.789 (2014; COP 3.044) were capitalized, attributable to the acquisition, construction or production of a qualifying asset as cost of such assets.

As of December 31, 2015 and 2014 no operating and/or economic indications were identified, revealing that the net carrying value of property, plant and equipment cannot be recovered.

ISA currently holds insurance policies for combined material damages, terrorism and consequential losses, intended to ensure the loss and damage of its fixed assets, except transmission lines and towers. There are no restrictions or pledges or mortgaging on assets for any obligations.

- **Movement of property, plant and equipment:**

		1/01/2014	ADDITIONS AND/OR TRANSFERS	SALES, WRITE-OFFS AND/OR TRANSFERS	DEPRECIATION EXPENSES 2014	BALANCE 2014	ADDITIONS AND/OR TRANSFERS	SALES, WRITE-OFFS AND/OR TRANSFERS	DEPRECIATION EXPENSES 2015	BALANCE 2015
Grids, lines and cables		2.549.641	106.936	(22.095)	(60.856)	2.573.626	16.472	(16.750)	(63.080)	2.510.268
Plants and ducts		1.513.885	69.205	36.338	(93.160)	1.526.268	203.863	(823)	(96.461)	1.632.847
Buildings		214.331	42.830	1.015	(3.150)	255.026	8.207	(178)	(3.284)	259.771
Lands		166.780	2.008	112	-	168.900	531	-	-	169.431
Machinery and equipment		19.506	4.627	(4.894)	(2.218)	17.021	2.341	-	(2.264)	17.098
Communication and computing equipment		3.605	387	61	(1.510)	2.543	847	(7)	(1.040)	2.343
Transport, traction and lifting equipment		3.471	62	-	(235)	3.298	858	-	(237)	3.919
Furniture, chattels and office equipment		7.537	5.865	(22)	(1.320)	12.060	1.467	-	(1.606)	11.921
On-going constructions	(2)	196.367	-	(98.038)	-	98.329	109.669	(523)	-	207.475
Machinery, plant and equipment under assembly		19.508	(1.557)	-	-	17.951	2.850	(1.291)	-	19.510
Total		**4.694.631**	**230.263**	**(87.523)**	**(162.449)**	**4.675.022**	**347.105**	**(19.572)**	**(167.972)**	**4.834.583**

(1) As of December 2015 purchases were made for COP 346.296, and the following projects entered into service: UPME Project 02- 2013 Copey Substation for COP 33.903, UPME 02-2014, Bacatá Station for COP 77.363, Connection La Reforma Substation for COP 9.122, Transformation Expansion Cerromatoso Substation for COP 22.658, Expansion El Bosque Substation 220 KV for COP 5.297, Compensation Expansion at Termocol Substation 220 KV for COP 6.001, Capacitive $ Renewal S.A.S La Virginia and Páez Substation for COP 4.033, and for Asset Optimization Projects –POA- for COP 7.897 by settlement of investment orders for COP 9.572. In addition, projects were capitalized on assets that were already in service for COP 32.042. Also, direct purchases were performed for COP 593 and remaining portions were removed of projects delivered as contribution to INTERCOLOMBIA for COP 1.619

(2) The balance of on-going constructions mainly includes:

- Chivor Substation Expansion Project (second phase) for COP 14.207 which scope includes the installation and commissioning of a transform bank 230/115/13.8kV of 3x50MVA plus reserve, ATR 230kV connection bay. Connection ATR 230kV, SE for provisional 115kV. Removal of 90-MVA ATR and change of emergency for final tower for LT ENERCA. The expected date for entry into service is June 30, 2016.

- UPME Project 07-2013 Chinú-Montería Urabá line for COP 18.431, which comprises the design, supply, civil works, assembly and commissioning of project Montería Substation 230 kV and associated transmission lines (Chinú – Montería – Urabá) 195 km. The expected date for entry into service is December 26, 2017.

- Project Second circuit Betania Mirolindo line 230 KV for COP 18.458, which scope comprises the design, supply, assembly, civil works and commissioning of second circuit Betania - Mirolindo at 230 kV, including the construction of two bays associated at their ends, Betania and Mirolindo. 206 Km of line. The expected date for entry into service is August 30, 2016.

- UPME Project 06-2013 Caracolí 220 kV for COP 9.698, which scope comprises design, supply, civil works, assembly and commissioning of project Caracolí Substation 220 kV and associated transmission lines – 53 km. The expected date for entry into service is March 27, 2017.

- UPME Project 03-2014 Northwestern Interconnection for COP 13.293, which scope comprises design, supply, civil works, assembly and commissioning of substations Antioquia, Medellín, expansion of substations and associated transmission lines at 500 kV – 547 km. The expected date for entry into service is August 31, 2018.

- Compensation Project Series San Marcos for COP 14.388, which scope comprises full renewal of systems for control and protection of compensations and full renewal of SAS associated to compensation, change of "Bypass" switches of compensations, change of capacitor units. The expected date for entry into service is June 12, 2016.

- Caribbean Coast Reinforcement Project (UPME 05-2014) for COP 6.392, which scope comprises design, supply, civil works, assembly and commissioning of transmission lines at 500 kV- 352 km Cerromatoso – Chinú - Copey and expansions of substations. The expected date for entry into service is August 31, 2018.

12. Investment property

	2015	2014	1/01/2014
Investment property			
Lands	1.839	1.839	1.843
Buildings	9.994	9.578	7.195
Subtotal Investment property	**11.833**	**11.417**	**9.038**
Less accrued depreciation	(3.947)	(3.687)	(1.224)
Total Investment property	**7.886**	**7.730**	**7.814**

Investment property corresponds to blocks II and V of ISA's headquarters, leased to its subsidiaries XM and INTERNEXA S.A. respectively. Under the service agreement, revenues, costs and expenses associated to the investment property are executed by INTERCOLOMBIA.

NAME	1/01/2014	SALES, WRITE-OFFS AND TRANSFERS	DEPRECIATION EXPENSE 2014	BALANCE 2014	ADDITIONS AND/ OR TRANSFERS	SALES, WRITE-OFFS AND TRANSFERS	DEPRECIATION EXPENSE 2015	BALANCE 2015
Lands	1.843	(4)	-	1.839	-	-	-	1.839
Buildings	5.971	-	(80)	5.891	416	(176)	(84)	6.047
Total	**7.814**	**(4)**	**(80)**	**7.730**	**416**	**(176)**	**(84)**	**7.886**

There are no agreements for repair, maintenance, acquisition, construction or development representing future obligations for the Company as of December 31 2015 and 2014.

13. Intangible assets

		2015	2014	1/01/2014
Software		9.613	10.282	10.263
Licenses		12.257	11.845	11.237
Easements	(1)	92.047	90.403	74.984
Rights	(2)	12.697	39.436	10.960
Less intangible amortization		(33.000)	(44.604)	(30.307)
Total Intangibles		**93.614**	**107.362**	**77.137**

• Movement Intangible assets

NAME		1/01/2014	ADDITIONS AND/ OR TRANSFERS	SALES AND/ OR WRITE-OFF	DEPRECIATION EXPENSE 2014	BALANCE 2014	ADDITIONS AND/OR TRANSFERS OS	SALES AND/OR WRITE-OFF	DEPRECIATION EXPENSE	SALDO 2015
Software		868	19	(99)	(374)	2015	Balance 2015	-	(357)	209
Licenses		1.285	306	-	(590)	1.001	439	-	(751)	689
Easements	(1)	74.984	15.419	-	-	90.403	1.646	-	-	92.049
Rights	(2)	-	15.976	-	(432)	15.544	-	(14.258)	(619)	667
Total		**77.137**	**31.720**	**(99)**	**(1.396)**	**107.362**	**2.237**	**(14.258)**	**(1.727)**	**93.614**

Increase of easements takes place mainly due to new rights of easements acquired in the following projects: UPME Project 02-2013 Copey Substation, connection of Sogamoso Substation to STN, and PORCE project.

Decreased rights are due to the removal of optical fiber assets delivered to INTERNEXA, as per contractual position agreement.

14. Financial instruments

14.1 Classification of financial instruments of asset by nature and category

The detail of financial instruments of asset, classified by nature and category, as of December 31 2015 and 2014 is as follows:

		2015		2014		1/01/2014	
FINANCIAL ASSETS		AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE	AMORTIZED COST	AT FAIR VALUE
Cash and cash equivalent	(4)	-	312.161	-	465.037	-	292.258
Current financial assets	(8)	110.600	-	57.971	-	210.647	-
Accounts receivable to related parties	(9)	-	-	81.454	-	3.421	-
Hedging operations	(6)	-	3.797	-	-	-	-
Total current		**110.600**	**315.958**	**139.425**	**465.037**	**214.068**	**292.258**
Restricted cash	(5)	-	27.542	-	31.718	-	107.186
Non-current financial assets	(7)	9.475		10.411		4.358	
Accounts receivable to related parties	(9)	312.405	-	258.489	-	287.181	-
Equity Instruments	(10)	-	22.635	-	22.635	-	22.635
Total non-current		**321.880**	**50.177**	**268.900**	**54.353**	**291.539**	**129.821**
Total		**432.480**	**366.135**	**408.325**	**519.390**	**505.607**	**422.079**

14.2 Classification of financial liabilities by nature and category

The breakdown of financial liabilities, classified by nature and category, as of December 31, 2015 and 2014 is as follows:

		2015		2014		1/01/2014	
FINANCIAL LIABILITIES		**AMORTIZED COST**	**AT FAIR VALUE**	**AMORTIZED COST**	**AT FAIR VALUE**	**AMORTIZED COST**	**AT FAIR VALUE**
Financial liabilities	17	189.597	-	248.485	-	26.422	-
Accounts payable	17	47.823	-	70.308	-	167.809	-
Accounts payable to economic related parties	9.1	75.030	-	11	-	8	-
Total Current		**312.450**	**-**	**318.804**	**-**	**194.239**	**-**
Financial liabilities	15	1.537.871	-	1.145.234	-	1.409.987	-
Accounts payable	17	2.783	-	3.512	-	4.393	-
Accounts payable to economic related parties	9.1	275.704	-	323.912	-	303.561	-
Total Non-current		**1.816.358**	**-**	**1.472.658**	**-**	**1.717.941**	**-**
Total		**2.128.808**	**-**	**1.791.462**	**-**	**1.912.180**	**-**

14.3 Fair value of financial instruments

a. Fair value of financial assets

The carrying value of financial assets measured at amortized cost is the reasonable approach to its fair value (reasonable). The fair value is presented in the following table, based on the categories of financial assets, compared with its current and non-current carrying value included in the financial statements:

b. Fair value of financial liabilities

The carrying value of financial liabilities measured at amortized cost is the approach to its fair value. The fair value is presented in the following table, based on the categories of liabilities, compared with book current and non-current carrying value included in the financial statements:
None of these obligations is guaranteed.

c. Fair value hierarchies

The financial instruments recognized at fair value in the statement of financial position are classified hierarchically according to the criteria described in Note 3.9.

The following table shows the financial assets and liabilities measured at fair value as of December 31, 2015 and 2014:

FINANCIAL INSTRUMENTS AT FAIR VALUE	2015		FAIR VALUE MEASURED AT THE END OF THE PERIOD		
	CURRENT	NON-CURRENT	LEVEL I	LEVEL II	LEVEL III
Financial assets					
Financial assets	110.600	321.880	-	432.480	-
Other Financial assets	315.958	50.177	-	366.135	-
Total	**426.558**	**372.057**	**-**	**798.615**	**-**
Financial liabilities					
Financial liabilities	312.450	1.816.358	-	2.128.808	-
Total	**312.450**	**1.816.358**	**-**	**2.128.808**	**-**

FINANCIAL INSTRUMENTS AT FAIR VALUE	2014		FAIR VALUE MEASURED AT THE END OF THE PERIOD		
	CURRENT	NON-CURRENT	LEVEL I	LEVEL II	LEVEL III
Financial assets					
Financial assets	139.425	268.900	-	408.325	-
Other financial assets	465.037	54.353	-	519.390	-
Total	**604.462**	**323.253**	**-**	**927.715**	**-**
Financial liabilities					
Financial liabilities	318.804	1.472.658	-	1.791.462	-
Total	**318.804**	**1.472.658**	**-**	**1.791.462**	**-**

FINANCIAL INSTRUMENTS AT FAIR VALUE	1/01/2014		FAIR VALUE MEASURED AT THE END OF THE PERIOD		
	CURRENT	NON-CURRENT	LEVEL I	LEVEL II	LEVEL III
Financial assets					
Financial assets	214.068	291.539	-	505.607	-
Other Financial assets	292.263	129.821	-	422.084	-
Total	**506.331**	**421.360**	**-**	**927.691**	**-**
Financial liabilities					
Financial liabilities	194.239	1.717.941	-	1.912.180	-
Total	**194.239**	**1.717.941**	**-**	**1.912.180**	**-**

(1) Fair values have been classified in Level II, on the basis of input data of valuation techniques used. (See note 3.9)

14.4 Net monetary position

As of December 31, ISA had the following assets and liabilities in foreign currency expressed in thousands of equivalent US Dollars:

	USD THOUSANDS	COP MILLION
Assets		
Current assets		
Cash and cash equivalent	21.288	67.046
Non-financial assets	72	226
Financial assets	102.407	322.528
Total Current assets	**123.767**	**389.800**
Non-current assets		
Investment in foreign currency	1.414.865	4.456.075
Total Non-current assets	**1.414.865**	**4.456.075**
Total Assets	**1.538.632**	**4.845.875**
Liabilities		
Current Liabilities		
Financial Liabilities	27.794	87.536
Accounts payable	3.348	10.545
Total Current Liabilities	**31.142**	**98.081**
Non-current Liabilities		
Financial Liabilities	12.837	40.430
Accounts payable to economic related parties	23.823	75.030
Total Non-current Liabilities	**36.660**	**115.460**
Total Liabilities	**67.802**	**213.541**
Active net monetary position	**1.470.830**	**4.632.334**

15. Financial liabilities

The balance of this item as of December 31 2015 and 2014 is composed by bonds and financial obligations, as shown below:

15.1 Outstanding bonds

FINANCING SOURCE	ORIGINAL CURRENCY	DATE OF ISSUE	DUE DATE	TERM (YEARS)	INTEREST RATE	2015		2014		1/01/2014	
						NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
Program Tranche 2	COP	20/02/2004	20/02/2016	12	CPI + 7,30%	150.000	152.294	150.000	151.755	150.000	151.511
Program Tranche 4 Lot 1	COP	7/04/2006	7/04/2026	20	CPI + 4,58%	118.500	121.869	118.500	120.575	118.500	120.409
Program Tranche 4 Lot 2	COP	7/04/2006	7/04/2026	20	CPI + 4,58%	104.500	98.587	104.500	96.883	104.500	95.902
Program Tranche 6 Series A	COP	2/04/2009	2/04/2015	6	CPI + 4,99%	-	-	150.000	152.992	150.000	152.708
Program Tranche 6 Series B	COP	2/04/2009	2/04/2018	9	CPI + 5,90%	-	-	-	-	59.500	60.707
Program Tranche 7 Series A	COP	1/12/2011	1/12/2023	12	CPI + 4,47%	180.000	179.817	180.000	181.243	180.000	180.950
Program Tranche 7 Series B	COP	1/12/2011	1/12/2041	30	CPI + 4,84%	120.000	119.872	120.000	120.866	120.000	120.670
Program Tranche 8 Series C9	COP	22/05/2013	22/05/2022	9	CPI + 2,84%	120.000	121.571	120.000	120.800	120.000	120.612
Program Tranche 8 Series C15	COP	22/05/2013	22/05/2028	15	CPI + 3,25%	100.000	101.365	100.000	100.711	100.000	100.553
Program Tranche 9 Series C10	COP	7/05/2015	7/05/2025	10	CPI + 3,80%	100.000	101.428	-	-	-	-
Program Tranche 9 Series C15	COP	7/05/2015	7/05/2030	15	CPI + 4,14%	120.000	121.769	-	-	-	-
Program Tranche 9 Series C20	COP	7/05/2015	7/05/2035	20	CPI + 4,34%	280.000	284.209	-	-	-	-
TOTAL						**1.393.000**	**1.402.781**	**1.043.000**	**1.045.825**	**1.102.500**	**1.104.022**

During 2015 the following relevant facts took place, which explain the change in the balance of outstanding bonds:

On May 7 2015, the Company carried out the issue of the Ninth Tranche of the Securities Program in the amount of COP 500.000, of which COP 100.000 were placed in Series C10 with due date in May, 2025, COP 120.000 in Series C15 with due date in May, 2030 and COP 280.000 in Series C20 with due date in May, 2035. The funds from this placement were used to finance cash flow and investments.

MATURITY OF OUTSTANDING BONDS:

MATURITIES		
Short-term		168.900
Long-term		1.233.881
2020 and after	1.233.881	
Total		**1.402.781**

15.2 Financial obligations

FINANCING SOURCE	ORIGINAL CURRENCY	INITIAL DATE	DUE DATE	TERM (YEARS)	INTEREST RATE			2015		2014		1/01/2014	
								NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE	NOMINAL VALUE	AMORTIZED COST VALUE
BBVA	COP				+	3,80%		-	-	222.432	228.131	222.432	228.588
Banco de Bogotá	COP	26/02/2015	26/02/2022	7	IPC	+	3,60%	222.432	229.974	-	-	-	-
Banco de Bogotá	USD	4/07/2012	4/04/2017	4,8	LIBOR (6M)	+	2,60%	75.588	76.768	95.698	97.068	77.073	78.208
Total national financial obligations								**298.020**	**306.742**	**318.130**	**325.199**	**299.505**	**306.796**
BNP PARIBAS	USD	17/05/2006	15/05/2017		LIBOR (6M)	+	0,345%	17.911	17.945	22.676	22.695	25.568	25.591
Total foreign financial obligations								**17.911**	**17.945**	**22.676**	**22.695**	**25.568**	**25.591**
Total financial obligations								**315.931**	**324.687**	**340.806**	**347.894**	**325.073**	**332.387**

The following relevant facts took place in 2015, which explain the change in debt:

- Repayment for USD16 million (COP 38.480) to loan with Banco de Bogotá.
- Domestic public debt management operation held in the amount of COP 222.432, consisting in the replacement of a loan agreement held between ISA and Banco Bilbao Vizcaya Argentaria Colombia S.A. with a new agreement held between ISA and Banco de Bogotá S.A.
- Repayment for USD3,8 million (COP 10.355) to loan with BNP-PARIBAS.

MATURITY OF FINANCIAL OBLIGATIONS

Following is the maturity of financial obligations as of December 31, 2015:

MATURITIES		
Short-term		20.697
Long-term		303.990
2017	103.801	
2018	44.486	
2019	44.486	
2020 and after	111.216	
Total		**324.687**

16. Policy for managing risks

Due to the nature of its activities, ISA is exposed to financial risks mainly related to the investment in subsidiaries abroad, contracting financial obligations, revenues indexed to macroeconomic variables and procurement of goods and services abroad.

Therefore, a risk management methodology has been implemented, which together with ongoing monitoring of financial markets, seeks to minimize potential adverse effects on the financial information. ISA identifies, evaluates and performs comprehensive management of financial risks in which the Company could be exposed to minimize their impact on financial results.

At ISA, the responsibility for the implementation and administration of this system is in charge of the Strategy Vice-Presidency, which in turn discloses such administration to the Board of Directors of the Company. Financial risks to which the Company is exposed are described below.

16.1 Market risk

Market risk corresponds to unfavorable variations from expected fair value or future cash flows of a financial instrument caused by adverse changes in variables such as exchange rates, domestic and international interest rates, the Price of indicators –macroeconomic variables-, commodities, among others.

Sensitivity analyzes listed below are made based on the balances of financial instruments with cut-off date as of December 31, 2015.

a. Interest rate risk and macroeconomic variables

This risk corresponds to unfavorable changes in the fair value or future cash flows of financial instruments with respect to expectations, and is caused by the variation -volatility- of domestic and international interest rates and macroeconomic variables that are indexed to these flows thus affecting their value. The objective of the interest rate risk management is to reach a balance in the structure of revenues and debt that would stabilize the cost of the latter and minimize volatility in the income statement.

• Financial obligations

100% of ISA's debt structure is indexed to interest rates and macroeconomic variables as described below:

TYPE OF INTEREST RATE	2015
CPI	79,63%
D.T.F	12,07%
Libor + 6 months	8,30%
Fixed interest rate	0,00%

As of December 31, 2015, those obligations indexed to DTF mainly correspond to loans with local economic related parties, as well as obligations indexed to LIBOR 6 months are contracted with domestic and international financial companies and foreign related companies. CPI-indexed obligations correspond to Corporate Bond issues. For more detail, (See note 15.1).

Following are the effects before taxes in the statement of comprehensive income, compared with a reasonable variation in interest rates -to date it has not been necessary to hedge financial obligations indexed at interest rate:

YEAR	INCREASE / DECREASE BASIC POINTS	EFFECT ON PROFIT AND LOSS BEFORE INCOME TAX STATEMENT (COP MILLION)
2015	(+) 100	(12.377)
2015	(-) 100	12.377

ISA currently keeps natural hedging for CPI-indexed financial debt instruments, since most of ISA's revenues come from its subsidiary INTERCOLOMBIA, which in turn are associated with the behavior of the Producer's Price Index -PPI[4]. These variables are related, which minimizes the impacts of interest rate risk associated with macroeconomic variables.

• Financial instruments - liquidity excess

As of December 31, 2015, ISA does not keep financial instruments indexed to interest rates.

Since the financial instruments that may compose the portfolio of excess liquidity are acquired in order to hold them to maturity, these investments are not exposed to interest rate risk (investments measured at amortized cost).

b. Exchange rate risk

ISA has exposure to currency Exchange risk –US Dollar-, by the effect on conversion of earnings received from companies abroad; amounts related to projects that have been awarded in UPME's public biddings, which revenues are calculated in US dollars and paid in Colombian pesos; costs related to service of debt obtained in US dollars, purchases of equipment and/or implementation of new projects, capitalizations to affiliates and loans to related parties.

*4 In accordance with the remuneration of revenues scheme set by the Energy and Gas Regulatory Commission (*Comisión de Regulación de Energía y Gas, *CREG).*

As of December 31, 2015, ISA held the following financial assets and liabilities –in thousands of US Dollars:

	2015
Assets	
Cash and equivalents	21,29
Economic related parties	102,41
Other financial assets	0,07
	123,77
Liabilities	
Financial obligations	40,63
Economic related parties	23,82
Accounts payable	3,35
	67,8
Net monetary position	**55,97**

Following are the effects in the income before tax statement, compared to a reasonable variation in the exchange rate of foreign currency –US Dollar- keeping all other variables constant:

YEAR	INCREASE / DECREASE BASIC POINTS	EFFECT ON PROFIT AND LOSS BEFORE INCOME TAX STATEMENT (COP MILLION)
2015	(+) 10%	(17.626)
2015	(-) 10%	17.626

c. Mitigation measurements

Financial risk hedging operations are considered as market risk mitigation tools, which aim to stabilize for a time horizon, the financial statements and cash flow in case of fluctuations in the risk factors mentioned above.

Thus, once the existence of exposure to a risk market is identified with certainty, decision is made for the use of natural or synthetic hedging. The closing is made through ISA's treasury, under the corporate guidelines that establish a criterion of coverage and not speculation.

As part of the hedging of market risk -exchange rate, interest rate, price- ISA can perform operations with standardized derivatives –e.g. future contracts for commodities- and not standardized operations such as forwards, swaps and options in installments, in line with the best conditions of each market, which are treated as hedging financial instruments to be recorded in the financial statements.

As of December 31, 2015, ISA has an exchange rate hedging forward in the amount of USD 15.000.000 maturing on January 15, 2016, which purpose is to hedge capitalizations in foreign currency in the countries where ISA is present.

16.2 Credit and Counterparty Risk

Credit and counterparty risk is defined as the contractual breach, default or doubtful collectability of obligations by customers of the Company, as well as the counterparties of financial instruments acquired or used, which would result in financial losses.

a. Credit risk –customers–:

At ISA this risk relates to bad debts, doubtful recovery of portfolio from agents who pay charges for use of the National Transmission System -STN-, customers

from STN connection services, economic related parties, customers for dark fiber and other related services.

The main measures for managing this risk are:

- Mechanisms and instruments defined in the regulation to cover payments made by agents in the wholesale energy market –guarantees, notes, and prepayments, as well as the supply limitation scheme-, which include those corresponding to charges for the use of STN service, settled and managed by XM, under the contract of mandate defined in the regulation for this effect.
- Withdrawal fee clauses included in STN connection agreements.
- Collection management.
- Analysis of financial statements to new customers connecting to the STN.

b. Credit risk –liquidity excess:

In bank deposits and financial investments, including the procurement of derivative instruments, credit and counterparty risk is mitigated by the selection of institutions widely recognized in the market and with risk rating given by locally or internationally approved agencies; additionally, a counterparty quota is assessed for these transactions through an allocation model that keeps both quantitative –financial indicators- and qualitative variables –risk ratings- which is reviewed quarterly.

Furthermore, issuer concentration policies are maintained both at individual and economic group levels that allow narrowing the credit risk exposure. Such policies are monitored regularly to ensure their effective implementation.

16.3 Liquidity risk

Liquidity risk is defined as the inability to obtain sufficient funds to fulfill the obligations on their due date, without incurring into unacceptably high costs.
ISA currently performs constant monitoring on short-term cash flow, which allows identifying liquidity needs during the analyzed periods. Furthermore, liquidity indicators are used, such as the monthly and accumulated liquidity coverage ratio, which is calculated periodically. These ratios aim to check whether the current and non-current revenues from cash flow of the company cover its expenses.
Also, ISA has tools in place for achieving additional liquidity such as issuance of commercial paper and credit lines with local and foreign companies, which allow remedying temporary needs for funds when so required.

Following is the profile of expected future maturities for the financial instrument liabilities of the Company:

AS OF DECEMBER 31, 2015 (MILLIONS OF COLOMBIAN PESOS)	0 TO 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financial obligations and bonds	171.863	17.734	868.187	1.876.312	2.934.096
Principal	150.000	11.940	281.747	1.256.125	1.699.812
Interests*	21.863	5.794	586.440	620.187	1.234.284
Accounts payable to economic related parties **		75.030		393.244	468.273
Accounts payable	47.447			2.783	50.230
Total	**219.310**	**92.764**	**868.187**	**2.272.339**	**3.452.598**

*Payment of interest projected in time.

**Accounts payable to economic related parties in loans held with Group Companies.

17. Accounts payable

The breakdown of this item as of December 31, 2015 and 2014 is as follows:

		2015		2014		1/01/2014	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Suppliers and contractor	(1)	25.505	-	20.178	-	54.661	-
Creditors	(2)	10.908	-	36.774	-	6.132	-
Received deposits	(3)	11.410	230	13.356	959	107.016	695
Sales paid in advance		-	2.553	-	2.553	-	3.698
Total		**47.823**	**2.783**	**70.307**	**3.512**	**167.809**	**4.393**

(1) Accounts payable to suppliers and contractors originate mainly from the purchase of goods and services for the development of operations of the Company. These liabilities are denominated in local currency and foreign currency, non-interest bearing and are normally paid in accordance with the payment schedule in 15, 30 and 45 days.

(2) The decrease in creditors occurs mainly because the payment in kind of contractual assignment agreement with INTERNEXA, associated in turn to the assignment of availability agreements in the amount of COP 24.937.

(3) Includes funds received for execution of the following delegated management projects: Cauca - Nariño for COP 10.947 Ipiales Road for COP 457.

18. Provisions

The following are the provisions as of December 31:

		2015		2014		01/01/2014	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Other estimated liabilities and Provisions	(1)	630	1.261	9.040	1.556	11.056	1.563
Litigation and claims	(2)	7.120	-	16.298	-	15.863	-
Total Provisions		**7.750**	**1.261**	**25.338**	**1.556**	**26.919**	**1.563**

(1) The value of non-current provisions corresponds to commitments required for obtaining environmental licenses with various Regional Autonomous Corporations.

(2) The breakdown of the provision for litigation and complaints is as follows:

TYPE OF LITIGATION	2015	2014	1/01/2014
Administrative	2.682	12.940	12.459
Civil	2.942	1.965	1.595
Labor	1.496	1.393	1.809
Total	**7.120**	**16.298**	**15.863**

Its decrease is due to the application of the methodology established by the National Agency for Legal Defense of the State in External Circular No. 00023 of December 11, 2015. This methodology consists of three steps: determining the value of claims, adjusting the value of claims and calculating the risk of adverse decision.

The movement of provisions as of December 31, 2015 is as follows:

	CONTINGENCIES	OTHER PROVISIONS
Initial balance as of January 1, 2014	**15.863**	**12.619**
Provisions in the period	1.846	5.980
Usage in period	(2)	(8.003)
Recoveries	(1.409)	-
Final balance as of December 31, 2014	**16.298**	**10.596**
Provisions in the period	1.201	27.806
Usage in period	(87)	(36.511)
Recoveries (1)	(10.292)	-
Final balance as of December 31, 2015	**7.120**	**1.891**

(1) Recoveries in the period correspond to proceedings that changed from probable to eventual.

18.1 Litigation and complaints

ISA is currently procedural party, acting as defendant, plaintiff or intervening third party in administrative, civil and labor judicial proceedings. None of the proceedings in which it has been sued or has been summoned as intervening party may undermine the stability of the Company. Also, on its own behalf, it has instituted legal actions required for the defense of its interests.
The following information shows the major judicial proceedings conducted by the Company with their estimated value in millions:

PROCEEDINGS AS PLAINTIFF:

TYPE AND INSTANCE	DEFENDANT	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
Administrative. First Instance	Atlas Ingeniería Ltda. y Aseguradora Confianza S.A.	Complaint for contractual liability, due to breach of photogrammetry laser work.	1.602
Administrative. First Instance	Municipality of San Carlos Antioquia	Nullity action against decision ordering payment of certain municipal taxes	1.648
Administrative. First Instance	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Complaint for contractual liability in supply of certain transformers.	4.155
Administrative. First Instance	Electrificadora del Atlántico S.A. E.S.P.	Nullity action against a resolution from the defendant's liquidator.	27.513
Administrative Tribunal of Cundinamarca.	Superintendence of Household Utilities (SSPD, for acronym in Spanish)	The SSPD charged 2011 special contribution to ISA in the amount of COP 1.883 because it included certain expenditure accounts that were not admissible and ISA's contribution paid was COP 734. Nullity of such resolution is sought.	734
Administrative Tribunal of Cundinamarca.	The State - CREG	To declare partial nullity of CREG Resolution CREG 106 of July 1, 2010, whereby the basis of assets and guidelines required to determine ISA's remuneration in the STN, are established.	4.557
Administrative. Second Instance. Council of State	DIAN	Nullity and redress action. Devolution of interest for 1995 income tax balance.	4.240
Administrative. Second Instance. Council of State	DIAN	Nullity and redress action, corresponds to penalty for inaccuracy in income tax, imposed by DIAN due to differential criteria in the calculation of income under Article 211 T.C for 1995.	672
First Instance-Council of State	Ministry of Communications	To declare nullity of act contained in communication 036-0946-2000 from the Ministry of Communications and consequently to order the payment in favor of ISA for 244.320.572	115
First Instance-Administrative Tribunal	Superintendence of Household Utilities	Nullity of Resolution No. SSPD-20082400007415 of March 26, 2008 is requested, whereby ISA was penalized and declare that ISA is not obliged to pay such penalty.	1.135
First Instance-Administrative Tribunal	Municipality of Palermo	Request for devolution of COP 438.323.032 paid in excess, for industry and trade tax.	542
First Instance-Council of State	Aseguradora de Fianzas S.A. CONFIANZA, SISTEP Ltda.	Complaint for contractual liability, for delivery of defective electronic equipment.	4.155

PROCEEDINGS AS DEFENDANT

TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
Administrative. First Instance	Fernando Rodríguez García	A group of employees seeks the payment of alleged damages caused by the non-application of Law 226 of 1995, in various conveyance of shares made by the Company. They seek damages for COP 5.693.476 million. This value is considered far from reality as there was no reasonable estimate of the quantum as required by law and it was based on the appointment of hypothetical damages, without grounds or reasoning in the complaint. Such proceeding is considered a remote contingency as there are no factual or legal grounds that might lead to its success.	113.870
Civil. First Instance	Claudia Andrea Córdoba	Plaintiff requests to declare Company ISA as liable for the disappearance and alleged death by drowning of Mr. Giampietro Zanin (Juan Pedro Zanin), at the work for directional crossing of optical fiber in charge of such Company and to impose payment against Company ISA for material and moral damages caused.	1.761
Administrative. First Instance Serial No. 05001233100020030346100	CHIVOR S.A. E.S.P.	CHIVOR S.A E.S.P requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). CHIVOR S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	72.451
Administrative. First Instance. Serial No. 05001233100020040461800	CHIVOR S.A. E.S.P.	CHIVOR S.A E.S.P. requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). CHIVOR S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	91.058
Administrative. First Instance. Serial No. 05001233100020030029 2010	EMGESA S.A. E.S.P.	EMGESA S.A E.S.P requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). EMGESA S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	139.824

TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
Administrative. First Instance. Serial No. 05001233100020050591700	CHIVOR S.A. E.S.P.	CHIVOR S.A E.S.P. requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). CHIVOR S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	89.673
Administrative. First Instance. Serial No. 05001233100020020472100	EMGESA S.A. E.S.P.	EMGESA S.A E.S.P. requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). EMGESA S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	119.102
Administrative. First Instance. Serial No. 05001233100020050591900	EMGESA S.A. E.S.P.	EMGESA S.A E.S.P requests the nullity of administrative acts issued by ISA claiming that they were issued applying CREG resolutions 077 and 111 of 2000 and that they were illegal and unconstitutional (the validity of these resolutions is being challenged before the Council of State). EMGESA S.A E.S.P. claims full repair of damages suffered as a result of the issuance of the challenged administrative acts.	102.169
002 Labor of the Circuit of Bucaramanga.	Jorge Eliecer Reyes Plata	Plaintiff seeks to declare that there was an employment relationship between him and ISA between February 1, 1999 and January 28, 2011, terminated by unfair cause, using intermediary INTERSERVICIOS; also declaring that plaintiff is beneficiary of the Collective Bargaining Agreement; that plaintiff is entitled to recognition and payment of readjustment of salaries, extralegal premiums, extralegal benefits, social security, default penalty and costs of proceedings.	642
Administrative Tribunal of Antioquia. Serial No. 05001233100020050355800	CHIVOR S.A. E.S.P.	Plaintiff Company requests to declare nullity of administrative acts issued by ISA by applying the CRT calculated on the basis of CREG Resolutions 077 and 111 of 2000 contained in invoice N° SIC 16966 of October 12, 2004 signed by Juan Diego Gómez Vélez, Market Operation Director in the portion corresponding to the settlement of the capacity fee for CHIVOR S.A. E.S.P and to restore the right of this Company in virtue of the issuance of these administrative acts.	14.014
Administrative Tribunal of Antioquia. Serial No. 05001233100020040118700	EMGESA S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA by applying the CRT calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 14305 of September 12, 2003.	7.455

TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
Administrative Tribunal of Antioquia. Serial No. 05001233100020060012500	CHIVOR S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 19104 of August 12, 2005 and Resolution N° 1411 of September 6, 2005, issued by ISA-ASIC.	6.542
Administrative Tribunal of Antioquia. Serial No. 05001233100020030296800	CHIVOR S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 12920 of March 14, 2003.	16.173
Administrative Tribunal of Antioquia. Serial No. 05001233100020040049800	CHIVOR S.A. E.S.P.	Plaintiff Company seeks to declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 13907 of July 12, 2003	10.656
Administrative Tribunal of Antioquia. Serial No. 05001233100020040084100	CHIVOR S.A. E.S.P.	To declare nullity of administrative acts (challenged acts) issued by ISA, by applying the CRT, calculated on the basis of CREG Resolutions 077 and 111 of 2000, contained in invoice N° SIC 1888 of July 13, 2005.	28.802
Administrative Tribunal of Antioquia. Serial No. 05001233100020050591800	Central Hidroeléctrica de Betania (today EMGESA)	To declare nullity of administrative acts (challenged acts): the act whereby the CND calculated the theoretical remunerable capacity corresponding to period 2004-2005 equivalent to 280,04 MW monthly, among others.	43.401
Administrative Tribunal of Antioquia. Serial No. 05001233100020040461900	Central Hidroeléctrica de Betania (today EMGESA)	To declare nullity of administrative acts (challenged acts): the act whereby the CND calculated the theoretical remunerable capacity corresponding to period 2003-2004 equivalent to 273,06 MW monthly, among others.	45.022
Administrative Tribunal of Antioquia. Serial No. 05001233100020030029100	Central Hidroeléctrica de Betania (today EMGESA)	To declare nullity of administrative acts (challenged acts): the act whereby the CND calculated the theoretical remunerable capacity corresponding to period 2001-2002 equivalent to 256,47 MW monthly, among others.	48.306
First Instance-Administrative Tribunal 1 - N°68679333100120100008500	INVERSIONES ARMANDIA Y CORTES LTDA	COP 150.000.000 are claimed for damages derived from the de facto occupation of plaintiffs' land with the installation of an energy transmission line.	148

TYPE AND INSTANCE	PLAINTIFF	DESCRIPTION OF LITIGATION	ESTIMATED VALUE
First Instance-Administrative Tribunal- N° 08001233100020050135900	INMOBILIARIA SREDNI Y CIA	COP 150.000.000 are claimed for damages derived from the de facto occupation of plaintiffs' land with the installation of an energy transmission line.	218
First Instance-Administrative Tribunal- N° 05001310300320060325200	COMPAÑÍAS PÚBLICAS DE MEDELLIN EEPPM	It seeks to declare ISA's liability for not recognizing EPM the remuneration of modules of assets for use of Las Playas and Guatapé, considering that ISA incurred in unfair enrichment. Damage estimated in COP 1.481.393.957	1.947
Second Instance-Administrative Tribunal- N° 05001233100019980397100	GÓMEZ CAJIAO Y ASOCIADOS SA	It seeks indemnity of damages suffered by plaintiff resulting from not being awarded with a contract, as they believe to have submitted the best bid. First instance decision was made in favor of ISA, it was subject to appeal by plaintiff and it is currently in second instance.	368
First Instance-2nd Labor Court of Circuit. N° 68001310500220120032300	JORGE ELIECER REYES PLATA	It seeks declaration of employment contract with ISA, for considering plaintiff that services rendered to the Company were performed through employment intermediation figure.	642
Cassation-Supreme Court of Justice. N° 11001310501520110075901	Gustavo Adolfo Prieto Villamil.	Recalculation of retirement pension is sought, using 75% as basis of the monthly average of salaries paid during the last year of service.	145
Cassation-Supreme Court of Justice. N° 11001310500620070101400	José Norman Pedraza Casas	It seeks recognition and payment of retirement and extralegal pension, having fulfilled the requirements of legal and extralegal provisions since October 29, 2006, recognizing the retroactivity and other rights recognized in the collective agreement expressing they are applicable.	275
Cassation-Supreme Court of Justice. N° 68001310500520070035401	Luis Ramón Arciniegas Cañas	Plaintiff is an employee of a work contractor who seeks to have ISA being declared joint and severally liable with his employer for the employment payments imposed to the latter by judicial decision.	123
Cassation-Supreme Court of Justice. N° 05001310501220040121801	Juan Carlos Londoño Herrera	Plaintiff is an employee of a work contractor who seeks to have ISA being declared joint and severally liable with his employer for all economic damages derived from a work accident where he partially lost his working capacity.	125
Cassation-Supreme Court of Justice. N°05001310500720020087301	Jorge Enrique Bayona Bautista	Complaint from a former employee who asserts that the Company forced him to resign and damages for unfair dismissal should be paid, as provided in the collective bargaining agreement to which he was a party at the time of his resignation. Moral damages are also sought.	178

19. Taxes

19.1 Current income tax and CREE

Colombian tax laws in effect provide that:

The nominal income tax rate is 25%.

- Law 1607 dated December of 2012 created the income tax for equity -CREE-, with a rate of 9%, and the tax base is established by subtracting from gross revenues likely to increase the equity realized in the taxable year, devolutions, rebates and discounts and from such result it substracts such non-income revenues provided by the law. From such net revenues obtained, it will subtract the total costs and deductions applicable to this tax, in accordance with the provisions of Articles 107 and 108 of the Tax Code. It is allowed to subtract from the result above, such exempted income expressly provided in Article 22 of Law 1607 of 2012.

- For both cases, income tax and CREE tax, the basis for determining the income tax of the year cannot be less than 3% of net equity on the last day of the immediately preceding fiscal year, calculated with items duly authorized in tax legislation.

- Law 1739 of 2014 created for fiscal periods 2015, 2016, 2017 and 2018 the surtax on income tax for equity - CREE, which is applicable when the CREE tax base exceeds COP 800 million.

- The amount of the surtax on income tax for equity - CREE, will be the result of applying the following rates for each year to the CREE tax base,:

RANGE OF TAX BASE	2015	2016	2017	2018
> 0 < 800 million	0%	0%	0%	0%
>= 800 million	5%	6%	8%	9%

To determine the income and CREE tax for the Company, it is necessary considering the following situations:

a. On June 27, 2008, ISA and the State–Ministry of Mines and Energy– signed a legal stability agreement for the energy transmission activity for a 20-year period. According to this agreement, income tax regulations were stabilized, which include: income tax rate, deduction of inflationary component of financial expenses, special deduction of 40% for new investments in productive fixed assets, tax discount for VAT paid on imported machinery for energy transmission and presumptive income of 3% of liquid assets, as well as the time limitation of the equity tax.
This agreement ensures that in the event of adverse changes to the rules stabilized in the agreement, those rules will continue to apply during the term thereof.

b. Decision No. 578 of the Andean Community of Nations (Comunidad Andina de Naciones, CAN), seeks the elimination of double taxation for income earned in any of the member countries -Ecuador, Peru, Bolivia and Colombia- through the mechanism of the exoneration.

In determining the net income in the income tax and the income tax for equity, the Company requests, under its private settlement as exempted income the value obtained in the member countries of the Andean Community of Nations, the net value resulting from subtracting the corresponding costs and deductions from the revenues generated by the exempted activity.

c. Occasional earnings are cleared separately from ordinary income. Occasional earnings are understood as those obtained from disposal of fixed assets held for two years or more, such profits arising from the liquidation of companies and those received from inheritances, bequests and donations.

Current tax liabilities as of December 31 are:

		2015	2014	1/01/2014
Income and supplementary tax provision and other tax obligations	(1)	56.176	71.094	115
Total		**56.176**	**71.094**	**115**

(1) This item mainly includes the provision for income tax for equity –CREE for COP 28.629 (2014: COP 18.886, which includes the surtax and the provision for income and supplementary tax for COP 27.811 (2014: COP 52.200), the decrease of which is mainly due to the application of higher tax credits for taxes paid abroad and deductible VAT from import and purchase of heavy machinery for basic industries (Article 258-2 Tax Code) and the application of the advance payment made in the 2014 income tax return.

The reconciliation between the income tax expense and the product of accounting profit multiplied by the local tax rate of the Company is as follows:

	2015	2014
Net profits before income tax	893.598	656.987
Income tax rate in Colombia	39,00%	34,00%
Income tax expense at nominal rate	348.503	223.376
Increase (decrease) in the provision for the tax resulting from:		
Application fixed assets benefit	(19.685)	(9.891)
Non-deductible expenses	16.448	29.203
Taxable dividends and CAN dividends	16.539	7.555
Equity method	(150.074)	(98.524)
Exempted income	(18.492)	(8.476)
Lower tax paid in other jurisdictions	(1.051)	(742)
Difference current and deferred rates	(4.911)	
Income tax expense	**187.277**	**142.501**
Effective income tax rate	**20,96%**	**21,69%**

The amount of income tax in the income statement corresponds to the recognition of the current tax on the earnings of the year for Colombia, the amount withheld abroad and that cannot be accredited from the national tax and the change in deferred tax, as follows:

	2015	2014
The income tax expense is composed by:		
Current income tax expense	150.381	108.018
Expenses for taxes paid in other jurisdictions	3.503	2.474
Deferred income tax expense	33.393	32.009
Income tax expense	**187.277**	**142.501**

- **Income tax effective rate vs nominal rate**

	2015			2014		
Income tax provision	187.277	=	20,96%	142.501	=	21,69%
Profit before taxes	893.598			656.987		

The 2015 effective rate was 20,96% compared to a nominal rate of 39% (Income Tax 25%, CREE 9% and CREE surtax 5%), while for 2014, the effective rate was 21,69% compared to a nominal rate of 34% (Income 25% and CREE 9%), mainly explained by:

- The equity method found in income is no basis for determining the income tax. To determine the income tax, it takes into account dividends actually received in the year and which are taxable under current tax regulations. This reduces the effective rate versus the nominal rate in 17%, and 15% for 2014.
- The application of the deduction for investment in productive fixed assets reduces the payment of income tax; for 2015, there is a reduction of 2% of the effective rate compared to the nominal rate. For 2014, this item reduced the rate by 1%.
- The non-deductibility of expenses mainly the wealth tax, generates an increase in the rate of 2%. By 2014 the effect on the rate was 4%.
- The amount of taxes paid abroad and that cannot be used as a tax credit on the income tax, as well as the determination of deferred taxes at rates lower than current rates represents a decrease in the effective tax rate of 1%.

19.2 Deferred tax

The Company's deferred tax is related with the following:

- In property, plant and equipment by differences in the recognition of deemed cost, inflation adjustments for tax purposes, recognition of finance leases and the use of different useful lives for tax and accounting purposes.
- In Liabilities, by differences for determining financial obligations, the recognition of finance leases, non-deductible provisions and the difference between the amortization of the actuarial calculation.

Following is the detailed balance of the Company's net deferred tax:

	2015	2014	1/01/2014
Deferred tax assets			
Estimated liabilities and Provisions	2.101	3.681	3.604
Accounts payable	1.136	1.164	1.138
Intangibles and Other assets	10.381	8.873	13.234
Labor obligations	27.563	29.573	30.039
Total deferred tax assets	**41.181**	**43.291**	**48.015**
Deferred tax liabilities			
Property, plant and equipment	(950.243)	(919.416)	(842.388)
Financial obligations	(3.200)	(3.213)	(3.393)
Accounts receivable	552	607	(46.946)
Total deferred tax liabilities	**(952.891)**	**(922.022)**	**(892.727)**
Net deferred tax liabilities	**(911.710)**	**(878.731)**	**(844.712)**

Annual changes in the deferred tax balance were recognized as shown below:

	2015	2014
Deferred tax variation		
Beginning of the period (net)	878.731	844.712
Beginning of the period (net)	911.710	878.731
Variation of the fiscal year	**32.979**	**34.019**
Detail of the deferred tax variation		
Recognized variation in income	33.393	32.009
Recognized variation in other comprehensive income	(414)	2.023
Deferred tax variation due to closing of Perú Branch	-	(13)
Total deferred tax variations	**32.979**	**34.019**

The company has subsidiaries and joint controled investments, which have accounting and tax differences resulting from the application of the equity method for accounting purposes and the fiscal cost of the same. No deferred taxes have been calculated on these differences as there is no expectation of realization on the same. The non-recognized deferred tax is determined by applying the rate at which capital gains would be taxed depending on the country where the investment is located, to the differences between the carrying cost and the tax cost of the investment.

The Company does not have any tax losses or presumptive income excesses pending to take advantage for future tax determinations, and therefore it has not recognized any deferred tax amount for this item.

19.3 Wealth tax

Law 1739 of 2014 created the wealth tax for years 2015, 2016 and 2017 payable by legal entities, income and supplementary tax payers, among others; and it is generated by the possession of wealth as of January 1, 2015, with a value equal or above COP 1 billion Colombian Pesos.

The tax base of the wealth tax is the value of gross equity of legal entities held as of January 1, 2015, 2016 and 2017 minus debt of the same in effect on those dates, and it allows excluding the equity value of investments in domestic companies.

If the tax base of wealth tax in any of years 2016, 2017 and 2018, is higher than that determined in 2015, the taxable base for any of those years will be the lower between the tax base determined in 2015 increased by twenty five percent (25%) of inflation certified by the National Department of Statistics for the year immediately preceding the declared year and the tax base determined in the year in which it is declared. If the tax base of the wealth tax determined in any of the years 2016, 2017 and 2018, is lower than that determined in 2015, the tax base for each of the years will be the higher between the tax base determined in 2015 decreased by twenty-five percent (25%) of inflation certified by the National Department of Statistics for the year immediately preceding the declared year and the tax base determined in the year in which it is declared.

Applying these provisions and by calculating at a rate of 1,15%, the Company determined a wealth tax for tax year 2015 of COP 33.484 million; such tax may not be used as cost or deduction on income tax or CREE.

19.4 Local taxes during the year

The Company contributed during 2015 with COP 239.928 in total taxes, of which COP 7.209 are recognized by the regulator. The following table shows the amounts that the Company disclosed in its 2015 financial statements as costs/expenses for the year and corresponding to taxes, fees, and contributions that are recognized by the regulator.

2015 TAXES		NATIONAL GOVERNMENT	DEPARTMENT AND MUNICIPAL GOVERNMENTS	SECTOR CONTRIBUTIONS	REGULATION, SURVEILLANCE AND CONTROL ENTITIES	TOTAL TAXES, FEES AND CONTRIBUTIONS
Income tax and CREE		187.277	-	-	-	187.277
Wealth tax		33.484	-	-	-	33.484
Industry and trade tax		-	882	-	-	882
Financial transaction tax		5.085	-	-	-	5.085
Street lighting tax		-	1.179	-	-	1.179
Real estate tax		-	2.655	-	-	2.655
Other municipal taxes	(1)	-	290	-	-	290
Subtotal taxes		**225.846**	**5.006**	**-**	**-**	**230.852**
Contribution SSPD and CREG		-	-	-	345	345
Fiscalization fee – Comptroller's Office		-	-	-	1.258	1.258
Subtotal Contributions		**-**	**-**	**-**	**1.603**	**1.603**
Fondo Apoyo Electrificación Rural –FAER–		-	-	38	-	38
Programa Normalización Redes Eléctricas –PRONE–		-	-	22	-	22
Unidad de Planeación Minero Energética –UPME–		-	-	7.149	-	7.149
Subtotal recognized contributions		**-**	**-**	**7.209**	**-**	**7.209**
Total taxes		**225.846**	**5.006**	**7.209**	**1.603**	**239.664**

(1) Other municipal taxes include: tax on advertising and boards, Fire Department surtax, vehicle tax, surtax on disaster prevention and environmental surtax.

19.5 Other

19.5.1 Other tax assets

		2015		2014		01/01/2014	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
For taxes and contributions	(1)	4.464	-	5.470	-	7.462	-
Total non-financial assets		**4.464**	**-**	**5.470**	**-**	**7.462**	**-**

(1) This item comprises tax withholding advances and balances in favor under income tax private settlement.

19.5.2 Other tax liabilities

		DECEMBER 2015		2014		01/01/2014	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Other taxes	(1)	-	4.629	-	4.818	-	52.704
Total other liabilities		**-**	**4.629**	**-**	**4.818**	**-**	**52.704**

(1) They correspond to balances from tax withholdings and self-withholdings payable, which are paid in the following year.

20. Employee benefits

According to the collective and individual employment contracts, the Company must pay retirement pensions to those workers who meet certain requirements of age and length of service. The Social Security Institute -ISS- today Colpensiones, and pension management companies assume the major portion of this obligation, according to the compliance with legal requirements.

20.1 Post-employment benefits

20.1.1 RETIREMENT PENSIONS

ISA, according to the collective and individual employment contracts, must pay retirement pensions to those workers who meet certain requirements of age and length of service. The Social Security Institute -ISS- today Colpensiones, and pension management companies assume the major portion of this obligation, according to the compliance with legal requirements.

The present value of the pension obligation, as of December 31, 2015 and 2014 was determined based on actuarial studies in accordance with IAS 19 using the actuarial valuation method. Projected unit credit is used to determine the present value of the defined benefit obligation, and where appropriate, the cost for services and the cost of past services.

Under this method, the benefits are attributed to periods in which the obligation to provide benefits is created by directly applying the formula of the benefit of the service-based plan on the valuation date. When the benefit is based on compensation or salary or salary increases, they are applied until the date on which the participant is expected to end the service. However, if the service in recent years leads to significant additional benefits in previous years, benefits are linearly attributed from the date when service by the employee entitles to benefits under the plan, until such date when subsequent services lead to no additional material amount of benefits under the plan.

The main actuarial assumptions used in the valuation are:

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Future salary increase	4,00%	3,50%
Future pension increase	3,50%	3,00%
Inflation rate	3,50%	3,00%
Minimum salary increase	4,00%	3,50%
Return rate on assets	N/A	N/A
Mortality rate	2008 valid rentier	2008 valid rentier
Number of people covered by pension plan	408	411
Number of people covered by contributions plan	32	39

20.1.2 PREPAID MEDICAL ASSISTANCE PLANS:

ISA will pay the following percentages on premiums for health plans corresponding to prepaid medical assistance and hospitalization policy:

For salaries and pensions up to four point three (4.3) legal monthly minimum wages (SMLMV), ninety percent (90%) of the value of the premium.

For salaries and pensions above four point three (4.3) and up to five point five (5.5) legal monthly minimum wages (SMLMV), eighty percent (80%) of the value of the premium.

For wages and pensions above five point five (5.5) legal monthly minimum wages (SMLMV), seventy percent (70%) of the value of the premium.

The primary actuarial assumptions used in the valuation are:

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Minimum wage increase	4,00%	3,50%
Initial increase rate for benefit cost	5,80%	6,40%
Final increase rate for benefit cost	4,50%	4,00%
Return rate on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%
Number of people covered by medical assistance plan	1.097	1.128

20.1.3 EDUCATION SUPPORT

Employees are entitled to a recognition for education support, for each child of active workers and pensioned personnel, below 18 years old, and above 18 to 25 years old, provided they are single and are not working.

The values to recognize will be provided in the collective agreements in effect:

EDUCATION LEVEL	AMOUNT TO RECOGNIZE FOR EACH PERIOD	
	BENEFICIARIES OF THE COLLECTIVE BARGAINING AGREEMENT	BENEFICIARIES OF THE COLLECTIVE LABOR AGREEMENT
Preschool, kindergarten, primary and secondary, for each child.	2.7 SMLMV (annual)	4.5 SMLMV (annual)
Technology, technical, professional and specialization in technology, for each child	1.5 SMLMV (by semester)	2.25 SMLMV (by semester)
Children with learning difficulties, whatever age.	3.0 SMLMV (annual)	4.5 SMLMV (annual)

The support will be paid per year or early school semester, and must be made in education centers duly approved by the competent entity.

The primary actuarial assumptions used in the valuation are:

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Minimum wage increase	4,00%	3,50%
Return rate on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%
Number of people covered by education plan	243	265

These benefits are valued annually, reconciliation movements are presented below:

	PENSION AND CONTRIBUTIONS	MEDICAL ASSISTANCE PLAN	EDUCATIONAL SUPPORT	TOTAL
Balance as of January 1, 2014	**131.283**	**60.778**	**5.899**	**197.960**
Current period service costs	-	412	201	613
Interest expense	8.950	4.187	408	13.545
Actuarial (Profit)/loss from experience	(5.668)	(454)	170	(5.952)
Benefits directly paid by the Company	(10.447)	(3.605)	(302)	(14.354)
Balance as of December 31, 2014	**124.118**	**61.318**	**6.376**	**191.812**
Balance as of January 1, 2015	**124.118**	**61.318**	**6.376**	**191.812**
Current period service costs	-	418	212	630
Interest expense	8.490	4.231	442	13.163
Actuarial (Profit)/loss from experience	4.778	(3.515)	69	1.332
Actuarial (profit)/loss from financial assumptions	587	(374)	32	245
Benefits paid directly by the Company	(9.082)	(3.440)	(307)	(12.829)
Balance as of December 31, 2015	**128.891**	**58.638**	**6.824**	**194.353**

	SEVERANCE PAY UNDER PREVIOUS LAW
Balance as of January 1, 2014	33.910

The quantitative analysis of sensitivity to a change in a key assumption would generate the following effect on the defined benefit net obligation:

ASSUMPTIONS	PENSION	CONTRIBUTIONS TO SOCIAL SECURITY	MEDICAL	EDUCATIONAL
Change in discount rate				
Increase in discount rate in +1%	116.204	425	52.444	6.024
Decrease in discount rate in -1%	143.153	430	66.176	7.828
Change in benefit increase				
Increase in benefit rise in +1%	-	-	-	7.894
Decrease in benefit increase in -1%	-	-	-	5.963
Change in medical trend				
Increase in medical trend in +1%	-	-	64.585	-
Decrease in medical trend in -1%	-	-	53.698	-
Obligation base	**128.463**	**428**	**58.638**	**6.824**
Term of the Plan	**11**	**1**	**12**	**14**

Sensitivity analysis estimates the effect on post-employment benefit obligation as a result of reasonably possible changes in key assumptions used at each reporting date. In 2015, COP 1.634 was recorded in other comprehensive income for post-employment benefits.

20.2 Long-term benefits

20.2.1 QUINQUENNIUMS

The benefit consists in the quinquennium payment of a fixed amount when the employee has been working for 5 years with the company, and thereafter each 5 years of service.

20.2.2 SENIORITY PREMIUM

The benefit consists in the annual payment of one day's salary per each year of service with the Company, in the month of completion of each year of service. The benefit begins when participant completes 5 years of service with the company.

The primary actuarial assumptions used in the valuation are:

VARIABLES	2015	2014
Discount rate	7,60%	7,10%
Minimum wage increase	4,00%	3,50%
Return rate on assets	N/A	N/A
Mortality rate	2008 valid rentiers	2008 valid rentiers
Turnover table	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%	"2003 SOA Pension Plan Turnover Study" with adjustment factor at 50%
Number of people covered by seniority premium and quinquennium	107	97

These benefits are valued annually; following is the reconciliation of movements:

	SENIORITY PREMIUM AND QUINQUENNIUM
Balance as of January 1, 2014	**1.285**
Current period service costs	134
Interest expense	84
Actuarial (Profit)/loss from experience	63
Benefits paid directly by the Company	(207)
Balance as of December 31, 2014	**1.359**
Current period service costs	141
Expense/revenue from interest	88
Actuarial (Profit)/loss from experience	167
Actuarial (profit)/loss from financial assumptions	5
Benefits paid directly by the Company	(244)
Balance as of December 31, 2015	**1.516**

The quantitative analysis of sensitivity to a change in a key assumption would generate the following effect on net obligation of long-term benefits:

ASSUMPTIONS	SENIORITY/ QUINQUENNIUM
Change in discount rate	
Increase in discount rate in +1%	1.430
Decrease in discount rate in -1%	1.614
Change in salary increase	
Increase in salary rise in +1%	1.620
Decrease in salary increase in -1%	1.423
Obligation base	**1.516**
Term of Plan	**6**

Sensitivity analysis estimates the effect on long-benefit obligation as a result of reasonably possible changes in key assumptions used at each reporting date

21. Other non-financial liabilities

		2015		2014		01/01/2014	
		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Deferred revenues	(1)	-	227.413	-	245.447	-	265.495
Revenues received in advance from sales		4.142	-	4.481	-	8.760	-
Collections in favor of third parties		32	-	447	-	565	-
Total other liabilities		**4.174**	**227.413**	**4.928**	**245.447**	**9.325**	**265.495**

(1) Deferred revenues mainly correspond to deferred revenues from the National Transmission System *(Sistema de Transmisión Nacional,* STN) COP 216.435 (2014: COP 231.595), for assets from biddings – UPME– and rights of infrastructure use for COP 10.978 (2014: COP 13.611).

22. Equity

22.1 Subscribed and paid-in capital and number of shares

ISA's subscribed and paid-in capital , as of December 31 2015 and 2014, is COP 36.916 represented in 1.125.498.016 shares, distributed as follows:

2015				
SHAREHOLDER		**NUMBER OF SHARES**	**COP MILLION**	**% INTEREST (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**
INVESTORS WITH PUBLIC AND PRIVATE CAPITAL				
Empresa Colombiana de Petróleos –ECOPETROL–		58.925.480	1.933	5,32
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				
Mandatory Pension Fund Porvenir Moderate		75.634.056	2.481	6,828
Mandatory Pension Fund Protección Moderate		53.190.181	1.745	4,802
Mandatory Pension Fund Colfondos Moderate		20.210.009	663	1,825
Old Mutual Mandatory Pension Fund Moderate		7.845.820	257	0,708
Fondo Bursátil Ishares COLCAP		7.668.997	252	0,692
Norges Bank-CB New York		7.305.536	240	0,660
Vanguard Emerging Markets Stock Index Fund		5.775.289	189	0,521
Fondo de Pensiones Proteccion-RF Alta Liquidez		3.895.164	128	0,352
Vanguard Total International Stock Index Fund		3.238.486	106	0,292
Abu Dhabi Investment Authority J.P. Morgan		3.160.570	104	0,285
Other shareholders		160.302.148	5.256	14,473
Subtotal		**348.226.256**	**11.421**	**31,438**
Total outstanding subscribed capital		**1.107.677.894**	**36.331**	**100**
Own shares reacquired	(2)	17.820.122	585	
Total Subscribed and paid-in capital		**1.125.498.016**	**36.916**	

SHAREHOLDER	2014 NUMBER OF SHARES	VALUE COP MILLION	% INTEREST (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**
INVESTORS WITH PUBLIC AND PRIVATE CAPITAL			
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			
Mandatory Pension Fund Porvenir Moderate	79.322.882	2.602	7,161
Mandatory Pension Fund Protección Moderate	54.051.718	1.773	4,880
Mandatory Pension Fund Colfondos Moderate	22.440.152	736	2,026
Fondo Bursátil Ishares COLCAP	10.864.920	356	0,981
Mandatory Pension Fund 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**
Own shares reacquired (2)	17.820.122	585	
Total Subscribed and paid-in capital	**1.125.498.016**	**36.916**	

(1) Percentage of interest on outstanding shares, which are common, registered and dematerialized shares.

(2) Shares belonged to CORELCA, and were reacquired by ISA on August, 1998. To this date, all rights inherent thereto have been suspended, and consequently, they do neither participate in the distribution of dividends nor are part of the quorum to deliberate and decide.

The Colombian Centralized Deposit of Securities (*El Depósito Centralizado de Valores de Colombia -DECEVAL-*), is an entity that receives securities in deposit, for their administration and custody, thereby contributing to facilitate and speed up the market agents operations.

22.2 Authorized shares and nominal value

As of December 31 2015 and 2014, the authorized capital stock included 1.371.951.219 common shares, with a par value of COP 32,800000005352. All issued shares are fully paid.

22.3 Rights and restrictions of shareholders

Shareholders with common shares are entitled to receive dividends as declared from time to time and are also entitled to one vote per share at the Company Shareholders' Meetings. The Company is listed primarily in the Colombian Stock Exchange.

22.4 Premium for placement of shares

This item amounts to COP 1.428.128 in 2015 and 2014.

22.5 Dividends

Dividends declared in 2015 and 2014, on income from the previous year, are as detailed below:

		2014
Net income of previous period (thousand of COP)	(1)	593.064.961
Outstanding shares		1.107.677.894
Ordinary dividend per share (in COP)		208
Extraordinary Dividend per share (in COP)		60
Total dividends per share decreed		268
Dividends decreed (thousand of COP)		296.857.676
Form of payment		Ordinary and extraordinary dividends payable in April-July-October-December 2015

(1) Income distributed in 2014 is determined under the Generally Accepted Accounting Principles in Colombia, applied until December 31, 2014.

The detail of paid dividend in the last years is as follows:

ATTRIBUTED TO PERIOD	TYPE OF DIVIDEND	PAYMENT DATE	PESOS PER SHARE
2009	Ordinary	19-Apr-10	40
2009	Ordinary	19-Jul-10	40
2009	Ordinary	19-Oct-10	40
2009	Ordinary	27-Jan-11	40
2010	Ordinary	18-Apr-11	43
2010	Ordinary	18-Jul-11	43
2010	Ordinary	18-Oct-11	43
2010	Ordinary	27-Jan-12	43
2011	Ordinary	26-Jun-12	179
2012	Ordinary	01-May-13	188
2013	Ordinary	21-Jul-14	196
2013	Extraordinary	22-Sep-14	18

22.6 Reserves

		2015	2014	1/01/2014
Legal	(1)	18.458	18.458	18.458
Legal under tax provisions	(2)	716.143	619.210	523.878
Reacquisition of own shares	(3)	38.100	38.100	38.100
Capital strengthening	(4)	681.264	481.989	381.316
Rehabilitation and replacement of National Transmission assets	(5)	37.434	37.434	37.434
TOTAL		**1.491.399**	**1.195.191**	**999.186**

(1) According to the law, the Company is required to set aside 10% of its net annual profits as legal reserve until the balance of this reserve equals 50% of the subscribed capital. The mandatory legal reserve may not be distributed before the liquidation of the Company, but may be used to absorb or reduce net annual losses. Reserve balances are of free availability for shareholders, as to the amount exceeding 50% of the subscribed capital.

(2) The Regular Shareholders' Meeting approves the appropriation of this reserve from the net profits, in compliance with Article 130 of the Tax Code, with the purpose of obtaining tax deductions due to depreciation that exceeds the accounting depreciation. According to legal provisions, this reserve may be released to the extent that accounting depreciation exceeds those annually requested for tax purposes, or if assets are sold that gave rise to the larger amount deducted.

(3) Includes a special reserve for the acquisition of own shares of the Company owned by EPM for COP 38.100.

(4) In compliance with Article 47 of the Corporate Bylaws, the Shareholders General Meeting has established occasional reserves, in order for the Company to preserve its financial soundness, maintain the level of financial indicators required by the credit risk rating agencies to grant the degree of investment and comply with the contractual commitments acquired with the financial institutions.

(5) On March 30, 2000, the General Shareholders' Meeting approved an appropriation of COP 24.933 for the rehabilitation and replacement of the National Transmission System assets, and on March 18th, 2002 an addition to this reserve was approved for COP 12.502, for a total of COP 37.434.

23. Revenues from ordinary activities and other revenues

		2015	2014
Use of Existing STN Grid	(1)	-	4.496
Use of STN, UPME bidding	(1)	15.838	21.465
Connection to STN	(1)	2.162	6.399
Telecommunications		2.500	664
Rights of use		3.144	3.003
Studies and consultancies		-	460
Administration, operation and maintenance		88	164
Income for the Contrato en Cuentas de Participación	(1)	807.753	707.564
Subtotal energy transmission services and associates		**831.485**	**744.215**
Construction services for infrastructure projects	(2)	11.388	9.707
Subtotal construction services for infrastructure projects		**11.388**	**9.707**
Total energy transmission business		**842.873**	**753.922**
Technology transfer		5.209	8.863
Corporate services to affiliates		-	147
Total revenues other services		**5.209**	**9.010**
Total revenues ordinary activities		**848.082**	**762.932**

(1) They correspond to remuneration for services rendered by the Company for Energy Transmission (Use of STN), connection to the National Transmission System -STN- and services associated with the Energy Transmission Service (administration, operation and maintenance, special technical services, special studies, infrastructure availability), infrastructure projects, technology transfer and corporate services to subsidiaries.

Since 2014, ISA's subsidiary INTERCOLOMBIA, is responsible for the representation of energy assets and thus receives most revenues from the Existing Grid, UPMES and STN connection. Periodically and with the settlement of the contrato de cuentas en participación, ISA, inactive partner, receives a percentage of income as revenue from cuentas en participación.

(2) Revenues from construction services of third party owned projects are detailed below:

NAME OF PROJECT	2015	2014
Cana	3.119	4.425
Mitú	-	70
Spie	-	788
Technical assistance	8.269	4.424
Total revenues for construction service projects	**11.388**	**9.707**

The methodology used for the recognition of construction revenues in each project is as indicated in note 3.16.1. For technical assistance service, revenues are recognized for the service provided.

As of December 31, 2015, the value of advance payments received from customers for the execution of construction contracts amounted to COP 11.683 (2014: COP 13.629).

24. Operating costs and expenses

24.1 Operating costs

Operating costs for years ending December 31 are detailed below:

	2015	2014
Staff costs	15.838	13.595
Materials and maintenance	245	1.997
Fees	1.895	2.240
Leases	265	488
Insurance	5.084	5.521
Services	2.797	6.415
Maintenance of intangibles	1.127	152
Environmental - social ISA region	935	351
Communications	206	100
Surveys	3.232	1.639
Miscellaneous	349	535
Contributions and taxes	16.674	23.204
Total operating cost before depreciation and amortization	**48.647**	**56.237**
Depreciations	164.602	159.217
Amortizations	831	432
Total depreciations and amortizations	**165.433**	**159.649**
Total operating costs	**214.080**	**215.886**

24.2 Administrative expenses

Administrative expenses for years ending December 31, are detailed below:

		2015	2014
Staff expenses	(1)	34.875	35.443
Materials and maintenance		39	68
Fees		5.173	11.067
Leases		92	150
Insurance		377	650
Services		3.722	3.922
Intangibles		2.194	3.512
Environmental - Social ISA Region		1.467	1.782
Communications		761	483
Advertising, printed matter and publications		776	450
Surveys		2.705	2.750
Miscellaneous		1.360	842
Contributions and taxes	(2)	35.715	3.237
Total Administrative expenses before depreciations, amortizations and provisions		**89.256**	**64.356**
Depreciations		3.454	3.312
Amortizations		896	964
Provisions		1.460	2.131
Total depreciations, amortizations and provisions		**5.810**	**6.407**
Total administrative expenses		**95.066**	**70.763**

(1) Staff expenses include all short-term, long-term and post-employment benefits (See note 20).

(2) This item includes contributions to various control entities, tax on financial transactions, property tax, vehicle tax, Fire Department surtax, industry and trade tax and tax on advertising signs and boards, street lighting, environmental surcharge and stamps. The most representative decrease in taxes corresponding to costs, is disclosed in the industry and trade tax for COP 6.198 because in 2015 the base revenues of this tax declined as a result of the contract de cuentas en participación with INTERCOLOMBIA. (See note 19).

(3) Taxes classified in administrative expenses increased mainly due to the wealth tax that was implemented in 2015.

25. Other revenues and expenses and equity method

25.1 Other revenues

Other revenues for years ending December 31, are detailed below:

		2015	2014
Ingresos por venta de propiedad planta y equipo		439	1.857
Arrendamiento		3	8
Indemnizaciones		8.601	9
Recuperaciones	(1)	17.637	20.285
Otros extraordinarios		-	3.635
Total otros ingresos		**26.680**	**25.794**
Ingresos por método de participación		**386.408**	**393.488**

25.2 Other expenses

Other expenses for years ending December 31, are detailed below:

		2015	2014
Other expenses		943	3.384
Loss by sales / write-off of assets	(1)	3	90.232
Total other expenses		**946**	**93.616**
Expense by equity method		**1.602**	**103.715**

(1) This item decreased given that in 2014 a loss took place from the writing-off of assets from the termination of the optical fiber leasing agreement held with INTERNEXA.

26. Financial income

The detail of financial income and expense as of December 31 2015 and 2014, is as follows:

		2015	2014
Financial revenue			
Interest			
On Financial assets		14.629	25.587
Returns from other assets		6.948	4.978
Returns from monetary readjustment		4.817	2.362
Dividends		1.780	5.562
Valuation of investments	(1)	37.721	39.784
Commercial discounts, conditioned and agreements		447	1.210
Total interest		**66.342**	**79.483**
Exchange Difference			
Cash		52.698	9.066
Debtors		2.177	7.195
Loans		81.501	53.512
Temporary investments		-	1.147
Accounts payable		7.710	474
Financial obligations		24.427	6.969
Total exchange difference	**(2)**	**168.513**	**78.363**
Total financial income		**234.855**	**157.846**

		2015	2014
Financial expenses			
Interest and commissions			
On bonds	(3)	107.298	76.081
On public credit financial obligations	(3)	20.407	19.192
Loss in valuation and sale of investments		15.054	16.126
Actuarial calculation		13.251	13.629
Loans with economic related parties		11.914	11.631
Other interest		2.502	5
Commissions and other interest		958	1.016
Issue of securities management		877	923
Miscellaneous		615	693
Total interest and commissions		**172.876**	**139.296**
Exchange difference			
Financial obligations	(4)	48.767	30.395
Cash	(5)	37.000	12.409
Economic related parties		18.038	11.082
Accounts payable		12.728	1.911
Debtors		1.324	2.853
Temporary investments		-	1.147
Total exchange difference		**117.857**	**59.797**
Total Financial expenses		**290.733**	**199.093**

(1) Valuation of investments corresponds to "term deposit" investments.

(2) Valuation of credit with ISA Inversiones Maule with closing rate higher than disbursement rate.

(3) See note 15.

(4) Valuation of credits in US Dollars with BNP Paribas and Banco de Bogotá with closing rate higher than disbursement rate.

(5) This variation is due to increase in closing exchange rate.

27. Net earnings per share

Net earnings per share have been calculated on the basis of the annual weighted average of outstanding shares at the date of the statement of financial position.

As of December 31, 2015 and 2014, the number of outstanding shares was 1.107.677.894. Following is the determination of earnings per share:

	2015	2014
Net income of the period	706.321	514.486
Average of outstanding shares in the period	1.107.677.894	1.107.677.894
Net earnings per share (expressed in COP)	637,66	464,47

28. Guarantees and commitments in effect

GUARANTEES GRANTED TO AFFILIATES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Joint and Several Bond	Leasing de Crédito S.A.	Security to support financial lease agreement, Leasing de Infraestructura (Infrastructure Leasing), granted in 2004 by Leasing de Crédito S.A. to Flycom Comunicaciones S.A. E.S.P, which was assigned to INTERNEXA S.A. in 2007.	COP	50	17-09-17
Stock Pledge	IDB - CAF	100% Pledge on shares owned by ISA in ISA Bolivia, as compliance guarantee for payment of service of debt acquired by the Subsidiary.	USD	27.917	15-02-19
Joint and Several Bond	BCIE	Joint and several bond to secure loan agreement between EPR and BCIE, related with the financing of SIEPAC Project. Bond should be kept until full payment of principal.	USD	110.100	29-06-27
Stock Pledge	Preferential Creditors	100% Pledge on shares owned by ISA in Red de Energía de Perú –REP–, to secure payment of service of debt acquired by the Subsidiary.	USD	148.264	19-04-31
Subtotal				**286.331**	

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Compliance	Unidad de Planeación Minero Energética –UPME–	Secure compliance with the obligations assumed under the award of Public Bidding UPME-05-2014, Caribbean Coast Project.	COP	77.803	12-02-16
Compliance	UPME	Secure compliance with the obligations assumed under the award of Public Bidding UPME-03-2014, Ituango Project.	COP	153.996	25-02-16
Compliance	UPME	Secure compliance with the obligations assumed under the award of Public Bidding UPME 02-2013 Second Transformer 500/220 kV de 450 MVA at Copey Substation.	COP	5.464	01-03-16
Compliance	UPME	Secure compliance with the obligations assumed under the award of Public Bidding UPME-02-2014, Reforma Project.	COP	1.244	01-03-16
Compliance	UPME	Secure compliance with the obligations assumed under the award of Public Bidding UPME 08-2014 – Valledupar Project.	COP	5.319	23-03-16
Compliance	UPME	Secure compliance with the obligations assumed under the award of Public Bidding UPME 09-2015, Cartago Project.	COP	1.247	30-11-16
Compliance	UPME	Secure compliance with the obligations assumed under the award of Public Bidding UPME-07-2013, Montería Project.	COP	29.389	01-03-17
Compliance	UPME	Secure compliance with the obligations assumed under the award of Public Bidding UPME-06-2013, Caracolí Project.	COP	9.212	01-03-17
Compliance	Municipality of Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	79	27-03-16

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Compliance	Municipality of Los Palmitos	Secure compliance with the payment of Public Lighting Tax as settled	COP	137	01-07-16
Compliance	Municipality of Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	65	01-07-16
Compliance	Municipality of Sucre	Secure compliance with the payment of Public Lighting Tax as settled	COP	390	01-07-16
Compliance	Municipality of Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	157	26-09-16
Compliance	Municipality of Pailitas	Secure compliance with the payment of Public Lighting Tax as settled	COP	50	15-10-16
Compliance	Municipality of Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	26	20-10-16
Compliance	Municipality of San Roque	Secure compliance with the payment of Public Lighting Tax as settled	COP	22	20-10-16
Compliance	Municipality of San Roque	Secure compliance with the payment of Public Lighting Tax as settled	COP	33	17-11-16
Compliance	Municipality of Los Palmitos	Secure compliance with the payment of Public Lighting Tax as settled	COP	518	11-12-16
Compliance	Municipality of Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	76	23-12-16
Compliance	Municipality of Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	76	11-12-16
Compliance	Municipality of Los Palmitos	Secure compliance with the payment of Public Lighting Tax as settled	COP	683	11-12-16

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Compliance	Municipality of Albania	Secure compliance with the payment of Public Lighting Tax as settled	COP	296	11-12-16
Compliance	Ministry of Energy of Chile	Secure execution of Milestone No. 2: Procurement of Environmental Rating Resolution and Submission of Application for Final Concession, exploitation and execution of new work "New Line Cardones - Maitencillo 2x500kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy. PLEX.	USD	4.996	29-02-16
Compliance	Ministry of Energy of Chile	Secure execution of Milestone No. 2: Procurement of Environmental Rating Resolution and Submission of Application for Final Concession, exploitation and execution of new work "New Line Maitencillo - Pan de Azúcar 2x500kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy", PLEX 1	USD	8.196	29-02-16
Compliance	Ministry of Energy of Chile	Secure execution of Milestone No. 2: Procurement of Environmental Rating Resolution and Submission of Application for Final Concession, exploitation and execution of new work "New Line Pan de Azúcar - Polpaico 2x500kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 1	USD	17.637	29-02-16
Compliance	Ministry of Energy of Chile	Secure execution of Milestone No. 2: Procurement of Environmental Rating Resolution and Submission of Application for Final Concession, as per Technical Offer for exploitation and execution of new work " New Line 2X220 kV Encuentro - Lagunas, first circuit", and the conditions provided in the Decree of Award issued by the Ministry of Energy", PLEX 2	USD	2.438	01-03-16

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No.4: Testing of Equipment, as per technical offer for the exploitation and execution of work "New Line 2X220 kV Encuentro-Lagunas, first circuit", and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 2.	USD	2.438	16-03-16
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No.1, Insurance procured and Survey that sets the detail specifications of the project, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Cardones, 500/220 kV, 750 MVA, of the Central Interconnected System", and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 4.	USD	1.592	25-03-16
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No.1, Insurance procured and Survey that sets the detail specifications of the project, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Maitencillo, 500/220 kV, 750 MVA, of the Central Interconnected System", and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 4.	USD	1.592	25-03-16
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No.1, Insurance procured and Survey that sets the detail specifications of the project, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Pan de Azúcar, 500/220 kV, 750 MVA, of the Central Interconnected System", and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 4.	USD	1.592	25-03-16

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure execution of Project and payment of fines, as per technical offer for the exploitation and execution of new work "New Line Cardones-Maintencillo 2x500kV", PLEX 1.	USD	19.985	02-06-18
Compliance	Ministry of Energy of Chile	Secure execution of Project and payment of fines, as per technical offer for the exploitation and execution of new work " New Line Maintencillo – Pan de Azúcar 2x500kV", PLEX 1.	USD	32.782	26-06-18
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines as per technical offer for the exploitation and execution of new work" New Line Pan de Azúcar- Polpaico 2x500kV - PLEX 1.	USD	70.548	16-07-18
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines as per technical offer for the exploitation and execution of new work " Self-Transformer Bank S/E Nueva Cardones, 500/220 kV, 750 MVA, of the Central Interconnected System", in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 4.	USD	6.367	01-08-18
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Maitencillo, 500/220 kV, 750 MVA, of the Central Interconnected System", in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 4.	USD	6.367	01-08-18

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure the effective execution of the project and the payment of fines, as per technical offer for the exploitation and execution of new work "Self-Transformer Bank S/E Nueva Pan de Azúcar, 500/220 kV, 750 MVA, of the Central Interconnected System", in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 4.	USD	6.367	01-08-18
Compliance	Ministry of Energy of Chile	Secure the execution of Milestone No.4: Testing of Equipment as per technical offer for the exploitation and execution of new work "New Line Cardones - Maitencillo 2x500 kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy", PLEX 1.	USD	4.997	02-10-16
Compliance	Ministry of Energy of Chile	Secure the execution of Milestone No.4: Testing of Equipment, in accordance with Technical Offer, for the exploitation and execution of new work "New Line Maitencillo - Pan de Azúcar 2x500 kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy". PLEX 1.	USD	8.196	02-10-16
Compliance	Ministry of Energy of Chile	Secure the execution of Milestone No.4: Testing of Equipment, in accordance with Document 14 of the Technical Offer, for the exploitation and execution of new work "New Line Cardones - Maitencillo 2x500 kV", and the conditions provided in the Decree of Award issued by the Ministry of Energy". PLEX 1.	USD	17.637	02-10-16

BANK GUARANTEES (1)					
TYPE OF GUARANTEE	BENEFICIARY	PURPOSE	CURRENCY OF ORIGIN	BALANCE IN COP	DUE DATE
Compliance	Ministry of Energy of Chile	Secure the execution of the project and the payment of fines, as per technical offer for the exploitation and execution of new work "2X220 kV Encuentro – Lagunas, first circuit", in the corresponding Bidding Terms and the conditions provided in the Decree of Award issued by the Ministry of Energy, PLEX 2.	USD	9.751	13-10-17
Compliance	Ministry of Energy of Chile	Secure the term of execution of Milestone No. 3: Construction of foundations, as per technical offer for the exploitation and execution of work " New Line 2x220 kV Encuentro– Lagunas, first circuit", and the conditions provided in the Decree of Award issued by the Ministry of Energy", PLEX 2.	USD	2.438	02-10-16
Subtotal				**512.414**	
Total				**798.745**	

(1) Guarantees granted in USD were converted at the RMR in effect on December 31, 2015, COP 3.149,47.

COMMITMENT	MATURITY
Derivatives of its affiliate ISA Bolivia: Signature of "Support and Guaranty Agreement" whereby ISA and TRANSELCA agree as sponsors for ISA Bolivia, to secure the loans granted by IDB and CAF.	
Standing obligation: Pay the balance of outstanding debt with such lenders, in case of Government intervention or at the time the license is revoked.	Termination of agreements (February 15, 2019).
Loans were used for execution of licenses for transmission of lines Santivañez-Sucre, Punutuma and Carrasco-Urubó at 30 years, and license for project Arboleda Substation	

29. Subsequent events

ISA's domestic public debt securities issue and placement program:

On February 16, 2016, ISA issued four hundred thousand (400.000) Bonds denominated in Colombian Pesos, equivalent to four hundred billion pesos (COP 400.000.000.000). the placement term of this Issue is two (2) years from the Issue date, i.e., February 16, 2018.

» Table of Reference for Acronyms

ANLA: Autoridad Nacional de Licenses Ambientales (National Environmental Licensing Authority)
AOM: Administración, Operación y Mantenimiento (Management, Operation and Maintenance)
ASIC: Administración del Sistema de Intercambios Comerciales (Management of Trade Exchange System)
IDB: Inter-American Development Bank
BOB: Bolivian Peso
BRL: Brazilian Real
CAF: Corporación Andina de Fomento (Andean Development Corporation)
CAN: Comunidad Andina de Naciones (Andean Community of Nations)
CDT: Certificado de Depósito a Término (Term Deposit Certificate
CIGRE: International Council on Large Electric Systems
CSM: Centro de Supervisión y Maniobras (Centre for Supervision and Maneuvers)
CGN: Contaduría General de la Nación (General Accounting Office)
CND: Centro Nacional de Despacho (National Dispatch Center)
COP: Colombian Pesos
CREG: Comisión de Regulación de Energía y Gas (Commission for the Regulation of Energy and Gas
CREE Contribución Empresarial para la Equidad (Business Contribution for Equity)
CT: Current Transformer
CTE: Centro de Transmisión de Energía (Center for Energy Transmission)
CVM: Comisión de Valores Mobiliarios (Securities Commission)
DECEVAL: Depósito Central de Valores (Central Securities Depository)
DIAN: Dirección de Impuestos y Aduanas Nacionales (National Tax and Customs Office)
DISPAC: Distribuidora del Pacífico S.A. E.S.P
DTF: Depósito a Término Fijo (Fixed-Term Deposit)
ECA: Export Credit Agency
EPR: Empresa Propietaria de la Red
E.S.P: Empresa de Servicios Públicos (Utility 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 Energizing Rural Zones)
FAZNI: Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Energizing Non-Interconnected Zones)
FEN: Financiera Energética Nacional S.A.
FDN: Financiera de Desarrollo Nacional S.A.
GMF: Gravamen a los movimientos financieros (Financial Transaction Tax)
IASB: International Accounting Standards Board
ICBF: Instituto Colombiano de Bienestar Familiar (Family Welfare Colombian Institute)
PPI: Producer Price Index

IPSE	Instituto de planificación y promoción de soluciones energéticas para las zonas no interconectadas (Institute for planning and promotion of energy solutions for non-interconnected zones)
MME:	Ministry of Mines and Energy
MEM:	Mercado de Energía Mayorista (Wholesale Energy Market)
IAS:	International Accounting Standards
IPSASB:	International Public Sector Accounting Standards
IFRS:	International Financing Reporting Standards
NQIG:	Nelson Quintas Investimentos Globais Ltda
NQT:	Nelson Quintas Telecomunicaçôes do Brasil Ltda
PAAG:	Porcentajes de Ajuste del Año Gravable (Taxable Year Adjustment Percentages)
PEN:	Nuevos soles
GAAP:	Generally Accepted Accounting Principles
PGCP:	Plan General de Contabilidad Pública (General Plan for Public Accounting)
PLC:	Power Line Carrier
PPI:	Producer Price Index
PRONE:	Programa de Normalización de Redes Eléctricas (Standardization Plan for Grids)
POA:	Plan de Optimización de Activos (Asset Optimization Plan)
PT:	Power Transformer
RCP:	Régimen de Contabilidad Pública (Public Accounting Regime)
RTU:	Remote Terminal Unit
SAC:	Sociedad Anónima Cerrada (Close Stock-held Company)
SAC:	South American Crossing
SAS:	Sistema Automatización de Subestaciones (Substation Automatization System)
SENA:	Servicio Nacional de Aprendizaje (National Apprenticeship Service)
SIC:	Sistema de Intercambios Comerciales (Trading System)
FPS:	Fire Protection System
SSPD:	Superintendencia de Servicios Públicos Domiciliarios (Superintendence of Household Utilities)
SUNARP:	Superintendencia Nacional de los Registros Públicos (National Superintendence of Public Records)
SUNAT:	Superintendencia Nacional de Administración Tributaria (National Superintendence of Tax Administration)
SVC:	Static Varistor Compensator
STE:	Servicio de Transporte de Energía (Energy Transmission Service)
STN:	Sistema de Transmisión Nacional (National Transmission System)
TES:	Títulos de Deuda Pública (Public Debt Certificates)
RMR:	Representative Market Rate
UPME:	Unidad de Planeación Minero Energética (Energy Mining Planning Unit)
USD:	US Dollar
VRN:	Valor de Reposición a Nuevo (New Replacement Value)
VQ:	Voltage Quality

» Statutory Auditor's Report

Statutory Auditor's Report

To shareholders of
Interconexión Eléctrica S.A. E.S.P.

I have audited the accompanying financial statements of Interconexión Eléctrica S.A. E.S.P, comprising the statement of financial position as of December 31, 2015 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.
Management is responsible for the preparation and fair presentation of financial statements in accordance with accounting and reporting standards accepted in Colombia adopted by the General Accounting Office; for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and establishing reasonable accounting estimates in the circumstances.
My responsibility is to express an opinion on these financial statements based on my audit. I obtained the information necessary to fulfill my duties and performed my audit in accordance with auditing standards generally accepted in Colombia. Those standards require that we comply with ethical requirements, plan and perform my audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatements in the financial statements. In the process of evaluating these risks, the auditor considers internal control relevant for the preparation and presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. It also includes an assessment of the accounting policies adopted and significant estimates made by Management, as well as the overall presentation of the financial statements. I believe that my audit provides me with a reasonable basis for my opinion.
In my opinion, the accompanying financial statements fairly present, in all material respects, the financial position of Interconexión Electrica S.A. E.S.P. as of December 31, 2015, the result from its operations and cash flows for the year then ended in accordance with accounting and financial reporting standards accepted in Colombia adopted by the General Accounting Office.

As pointed out in Note 10 to the financial statements, CTEEP, subsidiary of Interconexión Eléctrica S.A. E.S.P through ISA Capital do Brasil, holds a claim before the *Agencia Nacional de Energía Eléctrica de Brasil* - ANEEL - a claim relating to compensation for assets classified as Existing Service –Servicio Existente, SE- on the occasion of the renewal in 2012 of the concessions associated with Law 12,783 of 2013 and technical note 402 of 2013 from ANEEL. The result of the assessment of the compensation by CTEEP in 2014 was approximately COP 4.2 trillion (base value at December 31, 2012). On December 21, 2015, ANEEL issued Order No. 4036/2015, with a new understanding of the value that CTEEP should receive for the SE facilities for COP 3.1 trillion (base value at December 31, 2012), CTEEP , by appeal, continues claiming the recognition of goodwill of approximately COP 1.1 trillion. The accompanying financial statements do not include adjustments related to such compensation.
As indicated in Note 10 to the financial statements, CTEEP, subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, has registered a net balance of accounts receivable from the State Sao Paulo for approximately COP 779.072 million, related to the impact of Law 4.819 of 1958, which granted to employees of companies under control of the State of Sao Palo, benefits already granted to other public servants. CTEEP has advanced legal measures before the respective State authorities to collect these receivables. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.
In addition, based on the scope of my audit, I am not aware of any situations indicating failure in compliance with the following obligations of the Company: 1) Keep the books of minutes, the book of shareholders' registry and accounting records, according to legal and accounting technique regulations; 2) Develop operations in accordance with the bylaws and decisions of the Shareholders' Meeting and the Board of Directors, and rules on comprehensive social security; 3) Keep correspondence and accounting vouchers; and 4) Take measures of internal control and conservation and custody of the assets of the Company or third parties. Additionally, there is consistency between the accompanying financial statements and accounting information prepared by the Management of the Company, which includes the attestation by the Management on the free movement of bills with endorsement issued by vendors or suppliers.

Alba Lucia Guzman L.
Statutory Auditor
Professional card 35265-T
Appointed by Ernst & Young Audit S.A.S. TR-530

Medellin, Colombia
February 26, 2016

» Special Report on Transactions with Affiliates and Subsidiaries

(Values expressed in million, both in pesos and in the original foreign currency)

In accordance with the requirements of Law 222 of 1995, Article 29, and the existence of ISA and its companies, special report is submitted to the Regular Shareholders' Meeting on the economic relations established with ISA companies during 2015 and 2014, which are directed and coordinated by parent company Interconexión Eléctrica S.A. E.S.P. -ISA-.

Direct and indirect commercial transactions between ISA companies during 2015, comply with the provisions of Law 788 on transfer pricing, which was implemented since January 1, 2004.

The main transactions between ISA and the subsidiaries correspond to:

- Project management
- Sale of operation and maintenance services
- Leasing of facilities and venues for the operation
- Sale of installation services and assembly of information systems
- Advisories for the reorganization of processes and operation by areas
- Borrowing money for cash flow
- Other related services
- Delivery of dividends
- Capitalization

It is important noting that between ISA and its companies for the same period in question, the following situations have not been carried out:

- Offset free services
- Loans without interest or any consideration by the borrower.
- Loans involving an obligation to the borrower that does not correspond to the essence or nature of the loan agreement.
- Loans with different interest rates to those normally paid or charged to third parties.
- Operations whose characteristics differ from those made with third parties.

Regarding the equity interest in affiliates and subsidiaries, ISA updates its investments in subsidiaries by applying the equity method, prior approval of accounting rules and practices and conversion of its financial statements into Colombian pesos, using the US dollar as primary currency for investments in foreign currency.

The financial information of ISA and its companies is consolidated by the global integration method, for which all significant balances and transactions between ISA and subsidiaries are eliminated and the corresponding minority interests in equity and profit or loss for the period are recognized and disclosed in the consolidated financial statements.

The most important decisions made or failed to make by controlled company due to the influence or in the interest of the controlling company, as well as the most important decisions that the parent company has made or failed to make in the interests of the subsidiary during 2015 are as follows:

TRANSELCA S.A. E.S.P

The Regular Shareholders' Meeting of TRANSELCA, in session held on March 20, 2015, approved the Project for distribution of profits resulting from the October – December 2014 period for COP 24.747. The amount of COP 24.746,4 corresponded to ISA.

INTERCONEXIÓN ELÉCTRICA ISA PERÚ S.A.

At Mandatory Annual Meeting of Shareholders of ISA Peru, held on March 17, 2015, dividends were decreed for USD4,9, charged to retained earnings as of December 2014. An amount of USD2,2 was allocated to ISA.
At General Board of Shareholders at ISA Peru, held on June 26, 2015, dividends were decreed for USD0,71, against the balance for 2014 income. An amount of USD0,32 was allocated to ISA.

RED DE ENERGÍA DEL PERÚ S.A. –REP–

At Mandatory Annual Meeting of Shareholders held on March 17, 2015, dividends were decreed in an amount of USD26, charged to retained earnings as of December 2014. The amount of USD7,8 was allocated to ISA.

CONSORCIO TRANSMANTARO S.A. –CTM –

During 2015, ISA made capital contributions to CTM in the amount of USD9,6. The funds are intended primarily to the implementation of the investment plan carried out by CTM, which includes projects Mantaro- Marcona-Socabaya-Montalvo transmission line 220 kV Friaspata-Mollepata, transmission line 220 Kv La Planicie Industriales and first stage of Carapongo substation and feeder links to associated lines.
In July 2015 ISA won in Lima public tender for the design, financing, construction, operation and maintenance of project "First stage of Carapongo substation and feeder links to associated lines." For its implementation, the project was transferred to Consorcio Transmantaro–CTM–.
Expected annual revenues are approximately USD6,57 and reference investment estimated by Proinversión is approximately USD47,5

INTERCONEXIÓN ELÉCTRICA ISA BOLIVIA S.A.

At the Regular Board of Shareholders held on March 18, 2015, dividends were decreed for Bs34, charged to retained earnings to December 2014. ISA was allocated with the amount of Bs17,5.

INTERCOLOMBIA S.A. E.S.P.

On March 24, 2015, the ordinary session of the Regular Shareholders' Meeting approved the distribution of profits resulting from the period October 1 - December 31 2015 for COP 6.044,5. ISA was allocated with the amount of COP 6.044,3.

COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA –CTEEP–

During 2015, CTEEP made capital contributions to its subsidiaries for BRL113,2;

the most relevant disbursements were made to IE Garanhuns and IEPinheiros. Additionally, CTEEP received BRL 53,6 for dividend from IE Madeira, Serra do Japi and Evrecy.

Dividends and Juros on Own capital: on April 30, 2015 the Ordinary and Extraordinary Shareholders Meeting endorsed the decision of the Board of Directors that approved the distribution of Juros on Own Capital for BRL30 (payments in August 2014) and distribution of dividends for BRL196 (BRL165 payments in December 2014 and BRL31 payments in June 2015). ISA Capital do Brasil was allocated with the amount proportional to its percentage of ownership interest in CTEEP.

Additionally, the Board of Directors approved the distribution of dividends during 2015 for BRL 334,9, "ad referendum" from the Regular Shareholder's Meeting to be held in 2016.

ISA CAPITAL DO BRASIL S.A.

Between January and March 2015 the sale of 1.239.056 preferred shares of CTEEP was performed at an average selling price of BRL 38,51 / share, for a total value of BRL 47,7.

INTERCHILE S.A.

During 2015, ISA made capital contributions to INTERCHILE for USD130,5. In 2015, INTERCHILE established an intercompany loan with ISA Inversiones Chile, a subsidiary of ISA, in the amount of USD 27,4.

The funds are intended for the implementation of the investment plan carried out by the company in projects Cardones - Polpaico 500kV, circuit 1 and 2 line Encuentro Lagunas and self-transformer banks, Cardones – Polpaico line.

On 10 December, 2015, the Environmental Assessment Service (SEA), issued favorable RCA for project Cardones Polpaico 500 kV, endorsing the construction of the project.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C. –PDI–

On March 19, 2015 the Annual Mandatory Shareholders' Meeting of PDI was held, in which the distribution of dividends from the balance of earnings generated in 2012 and part of 2013 were approved in the amount of USD2,5, corresponding to ISA 99.97% of this amount.

INTERVIAL CHILE S.A.

During 2015 Intervial Chile declared dividends to its shareholders for a total of CLP 22.367. ISA Inversiones Chile was entitled to the amount of CLP 12,300, ISA Inversiones Maule an amount of CLP10.065 and INTERNEXA Colombia CLP 2; all subsidiaries of ISA.

INTERVIAL COLOMBIA S.A.S

During 2015, ISA made capital contributions to Intervial Colombia for COP 1.000.

XM, COMPAÑÍA DE EXPERTOS EN MERCADOS S.A. E.S.P.

At the Regular Shareholders' Meeting of XM, held on March 26, 2015, distribution of 2014 dividends was decreed in the amount of COP 3.570,8. ISA was allocated with COP 3.561.

SISTEMAS INTELIGENTES EN RED S.A.S

At the Regular Shareholders' Meeting of SIR, held on March 24, 2015, distribution of 2014 dividends was decreed in the amount of COP 2.261. ISA was allocated with COP 339 and XM with COP 1.922., the latter being ISA's affiliate.

INTERNEXA

At the Regular Shareholders' Meeting of INTERNEXA, held on March 26, 2015, distribution of 2014 dividends was decreed in the amount of COP 3.467,6. ISA was allocated with COP 3.447,5.

During 2015 INTERNEXA made capital contributions to its affiliates for COP 17.561, which disbursements were made to INTERNEXA in Brazil, INTERNEXA in Chile, INTERNEXA in Argentina and TRANSNEXA.

INTERNEXA EN BRASIL OPERADORA DE TELECOMUNICACIONES

On March 31, 2015 INTERNEXA in Brazil Operadora de Telecomunicacoes S.A. incorporated companies INTERNEXA RJ SVA Ltda., INTERNEXA Investimentos Globais Ltda. and INTERNEXA RJ Operadora de Telecomunicações Ltda., as well as Company ITX Capital Participações Ltda. All these companies were part of the consolidated information of the company and therefore do not suffer alterations in their liquid assets.

The incorporation is part of a corporate reorganization process in order to simplify the corporate structure of the group, which is justified by generating synergies for INTERNEXA in Brazil by reducing financial, operational and control costs.

» Certification of financial statements and other relevant reports

Medellin, February 26, 2016

To the shareholders of Interconexión Eléctrica S.A. E.S.P.

In connection with the 2015 Annual Report of ISA and its companies, the undersigned Legal Representative and Accountant for Interconexión Eléctrica S.A. E.S.P., in compliance with the provisions of Article 37 of Law 222 of 1995, Law 964 of 2005 and Resolution 743 of 2013 of the General Accounting Office, hereby certify that:

1. ISA's parent and consolidated Financial Statements as of December 31, 2015 and 2014, have been faithfully taken from the books and before being made available to you and third parties, we have verified the following statements contained therein:

a. That the facts, transactions and operations have been recognized and performed during the accounting period.

b. That economic events are disclosed as set out in the Regime of Public Accounting.

c. That the total value of assets, liabilities, equity, revenues, expenses, costs and memorandum accounts, have been disclosed in the financial statements as of the cutoff date.

d. That assets represent a potential of services or future economic benefits and liabilities represent past events that involve an outflow of resources, in development of its activities, at the cutoff date.

2. The Financial Statements and other relevant reports to the public related to the years ended as of December 31, 2015 and 2014, does not contain any errors, inaccuracies or mistakes that prevent knowing the true financial condition or operations of ISA and its companies.

Bernardo Vargas Gibsone
Chief Executive Officer

John Bayron Arango Vargas
Chief Accounting Officer
Professional Card N°. 34420-T

» Certification on Intellectual Property and Copyright laws

Medellin, March 12, 2016

The undersigned Legal Representative and IT Director of Interconexión Eléctrica S.A. E.S.P., for purposes of complying with the provisions of Article 1 of Law 603 of 2000.

Hereby Certify that:

1. The Company complies with intellectual property and copyright laws and it uses legal software and has paid the corresponding use rights, either by acquisitions, use licenses or assignments. The documents are recorded in the Central Archive.

2. The IT Direction of the Company holds inventory of the software it uses, and it takes control of the installation depending on the type of licensing acquired.

3. In accordance with the Company's policies and institutional guidelines, employees are obliged to observe the laws on intellectual property and copyright.

Bernardo Vargas Gibsone
Chief Executive Officer

Olga Lucía López Marín
IT Director

11 Annexes

» GRI Table

Essential option "in accordance" with the G4 Guide

Indicator	Description	Location	Page	External Verification
Strategy and Analysis				
G4-1	Declaration on the importance of sustainability for the organization and its strategy to address it	Message of ISA's President	6	X
G4-2*	Describe the major impacts, risks and opportunities	Comprehensive Risk Management Corporate Strategy	33-35	
Company Profile				
G4-3	Company name	ISA and its companies	12	X
G4-4	Most important brands, products and services	ISA and its companies	14-17	X
G4-5	Location of headquarters	ISA and its companies	12	X
G4-6	How many and which relevant countries regarding sustainability issues the company operates in?	ISA in Latin America	14-18	X
G4-7	Describe the nature of ownership regime and its legal form	ISA and its companies	12	X
G4-8	What markets the company operates? (with geographical description by sectors and types of clients and recipients)	ISA and its companies	14-17	X
G4-9	What is the size of the company?	Relevant figures	19-20	X
G4-10	Number of employees per labor contract and gender	Relevant figures Additional description included in annex of GRI table	19, 402	X
G4-11	Percent of employees covered by collective agreements	Relevant figures	19	X
G4-12	Describe the company's supply chain	Supply chain	57	X
G4-13	Report any significant changes that have taken place during the period under analysis regarding size, structure, stock ownership or supply chain of the company	No significant changes during the corresponding report period		X
G4-14	If apply, how does the company approach the precautionary principle?	Environmental dimension	71	X
G4-15	Make a list of letters, principles or other external initiatives of economic, environmental and social nature that have been subscribed or adopted by the company	Institutional commitments	22	X
G4-16	Prepare a list with the associations to which the company belongs	Regulatory management Additional description included in annex of GRI table	60, 404	X

Indicator	Description	Location	Page	External Verification
Material aspects and coverage				
G4-17	Companies included in the consolidated financial statements of the company	Consult Notes to Consolidates Financial Statements	122	X
G4-18	Describe the process for determining the content, memory and coverage of every aspect	Materiality analysis	58	X
G4-19	Make a list of the material aspects	Materiality analysis	59	X
G4-20	Indicate the coverage of each material aspect	Materiality analysis	60	X
G4-21	Indicate the limit of each material aspect outside the company	Materiality analysis	60	X
G4-22	Describe the consequences of information restatements provided in prior reports and their causes	Financial results	97	X
G4-23	Indicate any significant changes in the scope or coverage of every aspect compared to previous reports	Report profile	10	X
Participation of stakeholders				
G4-24	Make a list of stakeholders linked to the company	Relation with stakeholders	28	X
G4-25	What the election of stakeholders is based on?	Relation with stakeholders	27	X
G4-26	Describe the company focus on the participation of stakeholders	Relation with stakeholders Company website	27, 29	X
G4-27	Point out what key issues and problems have arisen through the participation of stakeholders	Relation with stakeholders Company website	27	X
Report profile				
G4-28	Report period	Report profile	10	X
G4-29	Latest date report	Report profile	10	X
G4-30	Reporting cycle	Report profile	10	X
G4-31	Provide a point of contact to resolve any doubts that may arise	Report profile	10	X
G4-32	Option <<according to >> the guide chosen by the company	Report profile	10	X
G4-33	Describe the policy and practices of the company regarding external verification of memory	Report profile	10	X

Indicator	Description	Location	Page	External verification
Governance				
G4-34	Describe the governance structure of the company	Board Structure	37-40	X
G4-38	Describe the composition of the supreme governing body and its committees	Board Structure Board Committees	38-40	X
G4-39	Indicate whether the person who presides over the supreme governing body is also an executive. If so, describe his executive duties and the reasons for this provision	Board Structure	38-40	X
G4-40	Describe the process of nomination and election of the supreme body and its committees	Board Structure	37,40	X
G4-41	Describe the process by which the supreme governing body prevents and manages potential conflicts of interest	Board Structure	38	X
G4-44	Describe the performance evaluating processes of the supreme governing body. Indicate whether the assessment is independent and how often it is performed. Indicate whether it is a self-assessment.	Board Evaluation	41	
G4-46	Describe the role of the supreme governing body in the analysis of the effectiveness of risk management processes of the company in relation to economic, environmental and social issues.	Board Committees	40	X
G4-48	Indicate what is the committee or the position of greater importance that reviews and approves the sustainaibility report of the organization and ensures that all material aspects are reflected.	Report Profile	10	X
G4-51	Describe the remuneration policies for the supreme governing body and senior management	Board Remuneration	40, 41	X
Ethics and integrity				
G4-56	Describe the values, principles, standards and rules of the company, such as codes of conduct or ethical codes	Framework for action	24-25	X
G4- 57	Describe internal and external advisory mechanisms towards an ethical and lawful conduct, and to consult matters related to the integrity of the company, such as helplines or counseling	Ethics code	26	
G4-58	Describe the internal and external mechanisms for reporting unethical or illegal conduct and matters relating to the integrity of the company, such as the stepped notification to managers, mechanisms to report irregularities, or helplines	Ethics code	26	

Indicator	Description	Location	Page	External verification
Economic Impact				
G4-DMA	DMA Management approach	Economic impact	76-78	
G4-EC1	Generated and distributed direct economic value	Economic impact	77	
Own indicator	ISA net income	Economic impact	76	
Own indicator	EBITDA weighted compliance of companies	Economic impact	76	
Managing impacts on biodiversity				
G4-DMA	DMA Management approach	Managing impacts on biodiversity	73	
G4-EN12	Description of the most significant impacts on biodiversity in protected areas or areas of high value in terms of unprotected biodiversity derived from activities, products and services	Managing impacts on biodiversity	73	
G4-EN13	Habitats protected or restored	Managing impacts on biodiversity Additional description is reported in annex of GRI table	74	X
Management of environmental permits and licenses				
G4-DMA	DMA Management approach	Management of environmental permits and licenses	71	
G4-EN29	Monetary value of significant fines and number of non-monetary sanctions for noncompliance with laws and environmental regulations	Management of environmental permits and licenses	73	X
Indicador propio	Weighted compliance with project deadlines (regarding schedule)	Management of environmental permits and licenses	73	
Indicador propio	Delays in obtaining environmental licenses (regarding schedule)	Management of environmental permits and licenses	73	
Social management				
G4-DMA	DMA Management approach	Social management	63	
G4-SO1	Percentage of operations with work initiatives with the community	Social management	65	X
G4-SO11	Number of complaints on social impacts that have been presented, addressed and resolved through formal grievance mechanisms	Social management Additional description is reported in annex of GRI table	63	X
G4-EC7	Development and impact of infrastructure investments and types of services	Social management Additional description is reported in annex of GRI table	64-65	
Indicador propio	Social investment in critical municipalities	Social management	65	

Indicator	Description	Location	Page	External verification
Human Rights				
G4-DMA	DMA Management approach	Human Rights	62	
G4-HR1	Number and percentage of contracts and significant investment agreements that include human rights clauses or that have been analyzed regarding human rights	Human Rights Additional description is reported in annex of GRI table	62	
G4-HR2	Hours of employee training on policies and procedures concerning aspects of human rights relevant to their operations, including the percentage of employees trained	Human Rights Additional description is reported in annex of GRI table	62	
G4-HR3	Number of cases of discrimination and corrective actions taken	Human Rights	63	
G4-HR4	Identification of facilities and providers in which freedom of association and the right to collective agreements may be violated or be threatened, and measures taken to defend these rights	Human Rights	62	
G4-HR5	Operations and providers at risk of child exploitation	Human Rights	62	
G4-HR6	Centers and significant providers with a significant risk for incidents of forced labor, and measures adopted to contribute to the elimination of all forms of forced labor	Human Rights	62	
G4-HR7	Percentage of security personnel that has been trained on the policies or procedures of the organization in the field of human rights relevant to operations	Human Rights Additional description is reported in annex of GRI table	63	
G4-HR8	Number of cases of violation of the rights of indigenous peoples and actions taken	No cases of violation of human rights of the indigenous population occurred.		
G4-HR9	Number and percentage of sites that have been subject of examinations or impact assessments on human rights	Human Rights	62	
G4-HR12	Number of complaints on human rights that have been presented, addressed and resolved through formal grievance mechanisms	No complaints on human rights through formal mechanisms were filed.		
Own indicator	Proven events of violations or infringements of Human Rights	Human Rights	63	X
Own indicator	Complaints of Ethics Line managed annually	Human Rights	63	

Indicator	Description	Location	Page	External verification
Provider Management				
G4-DMA	DMA Management approach	Provider management	65-66	
G4-EN32	Percentage of new suppliers that were examined based on environmental criteria	Provider management Additional description is reported in annex of GRI table	66	X
G4-LA15	Significant, actual and potential negative impacts regarding labor practices in the supply chain, and actions in this regard.	Provider management Additional description is reported in annex of GRI table	66	X
G4-HR11	Significant, actual and potential negative impacts on human rights in the supply chain, and actions taken	Provider management Additional description is reported in annex of GRI table	66	
G4-SO9	Percentage of new suppliers that were examined based on criteria related to social impact	Provider management Additional description is reported in annex of GRI table	66	
G4-EC9	Percentage of expenditure in areas with significant operations corresponding to local suppliers	Supply chain	403	
Own indicator	Strategic providers evaluated according to corporate guidelines	Provider management	67	
Training and development of human talent				
G4-DMA	DMA Management approach		67	
G4-LA9	Yearly average training hours per employee, by gender and job category	Training and development of human talent	68	X
G4-LA11	Percentage of employees receiving evaluations in regular performance and career development, described by gender and professional category	Provider management Additional description is reported in annex of GRI table	69	X
Own indicator	Evaluation of organizational environment	Training and development of human talent	69	X
Regulatory Management				
G4-DMA	DMA management approach	Regulatory management	60	
G4-PR9	Monetary value of significant fines for noncompliance with regulations concerning the provision and use of products and services	Regulatory management	62	X
G4-SO8	Monetary value of significant fines and number of non-monetary sanctions for noncompliance with laws and regulations	No significant fines or penalties were presented	61	X

Indicator	Description	Location	Page	External verification
Non-material aspect: eco-efficiency				
G4-EN3	Internal energy consumption	ISA website: Ethics and Sustainability		X
G4-EN8	Total water catchment by source	ISA website: Ethics and Sustainability		X
G4-EN15	Direct emissions of greenhouse gases (Scope 1)	ISA website: Ethics and Sustainability		X
G4-EN16	Indirect emissions of greenhouse gases when generating energy (Scope 2)	ISA website: Ethics and Sustainability		X
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	ISA website: Ethics and Sustainability		X
G4-EN23	Total weight of waste managed, by type and disposal treatment	ISA website: Ethics and Sustainability		X

» Other indicators

Additional information about the profile of the company: staff structure

Staff structure [G4-10]

Business Unit	Direct workers			External workers		
	Men	Women	Total	Men	Women	Total
Electric Energy Transport	2,303	525	2,828			
Telecommunications Transport	228	102	330			
Road Concessions	221	102	323			
Real-Time Systems Smart Management	165	106	271	20	6	26
Total	2,917	835	3,752	20	6	26
Percentage	78%	22%	100%	76.9%	23.1%	100%

Workers per employment contract [G4-10]

Business Unit	Indefinite	Fixed	Work	Training
Electric Energy Transport	2,715	110	3	172
Telecommunications Transport	330			15
Road Concessions	316	7		4
Real-Time Systems Smart Management	256	15		16
Total	**3,617**	**132**	**3**	**207**

Additional information about supply chain

Purchases made to local providers [G4-EC9]

Million of $

Topic	ISA	INTERCOLOMBIA	Transelca	REP	CTEEP	ISA Bolivia
Total purchase value	299,297	462,446	106,048	121,583	247,312	4,226
Value of purchases made to local providers	246,948	454,089	105,241	116,393	247,312	2,092
Percent of purchases made to local providers	83%	98%	99%	96%	100%	50%
Suppliers with a contract	220	551	329	684	No Report	281
Local providers with a contract	167	535	327	650	No Report	258
Percent of local providers with a contract	76%	97%	99%	95%	100%	92%

Definition of local: Country where the company is located.
Places with significant operations: Colombia, Peru, Brazil and Bolivia.

Additional information about regulation management

Associations to which ISA and its companies belong to [G4-16]

Company	Association
ISA	Asociación de Industriales de Colombia (ANDI)
	Comité Colombiano de la CIER (COCIER)
	Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones (ANDESCO)
	Comité Colombiano del Consejo Mundial de Energía (COCME)
	Consejo Internacional de Grandes Redes Eléctricas (CIGRE)
INTERCOLOMBIA	Comité Colombiano de la CIER (COCIER)
	Comité Minero Energético
	Asociación Nacional de Empresas de Servicios Públicos y Comunicaciones (ANDESCO)
REP	Patronato Peru 2021
	Sociedad Nacional de Minería, Petróleo y Energía
	Comité Peruano de la CIER (PECIER)
CTEEP	Associação Brazileira da Infraestrutura e Industria de Base (ABDIB)
	Associação Brazileira das Companhias Abertas (ABRASCA)
	Associação Brazileira das Grandes Empresas de Transmissão de Energia Elétrica (ABRATE)
	Associação Brazileira de Concessionárias de Energia Elétrica (ABCE)
	Associação Brazileira dos Contadores do Setor de Energia Elétrica (ABRACONEE)
	Comitê Nacional Brazileiro da CIER (BRACIER)
	Comitê Nacional Brazileiro de Produção e Transmissão de Energia Elétrica (CIGRE Brazil)

Additional information about Human Rights (HR)

Investment agreements with clauses on Human Rights or analyzed for this reason [G4-HR1]

	ISA	INTERCOLOMBIA	REP	CTEEP
Number of significant investment agreements that include Human Rights clauses or that have been analyzed in this matter	43	284	110	0
Percent of significant investment agreements that include Human Rights clauses or that have been analyzed in this matter	14%	100%	100%	0%

Significant investment agreements: purchases or contracts made for business management.
Those over USD 30,000 are included.

Training employees in Human Rights [G4-HR2]

	ISA	INTERCOLOMBIA	REP	CTEEP
Number of training hours on Human Rights policies and procedures relevant to the company	22	140	307	0
Percentage of trained employees	12%	54%	76%	0%

Security personnel trained in Human Rights [G4-HR7]

	ISA	INTERCOLOMBIA	REP	CTEEP
Security personnel directly hired by the company	NA (*)	269	555	0
Percentage of security personnel who have received formal training on internal policies or procedures in Human Rights and its application in security	NA (*)	100%	100%	0%

(*) This action is performed by INTERCOLOMBIA with security personnel present at the administrative headquarters

Additional information about social management

Development and impact of infrastructure investments and types of service

Numbers in millions	ISA	INTERCOLOMBIA	REP	CTEEP	TOTAL
Social infrastructure (civil works)		$3,097	$49		$3,146
Support services (investment in education, culture, sports and music)	$1,342	$2,045	$373	$1,985	$5,745
Programs for the social and environmental management plan of the environmental license		$2,962	$570	$1,998	$5,531
Sponsorships and others	$57			$104	$161
Total	**$1,399**	**$8,104**	**$992**	**$4,088**	**$14,583**
Contribution in kind for investments in infrastructure and services				$13	$13
Trade commitments (sponsorships) and/or economic support for investments in infrastructure and services	$1,399	$8,104	$992	$4,075	$14,570
Total significant investments in programs and projects that benefit communities (voluntary and mandatory)	**$1,399**	**$8,104**	**$992**	**$4,088**	**$14,583**
Type of contribution for voluntary social initiatives	$1,399	$5,142	$422	$1,985	$8,948

Claims due to social impacts addressed by formal mechanisms [G4-SO11]

	ISA	INTERCOLOMBIA	REP	CTEEP
Formal complaint mechanisms on social impacts	Ethics Line	Unique support hotline Service offices in projects under construction	Written communications Ethics Line	Channel "Talk with Us": online tool and email
Complaints identified in 2015	0	265	0	186
Complaints addressed in 2015	0	352	0	186
Complaints resolved in 2015	0	352	0	133
Complaints submitted before 2015 and resolved in 2015	0	87	0	0

Additional information about provider management

Significant negative impacts on labor practices [G4-LA15] and Human Rights [G4-HR11]

	Aspect	ISA	INTERCOLOMBIA	REP	CTEEP
Suppliers evaluated	Labor	220	208	112	78
	HR	43	148	100	0
Suppliers with significant negative impacts (actual and potential)	Labor	30	0	10	0
	HR	0	0	0	0
Significant negative impacts (actual and potential) discovered on labor practices in the supply chaim	Labor	Occupational health and safety	Occupational health and safety	Occupational health and safety	Occupational health and safety
	HR	Not identified	Not identified	Not identified	Not identified
Percent of providers with significant negative impacts (actual and potential) which improvements after their evaluation was agreed	Labor	7%	0%	100%	0%
	HR	0%	0%	0%	0%
Percent of providers with significant negative impacts (actual and potential) which contractual relation was terminated as a result of the evaluation	Labor	0%	0%	1%	0%
	HR	0%	0%	0%	0%

New providers evaluated on environmental [G4-EN32] and socio-political aspects [G4-SO9]

	Aspect	ISA	INTERCOLOMBIA	REP	CTEEP
New providers evaluated	Total	141	68	112	0
Percent of new providers evaluated according to aspects	Environmental	62%	100%	100%	0%
	Socio-political	NA	0%	0%	NA

Additional information about training and development of human talent

Workers whose performance and development are evaluated regularly. [G4-LA11]

		ISA			INTERCOLOMBIA			REP			CTEEP		
		Men	Women	%	Men	Women	%	Men	Women	%	Men	Women	%
Level 1	Vice-presidents and subsidiary managers	4	4	98%	NA		100%	1		83%	1		99%
Level 2	Area managers and directors (managerial staff)	8	4		15	5		26	74		68	32	
Level 3	Specialists, analysts and professionals	78	66		278	106		44	56		78	22	
Level 4	Technical and administrative assistants	2	10		104	43		98	2		1026	130	

Additional information about managing impacts on biodiversity

Habitats protected or restored (includes rehabilitation and reforestation) [G4-EN13]

Habitat	Description	Remarks
ISA e INTERCOLOMBIA		
Habitat name	Tropical rain forest with soils degraded by mining and livestock.	ISA and INTERCOLOMBIA invest in this project voluntarily to offset their greenhouse gas emissions and to contribute to their objectives on biodiversity conservation and social investment. This project is certified by the standards Climate, Community and Biodiversity (CCB) (which assesses the benefits of biodiversity, climate and the integration of the local community in the project) and the Verified Carbon Standard (VCS) (stricter certification for forest projects).
Geographical location	Municipality of Cáceres, department of Antioquia (Colombia).	
Habitat area restored or protected	1.230 hectares.	
Condition of the area at the end of 2015 (compared to baseline)	Significant improvement of soil and water conditions in the area intervened: ■ Habitats for endangered species such as turtles, monkeys, among others, were created ■ Reforestation with native species rather than monocultures has served as a model for similar projects by the United States Agency for International Development. ■ A seed bank to preserve genetic diversity and biodiversity of local plants was created. ■ The project served as a research site for some articles of the report "The state of conservation of genetic resources of the world".	
INTERCOLOMBIA		
Habitat 1		
Habitat name	Ciénaga La Virgen (mangrove ecosystem).	The plantation was established at the end of 2014, and its normal development is guaranteed by means of maintenance operations executed in 2015. This compensation is mandatory and is verified by the National Authority of Environmental Licenses (ANLA) and the Regional Autonomous Corporation of Canal del Dique (CARDIQUE).
Geographical location	Cartagena de Indias, department of Bolivar (Colombia).	
Habitat area restored or protected	7 hectares.	
Condition of the area at the end of 2015 (compared to baseline)	Increase of vegetation cover in a site without vegetation. Maintenance performed to 30,000 mangrove seedlings planted, allowed to reach a height over 1.5 meters.	
Habitat 2		
Habitat name	Dry forest ecosystem	This compensation is mandatory and is verified by the National Authority of Environmental Licenses (ANLA) and the Regional Autonomous Corporation of Canal del Dique (CARDIQUE).
Geographical location	San Juan de Nepomuceno, department of Bolivar (Colombia).	
Habitat area restored or protected	29,6 hectares.	
Condition of the area at the end of 2015 **(compared to baseline)**	It was restored with native species of the ecosystem generating an enrichment of the intervention area.	
Habitat 3		
Habitat name	Wetlands (Chucua Negra and Zulia streams).	This compensation is mandatory and is verified by the Corporation for Sustainable Development of the Special Management Area La Macarena (CORMACARENA).
Geographical location	Villavicencio, department of Meta (Colombia).	
Habitat area restored or protected	2 hectares.	
Condition of the area at the end of 2015 (compared to baseline)	It was restored with native species generating an enrichment of the intervention area.	

Additional information about economic impact

Direct economic value generated and distributed [G4-EC1]

Millions of $

Concepts	ISA's Electric Energy Transport + INTERCOLOMBIA	REP	CTEEP
Net operating income	1,424,072	493,930	1,253,472
Income from financial investments	270,949	404,599	99,952
Income from sale of assets (property, plant and equipment (PPYE) and intangible assets)	441		
Direct economic value generated	**1,695,462**	**898,529**	**1,353,424**
Operating costs (AOM, others)	296,648	254,170	340,076
Salaries and benefits of employees (AOM staff costs)	108,296	58,621	242,946
Payments to capital providers (Dividends paid to shareholders)	296,858	71,408	276,058
Payments to capital providers (interest payments)	294,699	430,384	113,238
Payments to government	309,026	59,841	241,319
Community investments	10,801	992	
Distributed economic value	**1,316,328**	**875,416**	**1,213,637**
Retained economic value	**379,134**	**23,113**	**139,787**

(*) ISA and INTERCOLOMBIA provide an electric energy service in Colombia through a participation account contract, by why they are presented in an integrated way.

» Other labor indicators

Number, recruitment rate and rotations [G4-LA1]

Concepts	ISA	INTERCOLOMBIA	CTEEP	REP
Total annual income	22	34	104	44
Annual Men's Income	15	15	84	30
Annual Women's Income	7	19	20	14
Income X < 30 years old per year	6	12	43	32
Income 30 <= X < 40 years old per year	8	21	44	12
Income 40 <= X < 50 years old per year	7	1	15	-
Income 50 years old <= X per year	1	0	2	-
Total annual withdrawals	10	17	106	52
Total plant (annual average)	173	539	1371	373

Structure of governance bodies and description of employees by professional category, gender, and age [G4-LA12]

Topic	Units	2015				
		ISA	INTERCOLOMBIA	CTEEP	REP	Total
Percentage of men belonging to the governing bodies of the company	Percentage	2.9	0.7	0.019	1.9	1.4
Percentage of women belonging to the governing bodies of the company	Percentage	2.9	0.2	0.003	0.8	1.0
Percentage of people under 30 years old belonging to the governing bodies of the company	Percentage	0.0	0.0	0.000	0.0	0.0
Percentage of people between 30 and 40 years old belonging to the governing bodies of the company	Percentage	0.0	0.0	0.004	0.8	0.2
Percentage of people between 41 and 50 years old belonging to the governing bodies of the company	Percentage	2.9	0.6	0.005	0.8	1.1
Percentage of people over 51 years old belonging to the governing bodies of the company	Percentage	2.9	0.4	0.013	1.1	1.1
Percentage of people from different minority groups belonging to the governing bodies of the company	Percentage	0.0	0.0	0.000	0.0	0.0

Ratio of basic men's wages compared to women's wages by significance of operations [G4-LA13]

Tema	Units					
		ISA	INTERCOLOMBIA	CTEEP	REP	Total
Ratio between the basic men's wage and women's wage, distributed position level (Level 1 Executive: VP and Area Managers). President or CEO of the subsidiary (the highest senior management of the organization) is not included.	Ratio	0.74	1.61	0.70	0.82	0.97
Ratio between the basic men's wage and women's wage, distributed position level (Level 2: Coordinators (if Director or Directors)).	Ratio	0.87	1.04	0.96	0.94	0.95
Ratio between the basic men's wage and women's wage, distributed position level (Level 3: Specialists, Professionals and Analysts).	Ratio	0.86	0.99	0.98	1.01	0.96
Specialists, Professionals and Analysts (Level 4: Technical, Assistants, and Administrative Assistants.)	Ratio	0.78	0.86	0.78	0.85	0.82

Withdrawals projected over the next 5 to 10 years by level [G4-EU15] %

Level	ISA	INTERCOLOMBIA	REP	CTEEP
VP and managers of subsidiaries	6	1	1	3
Area managers and directors (senior management)	6	3	1	8
Specialists and analysts	82	57	3	22
Technicians and administrative assistan	7	39	11	68

Time worked by contractors and subcontractors [G4-EU17]

	ISA	INTERCOLOMBIA	REP	CTEEP
Time worked by contractors and subcontractors involved in activities related to construction, operation and maintenance	42,453	67,923	211,678	903,056

Contractors and subcontractors with training in occupational health and safety [G4-EU18]

	ISA	INTERCOLOMBIA	REP	CTEEP
Percentage of contractors and subcontractors who have received relevant training in occupational health and safety	100%	100%	100%	100%

» Independent Review Report

Deloitte.

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Independent Review Report
Independent Review of the Integrated Management Report ISA 2015

Scope of our work
We conducted our review of the adaptation of the contents of Integrated Management Report ISA 2015 to the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI) version 4.0 (G4).

Standards and verification processes.
We conducted our work in accordance with ISAE 3000 - *International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accounts (IFAC).*

Our review work consisted in formulating questions to the Directors and the various areas of ISA who participated in the development of the Integrated Management Report and the application of certain analytical procedures and review testing sample described below:

- Interviews with staff members of ISA to know the principles, systems and management approaches used to develop the report and calculate the indicators.
- Analysis of how the process of definition of the content, structure and indicators was defined, based on the materiality exercise according to the GRI G4 methodology.
- Evaluation of the process to collect and validate the data presented in the report.
- Checking, by testing based on sample selection and review of evidence of quantitative and qualitative information corresponding to the GRI and ISA internal indicators included in the Integrated Management Report and proper compilation from the data supplied by the sources of information of ISA.

Confirmation that the the Integrated Management Report is prepared in accordance with GRI methodology G4 in its "Essential" or "Core" version.

General aspects
It was confirmed that the report meets the requirements of essential option of the general aspects of the GRI G4 version: indicators G4-1 to G4-34 and G4-56 were reported

Specific aspects
We reviewed the management approach and GRI and internal indicators of the material issues identified by the company. (See Annex 1).

Conclusions
As a result of our review, there was nothing that make us believe that the Integrated Management Report contains significant errors or has not been prepared in accordance with the Guide for the preparation of Sustainability Reports of Global Reporting Initiative (G4) in its Essential version.

Responsibilities of the Management of ISA and Deloitte.

The preparation of the ISA 2015 Integrated Management Report and its contents are the responsibility of the organization which is also responsible for defining, adapting and maintaining management systems and internal control, which information is obtained.

Our responsibility is to issue an independent report based on our review procedures applied.

This report has been prepared exclusively in the interests of the organization in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the company Direction.

We have performed our work in accordance with the Independence regulations required by the etic code of the International Federation of Accountants (IFAC).

The Scope of a limited Review is substantially less than an audit. Therefore we don't provide an audit opinion about the sustainability report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Partner

Bogotá, May 2016

Recommendations
Additionally, we have presented our recommendations to ISA regarding areas for improvement to strengthen processes, programs and related sustainability management systems. The most important recommendations concern:

- To carry on with the alignment of the sustainability management to international Initiatives such as Sustainable Development Goals and the agreed on Paris on the Conference of Parties (COP21).
- To perform a periodic monitoring of progress in the management of material issues, which will make the reporting process more efficient at year end.

ANEX 1

Material Issues	GRI or Internal Indicators
Regulatory Management	SO8, PR9
Human Rights	Internal. Number of Human Rights violations
Social Management	SO1, SO11
Human talent Development	LA9, LA11 Internal. Organizational environment Assessment
Supplier Management	EN32, LA15
Environmental Licenses and permits Management	EN29
Biodiversity Impacts Management	EN13

Non material Issues	GRI or Internal Indicators
Waste Management	EN23
Efficient use of resources	EN3, EN8
Climate Change	EN15, EN16, EN17

ANEX 2 Declaration of Independence
Deloitte is one of the largest companies of professional services in audit, tax, consulting and financial and sustainability advisory to public and private clients in multiple industries. With a globally connected network of member firms in more than 185 countries, Deloitte brings world-class capabilities and high quality service to its customers. Approximately 210,000 professionals are committed to becoming the standard of excellence.

We confirm our independence from ISA. All our employees perform annual updates to the Ethics Policy which promptly declare that we have no conflicts of interest with ISA, its subsidiaries and its stakeholders.

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