Domestic Debt Bond Issue and Placement Program
Empresas Públicas de Medellín E.S.P.
Total quota of up to COP 4,500,000,000,000

ISSUE AND PLACEMENT RULES

1. Issue and Placement Program – Overview

The Program will take place through placement of Issues and Lots under the following conditions:

- Each Issue has one single Issue Date and may be offered in one or several Lots.
- Each subseries of each Issue has individual financial conditions, applicable exclusively to the respective subseries of the corresponding Issue.
- The amount of each Issue will be determined in the first or single Notice of Public Offering of the first or single Lot. Additionally, the amount of each Lot will be determined in the corresponding Notice of Public Offering.
- The Coupon Rate for each subseries of each Issue will be the same for each of the Securities that make up the subseries in one Issue.
- The placement of the Bonds may take place gradually through one or several Public Offerings.
- The non-offered portion of each Issue will be added to the remaining balance of the Program's Total Quota and may be offered in one or several Issues.
- Placement of one or more Issues may take place simultaneously.
- In no event shall the Program's subscribed amount be higher than the Program's Total Quota.

2. Use of Proceeds

The Issuer will use the proceeds obtained along the Bonds placement to fund its investment plan, debt service and working capital needs. In the Notice of Public Offering corresponding to each Lot EPM shall inform the percentages corresponding to specific destinations of the proceeds.

3. Characteristics and Financial Conditions of the Securities

Issuer

Empresas Públicas de Medellín E.S.P. ("Empresas Públicas de Medellín", "EPM", "EE.PP.M." or the "Issuer")

Program's Total Quota

The Issuer will issue domestic debt bonds (the "Bonds", each, one "Bond" or one "Security") under the Program for an amount of up to four and a half billion of Colombian Pesos (COP 4,500,000,000,000), under the conditions set in these rules and in the Information Prospectus.

The Program's Total Quota may be expanded upon the corresponding authorizations.

The Program Bonds may be offered in one or several Issues, and these in turn, may be placed in one or several Lots.

The Program's Total Quota and the amount of the respective Issue shall be decreased by the amounts offered in such Issue.

For matters of the Program, each Issue means the set of Bonds to be offered publicly, in one or several Lots, as part of the Program's total quota in order to be put in circulation in the Securities Market. Each Issue may have different financial characteristics that will be defined in the corresponding Notices of Public Offering.

Structuring Agent

Citivalores S.A. Comisionista de Bolsa, a brokerage firm at Bolsa de Valores de Colombia S.A., acted as structuring agent of the Bonds Issue under the terms of Resolution 400 of 1995 of the General Chamber of the Colombian Securities and Exchange Commission, today the Colombian Financial Superintendency, as such has been or will be modified from time to time (hereinafter the "Resolution 400/95"), derogated by Decree 2555 of 2010.

Placement Agent(s)

Brokerage firm(s) registered in Bolsa de Valores de Colombia S.A. and appointed by the Issuer.

Circulation and Transfer

The Bonds will be issued to order and in dematerialized way, reason why the transfer of their title will be exclusively made through entries in the holders' deposit accounts or sub-accounts in Deceval, according to this entity's operation regulations.

The Bonds will be traded freely at Bolsa de Valores de Colombia S.A., and the legitimate Bondholders may trade them directly or through it.

Denomination, Par Value and Minimum Investment

Series A, B, C and F Bonds will be denominated in Colombian legal currency ("Colombian Pesos" or "Pesos"), Series D Bonds will be denominated in UVR, and Series E Bonds will be denominated in Dollars.

The Bonds will have a Par Value of ten million Pesos (COP 10,000,000) each, for Series A, B, C and F; one hundred thousand (100,000) UVR each, for Series D; and five thousand (USD 5,000) Dollars each, for Series E.

The Bonds' Outstanding Capital on the Date of Issuance will be equal to their Par Value.

In the event of partial amortizations or prepayments, the Par Value of each Bond shall not be affected and the Outstanding Capital shall be reduced by the amortized or prepaid Pesos amount per Bond for Series A, B, C and F; by the amount of amortized or prepaid UVR per Bond for Series D; and by the amortized or prepaid Dollars amount per Bond for Series E.

Minimum Investment will be one Bond. Accordingly, no transfers for amounts below the Outstanding Capital of each Bond will be permitted. Transactions shall be made in whole Bond units.

Number of bonds to be issued

The number of bonds to be issued will be the amount resulting by dividing the amount offered in Pesos of the respective Issue for Series A, B, C and F by the Par Value in Pesos of each Bond.

The Par Value in Pesos of Series D and E Bonds will be the amount resulting by multiplying the Par Value of the Bonds offered for such series by the value of the UVR and the TRM, respectively, in force on the Issue Date.

Issue date

For each Issue, the Issue Date will be the business day following the publication of the Notice of Public Offering of the first Lot of such Issue; accordingly, different Issues may have different Issue Dates. The above notwithstanding, in the event more than one Lot is offered for one Issue, all the Bonds of each Lot of such Issue will have the same Issue Date.

Bonds Redemption Term

The Bonds will be redeemed at terms ranging between one (1) and forty (40) years counted from the Issue Date, as established in the corresponding Notice of Public Offering.

Series

The Bonds may be issued in six (6) Series:

- Series A: Pesos-denominated Bonds at IPC variable rate.
- Series B: Pesos-denominated Bonds at DTF variable rate.
- Series C: Pesos-denominated Bonds at fixed rate.
- Series D: UVR-denominated Bonds at fixed rate.
- Series E: Dollars-denominated Bonds at fixed rate.
- Series F: Pesos-denominated Bonds at IBR variable rate.

Each Series will be divided into subseries according to the Term of Redemption of the Bonds and the amortization scheme, in such a way that the letter corresponding to a certain Series will be accompanied by its corresponding Redemption Term followed by a low-case letter representing the amortization scheme to be defined by the Issuer in the respective Notice of Public Offering. As way of example, if in the Notice of Public Offering, Series A is to be offered at 7 years with payment-upon-maturity amortization scheme (defined for instance as "a"), it will be indicated that the referred subseries is the A7a. Any Series to be offered can be subdivided into any number of subseries according to i) the terms, provided that any Redemption Term corresponds to those established in these rules and in the Information Prospectus, and ii) the amortization scheme, for which there can be as many letters as amortization schemes are defined by the Issuer, who shall comply with the provisions of these issue and placement rules and of the Information Prospectus.

Capital Amortization

In the respective Notice of Public Offering, the Issuer will determine the amortization scheme of the Securities offered in accordance with the terms authorized in these issue and placement rules, in the Information Prospectus and in the conditions framework established in this section.

The Bonds may be amortized taking into account the following conditions framework:

- The amortization of capital represented in the Bonds may be carried out in whole on the Maturity Date or in partial amounts prior to the Maturity Date.
- In the event of partial amortizations:
  - The Issuer shall establish in all Notices of Public Offering where any subseries with partial amortization is offered, the percentages of the Par Value of the respective Bonds to be amortized and the dates when such amortizations will take place.
  - The Outstanding Capital will be decreased in the same proportion for all Bonds of the same subseries.
  - The last amortization shall take place on the Maturity Date.
- For payment in Pesos of capital amortization(s) of Series D, the number of UVR to be amortized represented in each Security will be multiplied by the value of the UVR on the date agreed for its payment.
- For payment in Pesos of capital amortization(s) of Series E, the amount in Dollars to be amortized represented in each Security will be multiplied by the value of the TRM in force on the date agreed for its payment.
- Amortizations may only take place on interest payment dates.

In the event the Issuer fails to make the corresponding capital payments in due time, the Bonds shall accrue default interest on the capital pending payment at the maximum legal rate permitted.

Likewise, the Issuer may issue Bonds with prepayment option as determined in the corresponding Notice of Public Offering, in the Information Prospectus and in the terms established in these rules.

Interest Periodicity, Modality and Calculation

As provided in article 6.1.1.1.5 of Decree 2555 of 2010, the Bonds of each subseries will bear interest from the Issue Date at the Coupon Rate determined at the time of first allotment of such subseries within one same Issue.

The Coupon Rate is the interest rate agreed upon based on which, the Issuer will pay the investor interest on the Outstanding Capital of the Securities.

There will be one sole Coupon Rate for each subseries within one same Issue and it will be stated with two decimal figures in a percentage notation, as follows: 0.00%.

Interest will be paid in arrears, monthly, quarterly, biannually and/or yearly, as determined in the corresponding Notice of Public Offering. Interest periods will be calculated starting on the Security's Issue Date and until the same day of the following month, quarter, six-month period and/or year for each subsequent period until Maturity Date. In case no such day exists in the respective maturity month, the last calendar day of the corresponding month will be taken as such. Whenever such date is not a business day, interest accrued will be calculated until the last day of the period, without prejudice to payment thereof being made on the immediately succeeding business day.

In the event the last day of the last interest period is not a business day, the Issuer shall pay interest on the next business day and shall recognize interest until such day. An interest payment day is a business day until six p.m. One of the following conventions will be used for calculation of interest, as established in the corresponding Notice of Public Offering:

- *360/360*: Corresponds to years with 360 days and twelve (12) months, each with thirty (30) days.
- *365/365*: Corresponds to years with 365 days and twelve (12) months, each with its corresponding monthly calendar duration, except for February which will have twenty-eight (28) days.

- *Real/real*: Corresponds to years of 365 or 366 days and twelve (12) months, each with its corresponding monthly calendar duration.

These conventions shall be used in the same manner for leap years.

No interest payment shall take place due to delayed collection of interest or capital, except for the default caused by situations originated by the Issuer. In the event the Issuer fails to pay the corresponding interest in due time, unpaid interest will accrue default interest at the maximum legal rate permitted.

The factor to be used for calculating and paying interest shall have six (6) decimal figures approximated by the rounding-off method either expressed as a decimal fraction (0.000000) or as a percentage expression (0.0000%). Factor is understood as the solution to the mathematical expression that determines the proportion of the interest rate for the period to be remunerated, based on the convention adopted.

The amount corresponding to accrued and payable interest shall be approximated to the nearest whole upper or lower number expressed in Pesos, as follows: For decimal figures equal to or higher than five (5) it shall be approximated to the upper unit; for decimal figures lower than five (5) it shall be approximated to the lower unit.

The Issuer will inform in each Notice of Public Offering the Coupon Rate for each of the subseries offered.

Series A

Series A Bonds will bear variable interest in Pesos linked to the IPC.

For matters of the Program, IPC is the rate corresponding to the net variation for the last twelve months of the consumer price index certified by the Departamento Administrativo Nacional de Estadística, (National Statistics Administrative Department), DANE, or by the entity designated by the Government for that purpose, expressed as an annual Effective Interest Rate.

Series A interest is calculated taking either i) the official IPC for the last twelve months ended on the month preceding the expiration of the corresponding interest period or ii) the official IPC for the twelve months ended on the month preceding the first day of the corresponding interest period, as defined in the first Notice of Public Offering of the corresponding Issue, expressed as an effective annual interest Rate, to which the Margin corresponding to the Coupon Rate shall be added, as follows: ((1+IPC) x (1+Margin))-1. The equivalent in-arrears rate will be calculated for the rate thus obtained according to the necessary convention and interest payment periodicity; it will then be applied to the Outstanding Capital for the corresponding period. Should the Government abolish the IPC, it shall be replaced by the indicator established by the Government and reported by the entity designated by it for such effect.
Modifications or amendments to the IPC rate used for calculations shall have no retroactive effect.

Series B

Series B Bonds will bear variable interest in Pesos linked to the DTF.

For matters of the Program, the DTF is the interest rate calculated and disclosed weekly by Banco de la República based on the weighted average of the effective borrowing interest rates at ninety (90) days of the banking institutions, financial corporations and commercial financing institutions.

Series B interest is calculated taking the quarterly in advance annual nominal DTF rate in force for the week when the corresponding interest period begins. To such rate the Margin corresponding to the Coupon Rate is added to obtain the quarterly in advance annual nominal rate. The equivalent in-arrears rate will be calculated for the rate thus obtained according to the necessary convention and interest payment periodicity; it will then be applied to the Outstanding Capital for the corresponding period.

Should the Government abolish the DTF, it shall be replaced by the indicator established by the Government and reported by the entity designated by it for such effect.

Modifications or amendments to the DTF rate used for calculations shall have no retroactive effect.

Series C

Series C Bonds will bear fixed interest in Pesos.

- To calculate interest for Series C, the fixed rate will be taken as Coupon Rate for each subseries. The equivalent in-arrears rate will be calculated for the rate thus obtained according to the necessary convention and interest payment periodicity; it will then be applied to the Outstanding Capital for the corresponding period.

Series D

Series D Bonds will bear fixed interest in UVR payable in Pesos.

For matters of the Program, UVR is the unit of account that reflects the purchasing power of the Colombian currency, based exclusively, on the variation of the consumer price index certified by Banco de la República; it is calculated and disclosed by this entity in accordance with the methodology defined in External Resolution No. 13 of August 11, 2000 of the Board of Directors of Banco de la República and in the regulations that may amend or substitute it from time to time.

- To calculate interest for Series D, the fixed rate will be taken as Coupon Rate for each subseries. The equivalent in-arrears rate will be calculated for the rate thus obtained according to the necessary convention and interest payment periodicity.
- Such rate will be multiplied by the Outstanding Capital in UVR represented by each security at the end of the corresponding interest period, multiplied in turn by the value of the UVR in force for such date.
- For matters of the Program, UVR is the Unidad de Valor Real (Real Value Unit) representing the unit of account that reflects the purchasing power of the Colombian currency, based exclusively on the variation of the consumer price index certified by Banco de la República; it is calculated and disclosed by this entity in accordance with the methodology defined in External Resolution No. 13 of August 11, 2000 of the Board of Directors of Banco de la República and in the regulations that may amend or substitute it from time to time.

Modifications and/or amendments to the UVR used for calculations shall have no retroactive effect.

Should the Government abolish the UVR, it shall be replaced by the unit of account established by the Government and reported by the entity designated by it for such effect.

Series E

Series E Bonds will bear fixed interest in Dollars payable in Pesos.

- To calculate interest for Series E, the fixed rate will be taken as Coupon Rate for each subseries. The equivalent in-arrears rate will be calculated for the rate thus obtained according to the necessary convention and interest payment periodicity.

- Such rate will be multiplied by the Outstanding Capital in Dollars represented by each security at the end of the corresponding interest period, multiplied in turn by the value of the TRM in force for the last day of such interest period. For matters of the Program, TRM is the Tasa Representativa del Mercado (Market Representative Rate) corresponding to the economic indicator that reflects the daily official exchange rate in the Colombian foreign exchange spot market. It is calculated as the arithmetic average of the weighted average rates for purchase and sale of US Dollars of the interbank operations and transfers carried out by the exchange market intermediaries that have been authorized by the Estatuto Cambiario (Foreign Exchange Statute). The Colombian Financial Superintendency is in charge of calculating the TRM and disclosing it to the market and general public as established in article 80 of the Estatuto Cambiario (External Resolution of May 08, 2000 issued by the Board of Directors of Banco de la República) and in article 1 of External Resolution No. 1 of 1997, issued by the Board of Directors of Banco de la República.

Modifications and/or amendments to the TRM used for calculations shall have no retroactive effect.

Should the Government abolish the TRM, it shall be replaced by the unit of account established by the Government and reported by the entity designated by it for such effect.

Series F

Series F Bonds will bear variable interest in Pesos linked to the IBR.

For matters of the Program, IBR, Indicador Bancario de Referencia (Benchmark Banking Indicator), is the benchmark interest rate of the Colombian interbank market published by Banco de la República de Colombia. It is a short-term interest rate for the Peso reflecting the price at which agents participating in its configuration are willing to lend or borrow funds in the money market.

Series F interest is calculated taking either i) the IBR –nominal monthly in arrears (NMV)– in force on the ending date of the respective interest accrual period, as established in Article 22 of the Regulations of the Indicador Bancario de Referencia (IBR) published in January of 2015, and in the regulations replacing, supplementing or amending it, or ii) the IBR –nominal monthly in arrears (NMV)– in force on the initial date of the respective interest accrual period, as established in Article 22 of the Regulations of the Indicador Bancario de Referencia (IBR) published in January of 2015, and in the regulations replacing, supplementing or amending it, as defined in the first Notice of Public Offering of the corresponding Issue, to which the points (Margin) determined at the moment of the respective public offering shall be added. The rate obtained is the nominal monthly in arrears rate, for which the annual effective equivalent rate is calculated as follows: ((1 + ((IBR% NMV + Margin% NMV) / 12)) ^ 12) - 1. The equivalent nominal rate for the interest payment periodicity established by the Issuer in the respective public offering shall be calculated for the rate thus obtained; the equivalent rate shall then be published in the respective Notice of Public Offering and applied to the Outstanding Capital for the corresponding period.

Should the Government abolish the IBR, it shall be replaced by the indicator established by the Government and reported by the entity designated by it for such effect.

Modifications or amendments to the IBR rate used for calculations shall have no retroactive effect.

Yield

Series A, Series B and Series F Bonds will offer yield in Pesos at the IPC, DTF and IBR benchmark rate, respectively, plus a Margin; Series C Bonds will offer yield at a fixed rate in Pesos. Series D Bonds will offer yield at a fixed rate in UVR. Series E Bonds will offer yield at a fixed rate in Dollars.

The maximum Rate of Return for each of the subseries offered of each Lot will be determined by the Ministry of Finance and Public Credit. The Maximum Rate of Return may vary for one same subseries in each Lot offered.

Subscription Price

The Bonds Subscription Price will be the price at which one or several Bonds can be purchased in the primary market; it will be calculated as the present value of its interest and capital flows on the Subscription Date, discounted by the respective Hurdle Rate expressed as annual effective rate and in the corresponding convention. Formula used to calculate Subscription Price:

$$P = \sum_{i=1}^{n} \frac{F_i}{(1+TC)^{t_i}}$$

Where:

- P: Subscription Price in Pesos
- Fi: Each of the interest and capital flows of the Security in Pesos
- n: Number of flows of the Security
- TC: Hurdle Rate expressed as annual effective rate
- ti: Time expressed in years between the Subscription Date and the date corresponding to Fi, respecting the days count convention determined in the corresponding Notice of Public Offering

The following considerations shall be taken into account for calculation of the Subscription Price according to the above formula:

- For Bonds Series A:
  - TC will be calculated by adding to the IPC for the placement date the Margin corresponding to the Hurdle Rate, as follows: ((1+IPC) x (1+Margin))-1.
  - Fi will be calculated based on the Coupon Rate as established in the section "Interest Periodicity, Modality and Calculation" hereof, using the IPC for the placement date.
- For Bonds Series B:
  - TC will be calculated by adding to the DTF in force for the placement day, expressed as quarterly in advance annual nominal rate, the Margin corresponding to the Hurdle Rate. The annual effective equivalent rate will be calculated for the rate thus obtained.
  - Fi will be calculated based on the Coupon Rate as established in the section "Interest Periodicity, Modality and Calculation" hereof, using the quarterly in advance annual nominal DTF in force for the week of the placement date.
- To determine the value in Pesos of Fi for Series D Bonds each of the UVR-denominated flows shall be multiplied by the value of the UVR in force on the placement date.
- To determine the value in Pesos of Fi for Series E Bonds each of the Dollar-denominated flows shall be multiplied by the value of the TRM in force on the placement date.
- For Bonds Series F:
  - TC will be calculated by adding to the IBR for the placement date the Margin corresponding to the Hurdle Rate, as follows: ((1 + ((IBR% NMV + Margin% NMV) / 12)) ^ 12) - 1.
  - Fi will be calculated based on the Coupon Rate as established in the section "Interest Periodicity, Modality and Calculation" hereof, using the IBR for the placement date.

Place and Way of Payment of Capital and Interest

While the Bonds are represented by a Global Security held by Deceval, all capital and interest payments with respect to them will be made by the Issuer to Deceval; Deceval in turn will distribute such sums among the Holders according to the provisions stipulated in the Information Prospectus and in the Issue Deposit and Administration Contract.

Every holder shall be represented by a direct depositor enrolled to Deceval securities administration service.

4. Offering and Placement Conditions

Filing Rules and Issue and Placement Program

The Bonds shall be filed with the National Registry of Securities and Issuers in compliance with the requirements established in Decree 2555 of 2010.

Additionally, the Bonds are part of an issue and placement Program in conformity with the provisions of Book 3 of Part 6 of Decree 2555 of 2010.

Term to Offer the Bond Issues, Placement Term and Validity Period of Offerings

The Term to Offer the Bond Issues will be three (3) years from the execution of the resolution ordering the filing of the Bonds with the National Registry of Securities and Issuers. This term may be extended for equal periods before its expiration upon authorization by the Colombian Financial Superintendency.

For each Issue, the Placement Term will be the term indicated by the Issuer in the first Notice of Public Offering of such Issue to offer and place the Securities issued under it, and it will be counted starting on the Bonds Issue Date of the respective Issue. Such term shall never extend beyond the Term to Offer the Bond Issues that make up the Program.

Each of the offerings making up the Program will have a validity period to be established in the corresponding Notice of Public Offering. The Validity Period of the Offering will start and expire on the date and time there established or when any and all the Bonds offered had been allotted (including any additional allotment that the Issuer decides to conduct) if this happens before the expiration of such validity period. In no event shall it extend beyond the Placement Term.

Simultaneous Issues

EPM may have two (2) or more Issues ongoing simultaneous placement processes.

Target investors and means to make offerings and supply information

The Bonds will be offered to individuals, legal persons, institutional investors, official entities and general investors.

The Notice of Public Offering will be published in the printed edition of El Tiempo and/or La República and/or Portfolio dailies, or in any other daily of recognized wide national circulation. Such notices will define the conditions under which the Bonds will be offered, establishing, among other things, the Coupon Rate, the Redemption Term and the amortization scheme applicable to each subseries. Any notice and information that has to be communicated to the Bondholders will also be published in these dailies.

All other Notices of Public Offering will be published in the BVC Daily Newsletter and/or in the printed edition and/or in the Internet page of a nationwide circulation daily, at Issuer's option.

Assets laundering and terrorism financing prevention and control

The Issuer binds itself to comply with the legal provisions regarding prevention of assets laundering and terrorism financing under the terms established in the Information Prospectus and the corresponding Notice of Offering.

Stock Exchange filing of Securities

The Bonds will be filed with Bolsa de Valores de Colombia S.A.

Placement General Rules

- Bonds of each Issue and/or Lot will be allotted through the Auction or Firm Bid mechanism as determined by the Issuer in the corresponding Notice of Public Offering. The mechanism will be ruled by the electronic systems procedures of Bolsa de Valores de Colombia.
- The Issuer will inform in each Notice of Public Offering the subseries offered in the corresponding offering.
- The amount of Bonds bidden in Par Value terms will be taken into consideration for the Bonds allotment process.
- In case unplaced balances of an Issue remain, they may be offered in a subsequent Lot through a new Notice of Public Offering, under any subseries of the same Issue where they were initially offered, provided the Validity Period of the initial Offering has already expired and the Placement Term is still valid. Subsequent Lots may consist of previously offered subseries, only under the same conditions under which they were initially offered, and/or of different subseries.
- In the event the same subseries is offered again, it will maintain the Coupon Rate determined in the initial offering. Accordingly, the new offering shall be made for Bonds Subscription Price or for discount rate used to calculate such price, respecting the Coupon Rate previously defined.
- In case unplaced balances of an Issue remain without having been offered, they may be added to the Program's Total Quota once the Placement Term of such Issue has expired, and they can be issued in a new Issue. Prior to every auction, the Ministry of Finance and Public Credit will determine the Maximum Rate of Return for each subseries. This is the maximum rate at which the Securities of each Lot can be allotted under the allotment mechanism defined by the Issuer in the corresponding Notice of Public Offering; this rate shall remain undisclosed as provided by the competent entity.
- Investors willing to participate in the placement process shall present their bids on the day(s), at the times, and through the means established by the Issuer in the corresponding Notice of Public Offering stating the subseries bidden, and for each subseries, the amount bidden. When using auction as allotment mechanism, the bidden rate shall also be indicated.
- Once the amount offered in the corresponding Notice of Public Offering has been allotted, and in the event the total amount bidden is greater than the amount offered in such Notice of Public Offering, the Issuer at its own option, provided it has so announced in the Notice of Public Offering, may attend unmet bids up to an amount equivalent to one hundred percent (100%) of the Tranche's total amount, without exceeding the Total Quota authorized.
- Allotment of unmet bids will be conducted under the criteria indicated in the operational instructions to be issued by Bolsa de Valores de Colombia (BVC) for all purposes, and to which, reference is made below.
- Once Bonds have been allotted for bids received within the time schedules established by the Issuer in the corresponding Notice of Public Offering, and in the event the amount offered has not been totally allotted, bids may be subsequently received until the expiration of the Validity Period of the Offering.

Such bids shall be allotted in order of arrival, at the Hurdle Rate previously determined for each subseries, until the total amount offered is totally allotted or until expiration of the Validity Period of the Offering.

- The value of each Bond shall be fully paid at the time of subscription.

Bolsa de Valores de Colombia (BVC) Allotment and Compliance System

BVC, in its capacity as administrator of the auction, firm bids and compliance systems, shall be the entity in charge of carrying out the allotment of the Bonds. To such effect, BVC will proceed to prepare operational instructions (the "Instructions") to be applied to the allotment operation in the primary market through the auction or firm bid mechanism, as applicable, and to compliance of the operations resulting from such allotment.

BVC will be in charge of:

- Carrying out the allotment, through the mechanism selected by the Issuer (auction or firm bid). Accordingly, it shall receive the bids presented by those enrolled in the MEC, accept or reject them, and allot them. It will also be in charge of answering inquiries regarding the placement process, all in conformity with the terms and conditions established in the Instructions, and those defined in the Information Prospectus and in the corresponding Notice of Public Offering. For such effect, a legal representative of BVC shall be in charge of the process.
- Carrying out compliance of operations resulting from the allotment, for which purpose it shall instruct Deceval as established in the Instructions.

Target investors not necessarily need to be enrolled to the MEC:

- If they are enrolled to the MEC, they may present their bids directly to the BVC at the times and through the means established by the Issuer in the corresponding Notice of Public Offering and in the manner and terms established in the Instructions. Those enrolled to MEC may act on their own account or on the account of third parties as permitted by their statutes.
- If they are not enrolled to MEC, they may present their bids through Placement Agent(s) (enrolled to MEC), using the forms distributed by them, at the times and through the means established by the Issuer in the corresponding Notice of Public Offering, so that such entity(ies) in turn present in their name such bids to BVC.

A bid is firm upon both its presentation by the Placement Agent(s) to BVC and reception thereof by it. At any rate, by presenting a bid, it shall be understood that both the agent enrolled to MEC and the investor accept the conditions established in this issue and placement rules, in the Information Prospectus, in the Notice of Public Offering, and in the Instructions.

Prepayment Option

The Issuer may issue Bonds with prepayment option, as established in the Notice of Public Offering of each Issue where a subseries is first offered, condition which will be reiterated in the corresponding notices where subseries are again offered. Bonds prepayment will be made through a Strike Price. The Strike Price is the price to be paid by the Issuer in the event of making use of the prepayment option, and it will be expressed as a percentage (premium or discount) on the Bonds Outstanding Capital. Such premium or discount shall be established and published in the Notice of Public Offering where a subseries including the prepayment option is first offered, and it will be reiterated in subsequent notices.

Prepayment resulting from the exercise of the prepayment option may be made, with respect to each subseries of each Issue, in whole or in part. The prepayment shall be made on a pro rata basis among the Securities holders prepaying to each of them the same percentage on their investment nominal position.

The prepayment shall be carried out by decreasing by the same percentage the Outstanding Capital of each of the Bonds of the respective subseries. The prepayment option may be exercised only on interest payment dates and only after one (1) year from the Issue Date of the respective Bond. The prepayment option exercise shall be announced by the Issuer to the Bondholders and the general public at least twenty (20) calendar days before the prepayment foreseen date, through notice published in the same daily(ies) where the Public Offering was announced or in any other media of wide circulation upon authorization of the Colombian Financial Superintendency.

Once the notice of the prepayment option exercise is published by the Issuer, it becomes mandatory for the Holders of the respective subseries.

Securities Repurchase

The Issuer may repurchase the Bonds in the secondary market. Such repurchase may only take place after one (1) year from the Securities Issue Date. Such repurchase shall not imply the Bonds voluntary cancellation. The repurchase offered by the Issuer does not imply for the holders of the Securities any obligation to accept it.

Deposit and Administration of the Issue

The Issue will be totally dematerialized. Therefore, purchasers of Titles waive the possibility of materializing the Bonds issued.

Depósito Centralizado de Valores de Colombia, Deceval S.A. ("Deceval"), with domicile in Bogotá D.C., at Av. Calle 26 No. 59-51 Torre 3 Oficina 501, and with offices in the city of Medellín, at Carrera 43 A No. 1-99, will be in charge of the custody and administration of the Issue according to the terms and conditions of the Contract of Deposit. By subscribing the Bonds, the holders of the Securities accept Deceval as custodian and Managing Agent of the Program Bonds.